



Metorex Limited

Registration number 1934/005478/06
 Incorporated in the Republic of South Africa
 Listed on the JSE Securities Exchange South Africa and London Stock Exchange
 JSE alpha MTX ISIN ZAE00022745
 Issuer code MEMTX
 www.metorexgroup.com

- ▶ Profitability maintained through diversified portfolio
- ▶ Quality improvements reduce fluorspar
- ▶ Headline earnings of 9,1 cents
- ▶ ETC acquisition generates immediate returns
- ▶ Antimony and coal sales volumes bolster earnings
- ▶ Rand strength impacts negatively on revenues

Consolidated results for the financial year ended 30 June 2003

Consolidated income statement

	Year ended 30 June 2003 (Reviewed) R000	Year ended 30 June 2002 (Audited) R000
Revenue – Mineral sales		
Copper	290 092	340 441
Zinc	83 492	105 774
Coal	179 236	122 928
Fluorspar	93 730	119 746
Gold	105 703	80 291
Antimony	121 484	71 772
Cobalt	5 986	15 558
Other	6 594	6 441
Gross revenue	886 317	862 951
Realisation costs	150 709	170 524
On-mine revenue	735 608	692 427
Cost of production	653 120	553 619
Depreciation	40 934	30 397
Mining profit	41 554	108 411
Foreign exchange (losses/gains)	(5 948)	3 066
Other income	3 890	6 024
Income before exceptional items	25 262	111 030
Exceptional items	-	(132 702)
(Loss)/income before taxation	25 262	(21 672)
Taxation – normal and STC	6 820	25 257
Taxation – deferred	5 630	(31 943)
(Loss)/income after taxation	12 812	(14 986)
Income attributable to outside shareholders	2 459	8 088
(Loss)/income attributable to ordinary shareholders	10 353	(23 074)
Earnings per share (cents)	7.4	(18.6)
Headline earnings per share (cents)	9.1	72.8
Diluted earnings per share (cents)	7.4	(18.6)
Diluted headline earnings per share (cents)	9.1	72.8
Dividend per share (cents)	14.0	12.0
Earnings per share and headline earnings per share are calculated using the following:		
Income attributable to ordinary shareholders	10 353	(23 074)
Exceptional items net of tax	-	112 368
Exceptional items	-	132 702
Tax effect on exceptional items	-	(20 334)
Goodwill amortisation	3 662	3 662
Profit on sale of assets	(1 704)	(3 720)
Tax effect on sale of assets	511	1 116
Headline earnings (R000's)	12 822	90 352
Weighted average number of shares in issue (000's)	140 498	124 140
Number of shares in issue at year end (000's)	175 019	138 970

Consolidated balance sheet

	30 June 2003 (Reviewed) R000	30 June 2002 (Audited) R000
ASSETS		
Non-current assets		
Property, plant and equipment	499 952	239 346
Mineral rights	218 288	240 665
Goodwill	21 971	25 633
Investments	891	891
Rehabilitation trust funds	41 063	21 636
Deferred tax asset	-	8 030
	782 165	536 201
Current Assets		
Inventories	53 074	70 858
Trade and other receivables	110 110	110 809
Derivative instruments	840	-
Taxation prepaid	9 550	6 314
Bank balances and cash	23 498	82 986
	197 072	270 967
Total Assets	979 237	807 169
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	473 204	383 083
Hedging and translation reserve	(34 702)	10 924
Retained income	116 069	125 175
Equity reserve	(128 066)	(128 066)
	426 505	391 116
Minority interest	16 699	16 490
Non-current liabilities		
Long-term liabilities - interest bearing	179 974	84 907
Long-term provisions	71 081	48 434
Deferred tax liabilities	59 719	71 283
Deferred income	1 343	-
	312 117	204 624
Current liabilities		
Trade and other payables	124 582	102 224
Derivative instruments	-	380
Short-term borrowings - interest bearing	45 080	57 734
Short-term provisions	28 168	14 517
Bank overdraft	25 554	9 353
Taxation	532	10 731
	223 916	194 939
Total equity and liabilities	979 237	807 169
Net asset value per share (cents)	243	281
Net tangible asset value per share (cents)	231	263

Cashflow

	30 June 2003 (Reviewed) R000	30 June 2002 (Audited) R000
Cash generated before working capital changes	82 388	145 147
Working capital changes	11 828	(62 730)
Cash generated by operations	94 216	82 417
Dividends received	-	47
Dividends paid	(21 709)	(20 706)
Taxation paid	(20 159)	(33 793)
Finance costs	(14 234)	(6 471)
Cash inflows from operating activities	38 114	21 494
Cash outflows from investing activities	(39 986)	(94 061)
Cash (outflows)/inflows from financing activities	(53 109)	79 161
Net increase in cash and cash equivalents	(54 981)	6 594
Cash at beginning of year	95 269	88 186
Effect of foreign exchange rate changes	(1 281)	489
Cash at end of year	39 007	95 269

Statement of change in equity

	30 June 2003 (Reviewed) R000	30 June 2002 (Audited) R000
Share capital	17 502	13 897
- Balance at start of year	13 897	12 073
- Issue of new shares	3 605	1 824
Share premium	455 702	369 186
- Balance at start of year	369 186	313 578
- Issue of new shares	86 516	56 472
- Share issue expenses	-	(864)
Reverse acquisition reserve	(128 066)	(128 066)
Foreign exchange translation reserve	(35 542)	11 304
- Balance at start of year	11 304	(4 903)
- Foreign exchange reserve	3 476	(18 309)
- Translation (loss)/gain on foreign monetary item	(71 237)	42 230
- Tax effect of translation (loss)/gain on foreign monetary item	20 915	(7 714)
Hedging reserve	840	(380)
- Balance at start of year	(380)	-
- Change in accounting policy	-	718
- Restated hedging reserve	(380)	718
- Fair value losses for the year	5 603	(10 227)
- Transferred to income statement	(4 291)	9 129
Retained income	116 069	125 175
- Balance at start of year	125 175	162 746
- Net income/(loss) for the year	10 353	(23 074)
- Dividends distributed	(19 459)	(14 497)
Total equity	426 505	391 116
	Segmental revenue 2003	Segmental mining profit 2003 (Pre-depreciation)
Copper	33%	17%
Fluorspar	11%	21%
Zinc	9%	5%
Antimony/Gold	26%	34%
Coal	20%	23%
Other	1%	-
	100%	100%
Exchange rate (average)	9.07	10.10
Exchange rate (year-end)	7.58	10.31

COMMENTARY

FINANCIAL RESULTS

The Group experienced a most difficult year, which was exacerbated by a severe strengthening of the Rand/US Dollar exchange rate during the second half of the financial year, high interest rates and expensive production costs per unit of output.

The Rand/US Dollar exchange rate strengthened by 10% from the previous year to an average of R9/US Dollar. Overall, Group commodity prices improved year-on-year, mainly driven by an increase of 30% in coal prices and an 86% increase in the price of antimony to \$24/mtu.

Copper production was negatively affected by the smelter shutdown at O'Okiep for purposes of refurbishment, plant crusher problems at Chibuluma, which has been rectified, and low copper headgrades from the slag dump. An abandoned underground mine (Wheat Flat) at O'Okiep has been identified as a viable copper orebody and is expected to produce during the forthcoming financial year.

The cost of producing fluorspar at Vergenoeg increased with the strategic decision to produce a higher quality product in order to be competitive in the North American market. High quality ore bodies have been separately identified for this purpose.

The coal operations had a commendable year. An increase of 11% in coal sales volumes to 1.4 million tons coupled with the increase in the price of coal from an average of R97/ton to R127/ton in the current year made a significant contribution to Group profits.

The Group completed the acquisition of the ETC Division from Avgold and took effective ownership on 15 June 2003. The assets and liabilities were acquired through a dormant company, Barberton Mines Limited ("Barberton"). Barberton operated for the two-week period to 30 June 2003 and sold 137 kg gold at an average hedged price of R101,800/kg. The Group implemented a strategic change in management on-mine and cost savings and production are the main focus.

The increase in the depreciation charge is mainly the result of introducing the O'Okiep Slag Plant.

FINANCIAL POSITION AND CASHFLOW

The Group net asset value increased to R427 million with the issue of 36 million shares as funding for the ETC acquisition. The current ratio decreased to 0.88 : 1 due to the fact that the ETC sale agreement did not facilitate a working capital adjuster at acquisition. Consequently a net current liability position of R33 million was taken on balance sheet.

Cash generated by operations increased by R12 million to R94 million for the year ended 30 June 2003. After dividends, tax and finance costs the Group cash inflow from operating activities amounted to R38 million. Debt repayments amounted to R53 million and capital expenditures of R30 million was funded with cash resources. R31 million cash was allocated to the acquisition of ETC and related costs.

FUTURE PROSPECTS

The Group is partially protected against a strong Rand due to the local sales generated by its profitable coal operations and the hedged gold book at Barberton Mines Limited, which provides a sustained price of R103,462/kg gold for 177 kg per month. The hedge book is flexible in nature and Barberton is open to sell total production at hedged prices where spot gold is at a low level.

CAPITAL EXPENDITURE AND COMMITMENTS

Group capital expenditure, excluding the acquisition of ETC, totalled R31 million (2002: R99 million), which mainly related to the smelter refurbishment at O'Okiep and machinery upgrades at the coal operations.

Contracted capital commitments at 30 June 2003 amount to R1 million (2002: R1 million), whilst uncontracted commitments amount to R7 million (2002: R5 million).

Operating lease commitments, which fall due within one year amount to R3 million (2002: R2 million), whilst commitments of R5 million (2002: R2 million) fall due in years two to five.

SHARES ISSUED

On 13 June 2003, Metorex issued 36 million shares at a price of 250 cents per share as part of the ETC acquisition.

AUDIT REVIEW

Deloitte & Touche, the company's auditors, have reviewed the financial results. A copy of their unqualified report is available for inspection at the company's registered office.

ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis in accordance with International Financial Reporting Standards. The accounting policies are consistent with those adopted in the previous year.

SAFETY

The Group safety record for the year was marred by four fatal accidents. Two occurred at Wakefield and one each at Maranda and Consolidated Murchison.

The Group strives to conduct its activities with due regard to the safety and health of its employees.

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