ANGLOGOLD LTD
Form 6-K
March 19, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
Report on Form 6-K dated March 19, 2004
This report on Form 6-K shall be incorporated by reference in our Registration Statement on Form F-3 as amended
(File No. 333-101891) to the extent not superseded by documents or reports subsequently filed by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, in each case as amended
ANGLOGOLD LIMITED
(Name of Registrant)
11 Diagonal Street
Johannesburg, 2001
(P O Box 62117)
Marshalltown, 2107
South Africa
(Address of Principal Executive Offices)
Indicate by check mark whether the registrant files or will file annual reports under cover of
Form 20-F or Form 40-F:

Form 20-F: Form 40-F:
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(1):

Yes: **No**:
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(7):

Yes: **No**:
Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to
the Commission pursuant to
Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: **No**:
Enclosures:

- Ashanti Goldfields Company Limited Audited Consolidated Financial Statements as at and for the years ended December 31, 2002 and 2003,
- Deloitte & Touche Audit Opinion, and
- Reconciliation of certain non-GAAP measures of Ashanti Goldfields Company Limited to GAAP measures.

ASHANTI GOLDFIELDS COMPANY LIMITED

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PROFIT AND LOSS ACCOUNTS For the years ended December 31

	Note	**Group 2003**	**Interest in Joint venture**	**Total**	Group 2002	Interest in joint venture	Total
		US$m	**US$m**	**US$m**	US$m	US$m	US$m
Turnover	2	**456.9**	**108.0**	**564.9**	467.5	84.7	552.2
Cash operating costs		**(300.0)**	**(56.3)**	**(356.3)**	(275.9)	(47.2)	(323.1)
Other costs		**(30.3)**	**(3.9)**	**(34.2)**	(26.8)	(4.8)	(31.6)
Royalties		**(14.0)**	**(3.6)**	**(17.6)**	(11.9)	(2.7)	(14.6)
Depreciation and amortisation							

(66.9)
(12.9)
(79.8)
(75.1)
(13.3)
(88.4)
Exceptional operating costs
3
(20.5)
-
(20.5)
(23.5)
(8.8)
(32.3)
Total costs
6
(431.7)
(76.7)
(508.4)
(413.2)
(76.8)
(490.0)
Other income
4
-
-
-
12.1
-
12.1
Operating profit
5
25.2
31.3
56.5
66.4
7.9
74.3
Share of operating profit of joint venture
31.3
7.9
Total operating profit
5
56.5
74.3
Profit on sale of investment
3
8.3
-
Profit on sale of fixed assets
3

4.7
-
Profit before interest and taxation
69.5
74.3
Net interest payable:
group
8
(9.7)
(17.5)
joint venture
8
(4.5)
(5.1)
Profit before taxation
55.3
51.7
Tax:
group
9
(0.3)
(3.0)
joint venture
9
(4.6)
6.7
Profit after taxation
50.4
55.4
Minority interests
(1.2)
0.8
Profit attributable to shareholders
49.2
56.2
Retained profit for the year
49.2
56.2
Basic Earnings per share (US$)
10
0.38
0.47
Diluted earnings per share (US$)
10
0.37
0.44
See notes to the financial statements

ASHANTI GOLDFIELDS COMPANY LIMITED
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BALANCE SHEET
As at December 31
2003
2002
Note
US$m
US$m
Fixed assets
Intangible assets
11
15.4
17.3
Tangible fixed assets
12
603.4
602.7
Investments
- Geita joint venture
13
113.4
91.2
- Share of gross assets and goodwill
193.2
205.1
- Share of gross liabilities
(79.8)
(113.9)
- Loans to joint venture and other investments
13
1.1
32.6
733.3
743.8
Current assets
Stocks
14
68.4
76.6
Debtors due within one year
15
39.2
14.0
Debtors due after more than one year
15
-
8.8
Cash
16
72.8

41.3
180.4
140.7
Creditors: amounts falling due within one year
Creditors
17
(131.3)
(131.1)
Borrowings
18
(24.9)
(2.7)
(156.2)
(133.8)
Net current assets
24.2
6.9
Total assets less current liabilities
757.5
750.7
Creditors: amounts falling due after more than one year
Creditors
17
(3.6)
(24.0)
Borrowings
18
(217.4)
(254.2)
Provision for liabilities and charges
20
(27.8)
(25.0)
508.7
447.5
Capital and reserves
Stated capital
21
599.0
588.2
Reserves
23
(92.7)
(141.9)
Equity shareholders' funds
506.3
446.3
Equity minority interests
2.4
1.2
508.7

447.5

See notes to the financial statements

ASHANTI GOLDFIELDS COMPANY LIMITED

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CASH FLOW STATEMENT

For the years ended December 31

	Note	**2003** US$m	2002 US$m
Cash flow from operating activities	24	**86.3**	95.2
Returns on investments and servicing of finance			
Interest received		**0.8**	0.8
Interest paid		**(9.1)**	(19.6)
Net cash outflow from returns on investments and servicing of finance		**(8.3)**	(18.8)
Taxation			
Tax paid		**(1.2)**	(2.0)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(83.0)**	(64.5)
Proceeds from sale of fixed assets		**3.0**	-
Proceeds from sale of investments		**13.3**	-
Loans repaid by joint venture		**30.0**	-
Net cash outflow from capital expenditure and financial investment		**(36.7)**	(64.5)
Cash inflow before use of liquid resources and financing		**40.1**	9.9
Management of liquid resources		**3.1**	6.0

Cash inflow before financing
43.2
15.9
Financing
Issue of ordinary shares
10.8
41.8
Decrease in debt
(19.4)
(61.0)
Net cash outflow from financing
25
(8.6)
(19.2)
Increase/(decrease) in cash
34.6
(3.3)
Reconciliation of net cash flow to movement in net debt
Increase/(decrease) in cash
34.6
(3.3)
Decrease in liquid resources
(3.1)
(6.0)
31.5
(9.3)
Cash outflow from decrease in debt
19.4
61.0
Other
(4.8)
3.4
Movement in net debt
46.1
55.1
Net debt at 1 January
(215.6)
(270.7)
Net debt at 31 December
26
(169.5)
(215.6)
See notes to the financial statements

ASHANTI GOLDFIELDS COMPANY LIMITED

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Reconciliations of Movements in Shareholders' Funds

For the years ended December 31

	Note	**2003**	2002
		US$m	US$m
Retained profit for the year		**49.2**	56.2
New share capital issued	21	**10.8**	43.0
Net additions to shareholders' funds		**60.0**	99.2
Opening shareholders' funds		**446.3**	347.1
Closing shareholders' funds		**506.3**	446.3

There are no recognised gains and losses other than as disclosed in the Profit and Loss Accounts

See notes to the financial statements

ASHANTI GOLDFIELDS COMPANY LIMITED

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1.

Accounting Policies

The Company and its operations

Ashanti Goldfields Company Limited ("Ashanti") and its subsidiaries (collectively, "the Company") are primarily engaged in the mining and processing of gold ores and the exploration and development of gold properties in Africa. The Company's operations are principally in Ghana, Guinea, the Geita mine in Tanzania (which is a 50% joint venture with AngloGold Limited ("AngloGold")) and Zimbabwe. Gold bullion produced by the Company is used primarily for fabrication and bullion investment. Fabricated gold has a wide variety of uses including jewelery (the largest fabrication use for gold), electronics, dentistry, decorations, medals, medallions and official coins. Gold for bullion investment is primarily sold to central banks as part of their national investment strategies. The principal accounting policies used by the Company in the preparation of these financial statements are set out below. The accounting policies used in preparing the financial statements are consistent with those used by the Company in its financial statements for the year ended December 31, 2002.

Going concern

In June 2002, Ashanti issued US$75 million of Mandatorily Exchangeable Notes ("MENs"). The MENs will mandatorily exchange into ordinary shares of Ashanti when Ashanti effects a rights issue. Ashanti agreed with its banks and the holders of the MENs to complete the rights issue prior to December 28, 2003. It was intended that as a part of the rights issue Ashanti would raise additional funds to fund completion of the Siguiri carbon-in-pulp ("CIP") project. During the course of the 2003, Ashanti entered into merger discussions with AngloGold and subsequently entered into a transaction agreement to effect a merger of Ashanti and AngloGold ("the Merger"). As a consequence of entering into the transaction agreement, Ashanti had to delay completing the rights issue. Since the MENs will become repayable on the Merger being completed, Ashanti has secured agreement of its banks and the holders of the MENs to delay the timeframe for completion of the rights issue until December 28, 2004. Given the delay in the rights issue, the postponement/cancellation of the Siguiri CIP project was considered. However, following discussions with AngloGold, Ashanti decided to continue with the Siguiri CIP project, notwithstanding the substantial increase in the anticipated capital cost of this project. The increased capital expenditure required for this project, together with the reduced cash inflows received by the Company due to poorer operating performance in 2003 compared to 2002, has led to the Company seeking alternative sources of financing to fund its cash requirements until the consummation of the Merger. With the agreement of AngloGold, a US$30 million distribution paid by the Geita mine on December 31, 2003 has been paid in full to the Company. AngloGold has also agreed to provide an additional US$14.1 million to the Company by purchasing at face value the residual inter-company loan provided by the Company in respect of the Geita joint venture. In addition, AngloGold has agreed to provide an unsecured loan facility of up to US$20 million to Ashanti (see Note 18). These arrangements are not conditional on the Merger completing. The Ashanti Board considers that these arrangements, together with the undrawn amounts under its revolving credit facility, are sufficient to enable it to meet its cash requirements in the period prior to the Merger becoming effective, currently anticipated to be around April 2004. If the Merger is not completed, or if there is a substantial delay in completing the Merger, Ashanti will need to proceed with its rights issue or review alternative forms of financing. If the Merger is not completed and alternative forms of financing cannot be implemented, then there will be uncertainty as to whether the Company will be able to continue as a going concern. Having taken into account the progress which AngloGold and Ashanti have achieved in relation to the Merger, the financial support being provided by AngloGold and other relevant factors, the Directors of Ashanti have formed the judgement that, at the time of approving these financial statements, it is appropriate to use the going concern basis in preparing these financial statements. The financial statements do not include any adjustments that might result should the Group be unable to continue as a going concern.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP").

ASHANTI GOLDFIELDS COMPANY LIMITED

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Basis of consolidation
The Company's financial statements comprise a consolidation of the results, assets and liabilities of Ashanti, its subsidiary undertakings and joint ventures. The results and cash flows of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Use of estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Goodwill
Goodwill arising from the purchase of subsidiary undertakings and interests in associates and joint ventures represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired, in accordance with Financial Reporting Standard ("FRS") 10, Goodwill and Intangible Assets ("FRS 10"). Goodwill is capitalised and amortised over the life of the underlying mine assets. Prior to January 1, 1998, goodwill was charged to reserves in the year of acquisition. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the amount of any goodwill previously charged to reserves or capitalised and not yet charged to the profit and loss account.

Joint ventures
A joint venture is an entity in which the Company holds a long-term interest and which is jointly controlled by the Company and one or more venturers under a contractual arrangement. The results of joint ventures are accounted for using the gross equity method of accounting.

Transactions in other currencies
Transactions denominated in currencies other than the US dollar are measured at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US dollars are remeasured at the rates of exchange ruling at year end. All remeasurement differences are taken to the profit and loss account.

Revenue recognition
Sale of bullion is recognised when dore is produced in the gold room. The proceeds from sales of bullion produced prior to the year end but which have not been received are included as `gold in transit' within cash balances.

Exploration costs
Exploration costs incurred prior to the establishment of a commercially mineable deposit are charged against profits.

Tangible fixed assets
Tangible fixed assets are recorded at cost less accumulated depreciation, which includes provision for impairment. Repairs and maintenance expenditures are charged against profits as incurred. Major improvements and replacements that extend the useful life of an asset are capitalised. Once it has been established that a commercially mineable deposit exists, mine development costs, including interest costs, are capitalized as tangible fixed assets. Mine development costs consist of those expenditures necessary to gain access to ore bodies prior to production and to extend production in an existing ore body, including costs of removing overburden, constructing underground shaft stations, and extending tunnels. Tangible fixed assets are depreciated as follows: Development costs, plant and equipment and processing plants are depreciated over the life of the mine using the unit of production method, or on a straight-line basis over their estimated useful lives if shorter. Under the unit of production method, the Company estimates the amortisation rate based on actual production over total proven and probable reserves. For mining operations with both underground and surface mining, amortisation rates are calculated separately for the respective assets. This rate is then applied to actual costs incurred to arrive at the amortisation expense for the period. Buildings are depreciated on a straight-line basis. Following are the estimated useful lives of assets that are depreciated using the

straightline basis: Externally purchased software	3 years
Vehicles	5 years
Plant and equipment	5 to 15 years
Buildings	up to 30 years

ASHANTI GOLDFIELDS COMPANY LIMITED

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Estimated useful lives are reviewed on an annual basis in conjunction with the life-of-mine plans. Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. At such time, in accordance with FRS 11, *Impairment of fixed and assets and goodwill* ("FRS 11") the net present value of the expected future cash flows attributable to the asset or its disposal value, if higher, is compared to the carrying value of the income-generating unit and an impairment charge is recorded if necessary. The Company considers hedging gains and losses in calculating the net present value of expected future cash flows for mines, unless there are any mine-specific issues that render such allocation unreasonale and unsupportable.

Stocks

Stocks are valued at the lower of cost and net realisable value (which includes an appropriate proportion of production overheads). Costs are assigned to stocks on hand by the method most appropriate to each class of stock with the majority being valued on an average cost basis. Cost of production include fixed and variable direct costs and an appropriate portion of fixed overhead expenditure.

Interest and finance costs

Interest is capitalised in respect of mine developments as part of tangible fixed assets from the time that it has been determined that a commercially minable deposit exists up to the commencement of production. All other interest costs are charged against profits as incurred. Front-end fees, commitment fees and other costs associated with the initial loan are deferred and amortised over the life of the loan to give a constant rate of return on the outstanding loan balance.

Derivative financial instruments

The Company uses derivative instruments to hedge its exposures to fluctuations in gold prices. In order to protect against the impact of falling gold prices, the Company enters into hedging transactions which provide a minimum price for production and allow the Company to take advantage of increases in gold prices. Instruments are accounted for as a hedge when they have been entered into to manage gold prices and are within limits established by the Board of Directors. Hedging transactions are used as part of the Company's protection and commitment programme. Protected ounces represent future sales of gold for which the future price of gold has been fixed. Committed ounces represent future obligations of the Company to deliver gold at an agreed upon maximum price. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. Gains or losses on other hedging contracts, including premiums receivable and payable on options, are recognised in the profit and loss account as designated production is delivered. In the case of earlier settlement of hedge contracts, gains or losses are deferred and brought into income at the originally designated delivery date.

Deferred taxation

The Company provides for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Environmental and site restoration obligations

The expected costs of any committed decommissioning or other site restoration programmes incurred during the construction phase, discounted at the weighted average cost of capital, are provided for and capitalised at the beginning of each project and amortised over the life of the mine using the units of production method. Additional provisions are recorded during the production phase as environmental liabilities arise with a corresponding charge to operating results. Such costs are estimated based on studies performed by independent environmental specialists and represent management's best current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations or the terms of respective mining licenses. It is reasonably possible that, due to uncertainties associated with defining the nature and extent of environmental contamination, application of laws and regulations by regulatory authorities, and changes in remediation technology, the ultimate cost of remediation could change in the future. The Company periodically reviews its accrued liabilities for such remediation costs, as evidence becomes available indicating that its remediation liability has potentially changed. Ashanti currently carries public liability insurance coverage. However, there is no specific coverage available for environmental liabilities which either arise gradually or otherwise than as a result of an insurable event.

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Pre-stripping and stripping costs
Pre-stripping costs are the costs of removing overburden to expose ore after it has been determined that a commercially minable deposit exists, prior to the commencement of production. These costs are capitalised as tangible fixed assets and, upon commencement of production, depreciated using the unit of production method based on proved and probable reserves. Stripping costs are costs associated with the removal of waste materials after gold production has commenced. Over the life of the mine, stripping costs are deferred when the actual stripping ratio is above the average and then charged to operations when the actual stripping ratio falls below the average. This policy results in the smoothing of mine production costs over the life of the mine, which is a practice unique to the mining industry. The full amount of deferred stripping costs may not be expensed until the end of the mine life. Stripping costs are assessed for recoverability on an annual basis based on current factors surrounding the mine and adjustments made to the life of mine plan. If the recoverable value has fallen below cost, the asset is written down to its recoverable value. If the actual stripping ratio falls below the average stripping ratio, a deferred liability is recorded.
Leases
Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account. Operating lease rentals are charged to the profit and loss account in equal anual amounts over the lease term.

2.

Turnover

2003

2002

US$m

US$m

Group

Bullion revenue

464.8

416.3

Cash (paid)/ realised on maturing hedging contracts

(20.8)

16.9

Deferred hedging income

12.9

34.3

456.9

467.5

Joint venture

Bullion revenue

122.0

90.1

Cash paid on maturing hedging contracts

(14.0)

(5.4)

108.0

84.7

Total

564.9

552.2

3.

Exceptional items before taxation

2003

2002

US$m

US$m

Depreciation and amortisation (note a.)

(15.1)

-

Redundancy costs (note b.)

(5.4)

-

Refinancing and restructuring costs (note c.)

-

(23.5)

Share of operating loss of joint venture (note d.)

-

(8.8)

Exceptional operating costs

(20.5)

(32.3)

Other income (note d. and note 4)

-

8.8

Profit on sale of investments (note e.)

8.3

-

Profit on sale of fixed assets (note f.)

4.7

-

Net interest payable - group (note g.)

2.7

-

(4.8)

(23.5)

a.

Having reviewed the challenging environment in which the Freda-Rebecca mine operates, Ashanti has recognised an impairment charge of US$15.1 million.

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b.

During the fourth quarter of 2003, the Company established a plan to restructure its Obuasi mine operations which entailed the rationalization of 358 employees. In connection with this restructuring, the Company recorded provisions of US$5.4 million. The following amounts have been recorded in respect of the restructuring plan:

	US$m
Amount initially established	5.4
Utilized to December 31, 2003	1.1
Balance at December 31, 2003	4.3

By December 31, 2003, all 358 employees had been terminated. All costs outstanding at December 31, 2003 were paid by January 31, 2004.

c.

Costs incurred in refinancing the Company's debt during 2002, including fees paid to financial advisers, legal fees and fees relating to the extinguishment of the Company's previous revolving credit facility.

d.

As provided for in the sale and purchase agreement entered into in 2000 in respect of the Geita mine, AngloGold transferred the neighbouring Ridge 8 property to Geita during 2002. The consideration of US$17.6 million will be left outstanding until the project finance loans are fully repaid by Geita. AngloGold has transferred to Ashanti for no consideration, its 50% share of the receivable which resulted in an exceptional gain of US$8.8 million. In line with Ashanti's accounting policy on exploration costs, the cost of this property was expensed (Ashanti's share US$8.8 million).

e.

Ashanti sold its interest in the Mampon property near Obuasi to Bogoso Gold Limited and Golden Star Resources Limited for a cash consideration of US$9.5 million which resulted in a gain before taxes of US$8.3 million. Ashanti realised a further US$0.5 million from the debenture held in Birim Goldfields ("Birim"), which it sold back to Birim at its carrying value.

f.

The investment held in the joint venture in respect of the Youga property in Burkina Faso was sold for US$3.3 million resulting in a gain of US$2.7 million. Ashanti received insurance proceeds of US$3.0 million for the Company's damaged aircraft, which has since been scrapped. This resulted in a gain of US$2.0 million.

g.

The Kilo-Moto Mining Corporation ("Kimin"), a wholly-owned subsidiary of Ashanti, has outstanding loans with third-party lenders. During 2003 the Company re-negotiated the terms of the Kimin loans. In consideration for Ashanti guaranteeing the Kimin loans, the Company secured a reduction in the amounts owed from US$7.7 million to US$5.0 million. This reduction of US$2.7 million has been recognised as an exceptional gain within net interest payable - group.

4. **Other income**

	2003	2002
	US$m	US$m
Head Office		
Exceptional gain arising on transfer of receivable from AngloGold for no consideration (see note 3d.)	**-**	8.8
Additional consideration received in respect of the Golden Pride mine sold in 1999	**-**	3.3
	-	12.1

5. Operating profit analysis by business area before exceptional items

12 months to December 31, 2003

Obuasi Iduapriem Bibiani Siguiri

Freda-

Rebecca

Hedging

Income Exploration

Corp.

Admin.

Group

Geita

Total

US$ million

Revenue

187.1

89.8

77.6

91.7

18.6

(7.9)

-

-

456.9

108.0

564.9

Operating costs

(111.2)

(59.7) (46.3) (72.9)

(13.7)

-

(4.5) (22.0)

(330.3) (60.2)

(390.5)

Royalties

(6.0)

(2.7)

(2.3)

(3.0)

-

-

-

-

(14.0)

(3.6)

(17.6)

Operating Cash flow

69.9

27.4

29.0

15.8

4.9

(7.9)

(4.5) (22.0)

112.6

44.2

156.8

Depreciation and
amortisation

(30.8)

(6.0) (11.2) (12.6)

(5.6)

-

-

(0.7)

(66.9) (12.9)

(79.8)

Exceptional operating
costs

(5.4)

-

-

-

(15.1)

-

-

-

(20.5)

-

(20.5)

Operating profit/(loss)

33.7

21.4

17.8

3.2

(15.8)

(7.9)

(4.5) (22.7)

25.2

31.3

56.5

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12 months to December 31, 2002

Obuasi

Iduapriem

Bibiani

Siguiri

Freda-

Rebecca

Hedging

Income Exploration

Corp.

Admin.

Group

Geita

(50%)

Total

US$ million

Revenue

167.8

57.8

76.1

83.9

30.7

51.2

-

-

467.5

84.7

552.2

Operating costs

(106.9)

(43.9)

(43.9)

(66.7)

(21.0)

-

(3.8)

(16.5)

(302.7)

(52.0)

(354.7)

Royalties

(5.0)

(1.7)

(2.3)

(2.9)

-

-

-

-

(11.9)
(2.7)
(14.6)
Other income
-
-
-
-
-
-
-
12.1
12.1
-
12.1
EBITDA
55.9
12.2
29.9
14.3
9.7
51.2
(3.8)
(4.4)
165.0
30.0
195.0
Depreciation and
amortisation
(33.0)
(7.6)
(17.7)
(17.7)
(3.7)
-
(0.1)
(1.3)
(75.1)
(13.3)
(88.4)
Exceptional operating
cost
-
-
-
-
-
-
-
(23.5)
(23.5)

(8.8)
(32.3)
Operating profit/(loss)
22.9
4.6
18.2
(3.4)
6.0
51.2
(3.9)
(3.9)
(29.2)
66.4
7.9
74.3
6. **Reconciliation of total costs**
2003
2002
Cash operating costs
US$m
US$m
Obuasi
111.2
106.4
Iduapriem
58.5
43.0
Bibiani
46.0
43.6
Siguiri
70.6
61.9
Freda- Rebecca
13.7
21.0
Geita (50%)
56.3
47.2
Total cash operating costs
356.3
323.1
Corporate administration cost
22.0
16.5
Exploration cost
4.5
3.8
Other costs
7.7
11.3

Royalties
17.6
14.6
Depreciation and amortisation
79.8
88.4
Exceptional costs
20.5
32.3
Total costs
508.4
490.0

7. Employees

2003
2002
No.
No.
The average number of employees of the Group during the year was as follows:
Underground mining
4,384
4,602
Surface mining
678
447
Processing
1,878
1,978
Administration
2,564
2,914
9,504
9,941

Remuneration paid to directors of Ashanti (excluding amounts paid to Lonmin Plc in respect of Technical Services and the services of Mr S E Jonah) amounted to US$2.7 million (2002: US$2.9 million).

ASHANTI GOLDFIELDS COMPANY LIMITED

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8.

Net interest payable

2003

2002

US$m

US$m

Enlarged Revolving Credit Facility

8.0

5.0

Mandatorily Exchangeable Notes

2.2

1.4

Revolving Credit Facility

-

3.3

5,5 % Exchangeable Notes

-

6.3

Other loans and finance charges

3.8

3.3

14.0

19.3

Interest receivable

(1.6)

(1.8)

Exceptional gain on re-negotiation of the Kimin loans (note 3g)

(2.7)

-

9.7

17.5

Share of interest payable by joint venture

4.5

5.1

14.2

22.6

9.

Taxation

2003

2002

US$m

US$m

Corporate tax - Current year - group

0.3

0.2

- joint venture

1.7

0.1

- Prior years

- group

(0.8)

(8.5)

- joint venture

-

0.2

Deferred tax - group

-

11.3

- joint venture

2.9

(7.0)

Tax charge/(credit) on profit on ordinary activities before exceptional items

4.1

(3.7)

Tax on exceptional items

0.8

-

Tax charge/(credit) on profit on ordinary activities

4.9

(3.7)

Deferred tax assets are recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In certain circumstances where it is expected to take some time for tax losses to be relieved, it may not be appropriate to recognise the deferred tax assets at all. The total amount of deferred tax assets in respect of tax losses not recognised as at December 31, 2003 amounted to US$30.8 million (2002: US$46.1 million).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures.

Reconciliation of total corporate tax

The standard rate of tax for the year, based on the Ghanaian tax rate for listed companies is 30% (for all reporting periods). The difference from the standard corporate tax charge to the actual current corporate tax charge is set out in the following reconciliation.

ASHANTI GOLDFIELDS COMPANY LIMITED

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2003

2002

US$m

US$m

Profit before tax

55.3

51.7

Tax on profit on ordinary activities at standard rate

16.6

15.5

Factors affecting charge for the year

Capital allowances for the period in excess of depreciation

(2.4)

(1.9)

Other short-term timing differences

2.2

0.3

Tax losses (utilised)/incurred in the year

(17.4)

(3.7)

Profits arising in foreign jurisdictions with different tax rates

2.3

(12.9)

Group goodwill amortisation

1.7

1.9

Capital allowance uplifts

(1.3)

(1.0)

Other permanent differences

0.3

2.1

Total actual current year corporate tax charge

2.0

0.3

10.

Earnings per share

The calculation of earnings per share is based on earnings after tax and minority interests and the weighted average number of shares outstanding during the year (after deducting treasury shares which do not qualify for dividends) of 128.5 million (2002: 119.1 million).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares being warrants (under the agreement with the Company's hedge counterparties), share options (under the Senior Management Share Option Scheme) where the exercise price is less than the average price of the Company's ordinary shares during the period, and shares, issued free of charge to senior management, pursuant to the employee share incentive plans, provided certain criteria are met.

2003

2002

Basic and diluted earnings attributable to ordinary shareholders (US$m)

49.2

56.2

Weighted average number of ordinary shares (millions) - basic earnings per share

128.5

119.1

Dilutive warrants (millions)

2.3

5.3

Dilutive share options (millions)

2.1

1.6

Dilutive employee share incentive plans (millions)

0.8

0.6

Adjusted weighted average number of ordinary shares (millions)

133.7

126.6

Basic earnings per share (US$)

0.38

0.47

Diluted earnings per share (US$)

0.37

0.44

11.

Intangible assets

Cost

Goodwill

US$m

At January 1, 2002

21.9

Additions

0.2

At December 31, 2002

22.1

Additions

0.7

Reductions

(1.1)

At December 31, 2003

21.7

ASHANTI GOLDFIELDS COMPANY LIMITED

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Goodwill

US$m

Amortisation

At January 1, 2002

3.1

Charge for the year

1.7

At December 31, 2002

4.8

Charge for the year

1.5

At December 31, 2003

6.3

Net book value

At December 31, 2003

15.4

At December 31, 2002

17.3

The balance as at December 31, 2003 of US$15.4 million is in respect of the acquisition of Pioneer Goldfields Company Limited ("Pioneer"). The additional goodwill in 2003 and 2002 relates to additional consideration which has become payable in respect of the acquisition of Pioneer Goldfields Limited (Tebererie mine) in 2000. Further consideration may become payable in the future depending on the gold price level.

12. **Tangible assets**

Mine shafts,

development

and pre-
production
Plant and
equipment
Processing
plants
Buildings
Assets in
the course of
construction
Total
US$m
US$m
US$m
US$m
US$m
US$m
Cost
At January 1, 2002
836.3
537.9
419.3
91.1
2.4
1,887.0
Additions

29.5

11.1

2.4

0.4

21.1

64.5

Disposals

(2.8)

(0.7)

-

(1.4)

-

(4.9)

Transfers

(21.5)

2.3

16.0

13.9

(10.7)

-

At December 31, 2002

841.5

550.6

437.7

104.0

12.8

1,946.6

Additions

26.5

13.0

5.3

0.3

39.3

84.4

Disposals

(1.7)

(12.9)

-

-

-

(14.6)

Transfers

2.8

1.0

11.9

-

(15.7)

-

At December 31, 2003

869.1

551.7

454.9

104.3

36.4

2,016.4

Depreciation

At January 1, 2002

592.9

364.2

260.1

56.9

-

1,274.1

Charges

19.0

27.7

20.2

6.5

-

73.4

Disposals

(1.9)

(0.7)

-

(1.0)

-

(3.6)

At December 31, 2002

610.0

391.2

280.3

62.4

-

1,343.9

Charges

17.3

22.4

21.8

3.9

-

65.4

Provision for impairment

-

1.2

8.0

5.9

-

15.1

Disposals

(0.5)

(10.9)

-

-

-

(11.4)

At December 31, 2003

626.8

403.9

310.1

72.2

-

1,413.0

Net book value

At December 31, 2003

242.3

147.8

144.8

32.1

36.4

603.4

At December 31, 2002

231.5

159.4

157.4

41.6

12.8

602.7

ASHANTI GOLDFIELDS COMPANY LIMITED

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The net book value of tangible fixed assets includes US$2.1 million (2002: US$3.5 million) in respect of assets held under finance leases included within buildings.

2003

2002

US$m

US$m

Capital commitments

Contracts placed but not provided for

49.3

13.1

13.

Investments

The Company's investment in joint ventures is in respect of its 50 per cent interest in the Geita mine in Tanzania. This interest is accounted for under the gross equity basis of accounting.

Investment in

joint venture

Loans to

joint venture

Other

investments

Total

US$m

US$m

US$m

US$m

Cost

At January 1, 2002

81.7

31.1

1.5

114.3

Share of retained profit for the year

9.5

-

-

9.5

At December 31, 2002

91.2

31.1

1.5

123.8

Share of retained profit for the year

22.2

-

-

22.2

Loans repaid by joint venture

-

(30.0)

-

(30.0)

Sale of investments

-

-

(1.5)

(1.5)

At December 31, 2003

113.4

1.1

-

114.5

In December 2003, Geita made a US$30.0 million distribution to the joint venture partners.With the agreement of AngloGold, this US$30.0 million distribution was paid in full to the Company. In consideration for the above, the Company agreed that it would not participate in future distributions of Geita, until such time as the equivalent amounts owed to AngloGold have been repaid in full. The Company's share of net assets of the Geita joint venture can be analysed as follows:

2003

US $m

2002

US$m

Goodwill

50.9

54.8

Share of fixed assets

110.4

103.5

Share of current assets

31.9

46.8

Share of creditors due within one year

(28.3)

(30.5)

Share of creditors due after more than one year and provisions

(51.5)

(83.4)

Share of net assets

113.4

91.2

The principal subsidiary and associated undertakings are:

Company and country of incorporation

Principal activities

Class of shares held

Group

interest per cent

Subsidiary undertakings

Ghana

Ashanti Goldfields (Bibiani) Limited

Gold Mining

Ordinary No par value

100

Ghanaian-Australian Goldfields Limited

Gold Mining

Ordinary No par value

80

Teberebie Goldfields Limited

Gold Mining

Ordinary No par value

90

ASHANTI GOLDFIELDS COMPANY LIMITED
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Company and country of incorporation
Principal activities
Class of shares held
Group
interest per cent
Guinea
Societe Ashanti Goldfields de Guinee S.A.
Gold Mining
Ordinary
85
Zimbabwe
Ashanti Goldfields Zimbabwe Limited
Gold Mining
Ordinary
100
Isle of Man
Ashanti Treasury Services Limited
Treasury
Ordinary
100
Geita Treasury Services Limited
Treasury
Ordinary
100
Cayman Islands
Ashanti Capital Limited
Financing
Ordinary
100
Ashanti Finance (Cayman) Limited
Financing
Ordinary
100
Ashanti Capital (Second) Limited
Financing
Ordinary
100
United Kingdom
Ashanti Goldfields Services Limited
Holding Company
Ordinary
100
Associated Companies
Geita Gold Mining Limited (Tanzania)
Gold Mining
Ordinary
50
Geita Management Company Limited (Isle of Man)
Treasury

Ordinary
50
14.
Stocks

	2003	2002
	US$m	US$m
Mine stores	**44.3**	51.1
Ore in stockpiles (note a.)	**17.0**	20.1
Gold in process	**7.1**	5.4
	68.4	76.6

a. Ore is only mined and sent to the stockpile if it is considered that the ore will have future economic benefit. This is assessed by reviewing the estimated grade of the stockpile, the current spot gold price and the estimated costs of processing the stockpile. These criteria are used consistently from period to period.

15.
Debtors

	2003	2002
	US$m	US$m
Due within one year:		
Sundry debtors	**5.2**	10.3
Prepayments	**5.3**	3.7
Deferred expenses	**0.7**	-
Due from AngloGold (note a.)	**28.0**	-
	39.2	14.0
Due after more than one year:		
Due from AngloGold (note a.)	**-**	8.8
	39.2	22.8

a. Amounts due from AngloGold after more than one year of US$8.8 million as at December 31, 2002 represented a receivable from AngloGold which arose from the transfer of the Ridge 8 property by AngloGold to the Geita mine. As at December 31, 2002, this amount was due after the Geita project finance loans were fully repaid by the Geita mine in 2007. On February 3, 2004, AngloGold Holdings Limited, a subsidiary of AngloGold, agreed to purchase this receivable together with interest owed by Geita to Ashanti totalling US$13 million. The amounts due from AngloGold also include recoverable transaction costs relating to the Merger and the Rights Issue. In accordance with the Transaction Agreement with AngloGold, AngloGold will reimburse the Company for all costs incurred at the time of the Merger.

ASHANTI GOLDFIELDS COMPANY LIMITED
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16.
Cash
2003
2002
US$m
US$m
Cash at bank and in hand
52.6
17.1
Gold and cash in transit
20.2
24.2
72.8
41.3
17.
Creditors
2003
2002
US$m
US$m
Amounts falling due within one year:
Trade creditors
36.2
45.2
Deferred purchase consideration (note a.)
4.7
3.0
Deferred heding income (note b.)
11.3
14.7
Mining related accruals
5.7
12.9
Accrued interest
21.5
8.0
Taxation
5.5
4.4
Pensions
7.5
7.8
Other accruals
38.9
35.1
131.3
131.1
Amounts falling due over one year:
Deferred purchase consideration (note a.)

-
5.8
Deferred heding income (note b.)
-
13.1
Other accruals
3.6
5.1
3.6
24.0
a. The total deferred purchase consideration at December 31, 2003 of US$4.7 million (December 31, 2002: US$8.8 million) is in respect of the acquisition of Teberebie. This is a fixed amount payable that is not subject to any form of contingency.
b. Deferred hedging income arises from the early close-out of hedging contracts.
18.
Borrowings
2003
2002
US$m
US$m
Mandatorily Exchangeable Notes (note a.)
75.0
75.0
Enlarged Revolving Credit Facility (note b.)
135.5
144.5
Project finance loans (note c.)
24.3
23.4
Bank loans and overdrafts
5.4
8.2
Finance leases
2.1
3.5
Aviation loans
-
2.3
242.3
256.9
Repayments falling due:
Between one and two years
45.7
2.0
Between two and five years
91.4
136.3
After five years
80.3
115.9
After more than one year

217.4
254.2
Within one year
24.9
2.7
242.3
256.9

ASHANTI GOLDFIELDS COMPANY LIMITED

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a.

On June 28, 2002 the Company issued US$75.0 million of MENs which were used in part to repay the existing 5.5% Exchangeable Notes. MENs are exchangeable into Ordinary Shares on either of the following events: (i) automatically or the completion date of the first rights issue ("Rights Issue") by the Company undertaken following the date of the MENs Deed Poll of June 27, 2002; or (ii) Ashanti serving a notice of exchange upon the holders of the MENs at any time after the date falling 18 months after the issue of the MENs on June 28, 2002. The MENs are exchangeable into Ordinary Shares at an exchange price of the lower of US$5.40 and the price at which the Company issues Ordinary Shares pursuant to the Rights Issue. The MENs (if not already exchanged) will be redeemable for cash on the earlier of: (i) a takeover offer for the Company, or a scheme of arrangement of the Company, becoming effective;
or
(ii) the date of maturity, being June 30, 2008. Interest on the MENs is being accrued at the rate of the Enlarged Revolving Credit Facility ("Enlarged RCF") but such interest only becomes payable if the MENs are redeemed for cash following one of the two events above. Any interest accrued will be deemed to be part of the consideration upon conversion of the MENs into equity.

b.

As at December 31, 2003, US$139 million (December 31, 2002: US$149 million) was drawn down under the US$200 million enlarged RCF entered into on June 28, 2002. Offset against this were deferred loan fees of US$3.5 million (December 31, 2002: US$4.5 million); such costs are being amortised over the term of the loan (five years). The Enlarged RCF replaced the Revolving Credit Facility outstanding at December 31, 2001 and was used in part to repay the existing 5.5% Exchangeable Notes. The terms of the US$200 million Enlarged RCF require minimum repayments of eight semi-annual instalments of US$20 million starting June 30, 2003 with a final instalment of US$40 million. The interest rate applicable to the Enlarged RCF increases over the life of the loan. The interest rate is as follows:
(i) Years 1 and 2 - US London Interbank Offer Rate ("US LIBOR") plus 1.75%; and
(ii) Years 3, 4 and 5 - US LIBOR plus 2.00%.
Financial covenants provide that the ratio of consolidated net debt to consolidated EBITDA (based on the definitions in the Enlarged RCF) is no greater than 2.50:1 for the 12-month period ended on December 31, 2002, decreasing incrementally to 1.50:1 for any 12-month period ending after June 30, 2004 and that the ratio of consolidated EBITDA to consolidated net interest payable (based on the definitions in the Enlarged RCF) is not less than 4.50:1 for the 12-month period ended December 31, 2002, increasing incrementally to 6.00:1 for any 12-month period ending after June 30, 2004. Additionally, consolidated tangible net worth is not to be less than US$415.0 million at any time, and consolidated net debt is not to exceed 50% of the consolidated tangible net worth for the periods ending on or before June 30, 2004 and for the relevant periods thereafter shall not exceed 40% of the consolidated tangible net worth. The Enlarged RCF also contains default provisions, including cross- default provisions.
The lenders under the Enlarged RCF have security over all the hedging contracts entered into by Ashanti Treasury Services Limited and Geita Treasury Services Limited, gold refining and purchasing agreements, insurance contracts, gold in transit and bank accounts. Security has also been granted over substantially all the assets of Ashanti and Ashanti Goldfields (Bibiani) Limited located in Ghana including the mining leases relating to the Obuasi and Bibiani mines. At December 31, 2003, the book value of these securing assets amounted US$532.7 million. Ashanti also agreed to use its best endeavours to give security over its shares in Cluff Resources Limited, which owns the Geita Mine. In addition, Ashanti has effected a political risk insurance policy, or PRI, of up to US$131.0 million in relation only to Ghana for the benefit of the lenders who, prior to the closing of syndication, elected to take the benefit of PRI. The Group under its Enlarged RCF had undrawn committed borrowing facilities of US$21.0 million as at December 31, 2003.

ASHANTI GOLDFIELDS COMPANY LIMITED

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c.

The project finance loans of US$24.3 million (2002: US$23.4 million) are in respect of loans provided to subsidiaries Ghanaian-Australian Goldfields Limited and Teberebie Goldfields Limited and are secured by fixed and floating charges over their respective assets. At December 31, 2003, the book value of these securing assets amounted to US$58.8 million (2002: US$52.0 million).

d.

On February 3, 2004, SMI Holdings Limited, a subsidiary of AngloGold, agreed to provide an unsecured loan facility of up to US$20 million to Ashanti Capital Limited, payable in two equal tranches. The first tranche can be drawn down at any time with five days' notice. The second tranche can be drawn down on five days' notice, subject to the Company providing evidence that (a) it has fully utilised the existing headroom under the Enlarged RCF; and (b) all reasonable methods of raising finance by way of hedging and/or derivative transactions have been exhausted (subject to remaining in compliance with the Company's hedging policy and subject to the terms of the transaction agreement with AngloGold). On payment of any amount in respect of the second tranche, AngloGold is entitled to issue a notice specifying that no further capital expenditure shall be incurred in connection with the Siguiri project before the second tranche has been repaid in full, save for amounts that become due and payable under the terms of agreements entered into before the date of the notice. Interest is payable on the loan at the rate (inclusive of PRI premium) applicable to the Enlarged RCF. In certain circumstances the loan is subordinated to the terms of the Enlarged RCF. Each tranche of the loan is repayable on the earlier of the first anniversary of the date on which the first advance is made and March 31, 2005, subject to such subordination. AngloGold also agreed to provide a guarantee to the Company of up to US$6 million in respect of certain plant and machinery purchase agreements.

19.

Financial instruments

Debtors and creditors arising directly from the Company's operations and gold in transit are excluded from the following disclosures.

Interest rate profile of financial liabilities

The interest rate profile of the Company 's financial liabilities at December 31, 2003 and December 31, 2002, which are predominately US dollar denominated were as follows:

Floating rate

borrowings

Fixed rate

borrowings

Total gross

borrowings

US$m

US$m

US$m

December 31, 2003

242.3

-

242.3

December 31, 2002

256.9

-

256.9

Interest on floating rate borrowings are determined primarily by reference to US LIBOR.

Interest rate profile of financial assets

The interest rate profile of the Company's financial assets at December 31, 2003 and December 31, 2002, which are predominately US dollar denominated were as follows:

Fixed rate

Floating rate

Interest free

Total

US$m

US$m

US$m

US$m

December 31, 2003

-

49.1

3.5

52.6

December 31, 2002

-

16.5

0.6

17.1

ASHANTI GOLDFIELDS COMPANY LIMITED

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The financial assets of the Company comprise cash at bank and in hand.

Currency exposures

The Company had no significant currency exposures given that all revenues are US dollar denominated as are the majority of its costs, monetary assets and financial liabilities.

Fair values of financial assets and liabilities

The fair value of the Company's financial instruments were as follows:

	2003		2002	
	Book value	**Fair value**	Book value	Fair value
	US$m	**US$m**	US$m	US$m
Financial instruments held or issued to finance the Company's operations:				
Long-term borrowings	**(217.4)**	**(217.4)**	(254.2)	(254.2)
Short term borrowings	**(24.9)**	**(24.9)**	(2.7)	(2.7)

Cash at bank and in hand

52.6

52.6

17.1

17.1

Derivative financial instruments to hedge the
Company's exposure to gold price risk:

Forwards

-

(400.8)

-

(56.0)

European Put options

-

28.4

-

24.9

European Call options granted

-

(153.1)

-

(102.7)

Lease rate swaps

-

(6.6)

-

(16.2)

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments:

Cash and other equivalents - The estimated fair value of these financial instruments approximates their carrying values due to their short maturities.

Derivative financial instruments - Market values have been used to determine the fair value of lease rate swaps, call and put options, convertible structures and forward contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account the current interest rate environment or current rates for similar options on forward contracts.

Long-term debt - The estimated fair values of the Company's long-term debt are based on current interest rates available to the Company for debt instruments with similar terms and remaining maturities.

Short-term borrowings - The estimated fair value of these financial instruments approximate to their carrying values due to their short maturities.

Hedging

It is the Company's policy to hedge the risk of movements in the gold price using several types of derivative financial instruments.

Gains and losses on instruments used for hedging the gold price are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on the instruments used for hedging and the movements therein, are as follows:

Gains

Losses

Net Gains/

(Losses)

US$m

US$m

US$m

Unrecognised gains/(losses) at January 1, 2003

38.3

(10.5)

27.8

(Gains)/Losses arising in previous years recognised in the year

(20.0)

5.3

(14.7)

Gains/(Losses) arising before January 1, 2003 not recognised in the year

18.3

(5.2)

13.1

Gains/(Losses) arising in 2003 and not recognized

-

(1.8)

(1.8)

Unrecognised gains/(losses) on hedges at December 31, 2003

18.3

(7.0)

11.3

ASHANTI GOLDFIELDS COMPANY LIMITED

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Gains

Losses

Net Gains/

(Losses)

Gains/(Losses) expected to be recognised within one year

18.3

(7.0)

11.3

Unrecognised gains/(losses) on hedges at January 1, 2002

70.1

(4.5)

65.6

Gains arising in previous years recognised in the year

(34.7)

-

(34.7)

Gains/(losses) arising before January 1, 2002 not recognised in the year

35.4

(4.5)

30.9

Gains/(losses) arising in the year and not recognized

2.9

(6.0)

(3.1)

Unrecognised gains/(losses) on hedges at December 31, 2002

38.3

(10.5)

27.8

Gains/(losses) expected to be recognised within one year

20.0

(5.3)

14.7

Gains/(losses) expected to be recognised after one year

18.3

(5.2)

13.1

Credit risk and concentrations of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted and from movements in gold prices. The Company does not anticipate non-performance by counterparties.

Concentrations of credit risk (whether on or off-balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Financial instruments on the balance sheet that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, receivables and derivatives which are recorded at fair value. The Company maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in a number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are limited due to the large, financially strong customers the Company does business with.

As described in Note 1, the Company enters into certain hedging transactions. The Company attempts to minimize its credit exposure to counterparties by entering into derivative contracts with major international financial institutions. Although the Company's theoretical credit risk is the replacement cost at the then estimated fair value of these instruments, management believes that the risk of incurring losses is remote. Management does not believe significant risk exists in connection with the Company's concentrations of credit as at December 31, 2003.

20.

Provisions for liabilities and charges

Deferred

taxation

US$m

Site

rehabilitation

US$m

Classified as debtors

US$ m

Total

US$m

At January 1, 2002

(6.9)

17.9

6.9

17.9

Charge for the year

11.3

2.7

(6.9)

7.1

At December 31, 2002

4.4

20.6

-

25.0

Charge for the year

-

5.6

-

5.6

Utilised during the year

-

(2.8)

-

(2.8)

At December 31, 2003

4.4

23.4

-

27.8

The Company's provision for site rehabilitation as at December 31, 2003 is US$23.4 million (December 31, 2002: US$20.6 million). These costs are expected to be paid over a 20-year period as the mines come to the end of their useful lives, commencing with the currently envisaged closure of the Bibiani (provision of US$3.5 million) and Freda-Rebecca (provision of US$2.7 million) mines during 2007 and 2006, respectively. The remaining significant components of the provision comprise US$5.7 million and US$5.2 million related to the Obuasi and Iduapriem mines, respectively, with the majority of such costs expected to be paid subsequent to 2007.

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2003

2002

US$m

US$m

Deferred taxation comprises:

Liabilities arising on fixed assets

144.9

141.9

Other timing differences

(5.1)

(5.3)

Tax losses carried forward

(135.4)

(132.2)

4.4

4.4

21.

Stated capital

Number of shares

Authorised

200,000,000 ordinary shares of no par value

200,000,000

1 special rights redeemable preference share of no par value

1

200,000,001

Issued

Stated capital

Shares

US$m

Allotted and fully paid

At January 1, 2003:

Ordinary shares of no par value in issue

126,893,915

588.2

Issue of shares at US$3.00 in respect of the exercise of the warrants

3,593,053

10.8

At December 31, 2003:

Ordinary shares of no par value in issue

130,486,968

599.0

Ordinary shares in treasury

556,987*

-

1 special rights redeemable preference share of no par value

1

-

131,043,956

599.0

* The 556,987 ordinary shares held in treasury do not qualify for dividends and do not have voting rights.

Based on the prices quoted on the New York Stock Exchange during 2003, Ashanti's share price traded during the year between a high of US$14.20 and a low of US$4.25. As at December 31, 2003, Ashanti's market capitalisation based on a share price of US$13.04 on that date was US$1.70 billion. The Government of Ghana holds the special rights redeemable preference share of no par value (the "Golden Share"). The Golden Share is non-voting but the holder is entitled to receive notice of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden Share has a preferential right to return of capital, the value of which will be 1,000 cedis.

The Regulations of Ashanti provide that certain matters, principally matters affecting the rights of the Golden Share, the winding up of Ashanti or the disposal of a material part of the Company's assets, shall be deemed to be a variation of the rights attaching to the Golden Share and shall be effective only with the written consent of the holder of the Golden Share.

All of the ordinary shares in issue rank *pari passu* in all respects. In the April 30, 2003 general meeting of Ashanti, Ashanti passed a special resolution renewing an existing authority to make market purchases of its own shares up to an aggregate of 12,600,000 ordinary shares at a price per share (exclusive of expenses) of not more that 5% above the average of the middle market quotations for the shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately before the date of purchase. However, Ashanti did not utilise this authority. The authority for Ashanti to purchase its own shares obtained from the April AGM will expire, unless renewed, on July 30, 2004 or at the conclusion of Ashanti's Annual General Meeting if held in 2004. In November 1999, pursuant to an agreement with Ashanti's hedge counterparties, a wholly-owned subsidiary, Ashanti Warrants Limited, issued unlisted warrants to subscribe for Mandatorily Exchangeable Securities under which the securityholders have the option of converting the securities into ordinary shares at a conversion price of US$3 per share. The warrants were issued in three equal tranches with expiry dates of

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April 28, 2004, October 28, 2004 and April 28, 2005. As part of the Company's refinancing arrangement, 13,945,122 warrants were exercised at US$3, leaving 5,889,879 warrants outstanding as at December 31, 2002. During 2003, a total of 3,593,053 warrants were exercised at US$3 leaving 2,296,826 warrants outstanding at 31 December 2003. The conversion rights of the remaining warrants could give rise to the issue of up to 2,296,826 ordinary shares.

In June 2002, the Company issued US$75.0 million of MENs which are exchangeable into ordinary shares at an exchange price of the lower of US$5.40 and the price at which Ashanti's ordinary shares will be issued pursuant to the Rights Issue (see note 18). At a price of US$5.40, this could give rise to an issue of 13.9 million Ashanti ordinary shares. Pursuant to the subscription agreements for the MENs, Ashanti was obliged to use its best efforts to complete a rights issue by December 28, 2003. In light of the proposed merger with AngloGold, Ashanti agreed with Lonmin and the Government that the period to effect the rights issue would be extended to December 28, 2004. On implementation of the merger, the MENs will be redeemed in accordance with their terms.

The AGC Senior Management Share Option Scheme

As at January 1 2001, options granted to directors and staff over 8,296,772 shares remained outstanding. As part of the review of the Company's remuneration arrangements conducted prior to the Annual General Meeting on April 25, 2001, option holders were invited to cancel all outstanding options voluntarily. The proposal was made on the basis that for every 10 shares then under option a new option would be granted over three shares.

In the case of executive directors and certain members of the Company's senior management, their oustanding "underwater" options were required to be surrendered in order to receive any further awards under the company's long-term incentive plans. Options over 5,364,485 shares in respect of other senior management and 508,050 shares in respect of executive directors were cancelled in accordance with the invitation. Options over 2,189,787 shares lapsed in the year ended December 31, 2001. Options over a further 396,716 shares lapsed under the rules of this scheme in the year ended December 31, 2002.

Following the cancellation, re-grant and lapsing of options described above, and subsequent award of options on August 22, 2002, the total number of ordinary shares over which executive directors and senior management held options as at December 31, 2003 is set out below:

Period of exercise	Code	Option price US$	Number of ordinary shares of no par value
13 July 2002- 12 July 2010	A	1.66	

40,000

28 August 2002- 27 August 2010

B

2.55

50,000

3 May 2004- 2 May 2011 (Replacement Options)

C

2.29

1,445,844

3 May 2004- 2 May 2011

D

2.29

906,290

22 August 2005- 21 August 2012

E

4.88

599,560

3,041,694

All options granted on May 3, 2001 were granted with exercise prices of US$2.29. They ordinarily become exercisable on May 3, 2004 and lapse on May 2, 2011. Options granted on August 22, 2002 were granted with an exercise price of US$4.88 and ordinarily become exercisable on August 22, 2005 and lapse on August 21, 2012. No options were granted in 2003.

An analysis of options held by directors as at 31 December 2003 using the codes shown above is set out below:

B

C

D

E

Total

S E Jonah

-

87,000

173,664

79,700

340,364

M Botsio-Phillips

-

13,500

18,760

14,130

46,390

* E D Ofori Atta

-

13,500

16,509

12,430

42,439

* T S Schultz

-

38,415