

REGISTERED NO: 1789274

LONMIN FINANCE PUBLIC LIMITED COMPANY

Annual Report
and Accounts

2000

Registered office:

4 Grosvenor Place
LONDON SW1X 7YL



LONMIN FINANCE PUBLIC LIMITED COMPANY

REPORT OF THE DIRECTORS

The Directors of Lonmin Finance Public Limited Company submit their Report together with the audited Accounts for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's principal activity has continued to be the lending to Lonmin Plc of funds which have been borrowed in the market.

During the year under review, following publication of the Company's intention to redeem all the outstanding Guaranteed Convertible Bonds, all the Bonds were fully converted into ordinary shares of £1 each of Lonmin Plc. See Note 9 of the Accounts.

FINANCIAL RESULTS FOR THE YEAR

The loss before dividends for the year was £1,407,000 (1999: profit £856,000). The Directors do not propose the payment of dividends in respect of the year under review (1999: £850,000) leaving a retained loss of £1,407,000 for the year (1999: profit £6,000).

GOING CONCERN

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements. The Directors have satisfied themselves that the Company is in a sound financial position and that sufficient facilities will be available from its parent company, to meet the Company's foreseeable cash requirements.

CREDITOR PAYMENT POLICY

It is the Company's policy:

- to settle the terms of payment with its suppliers when agreeing the terms of each transaction
- to ensure that its suppliers are made aware of the terms of payment
- to endeavour to abide by the terms of payment

Trade creditors at 30 September 2000 represent Nil days purchases as there are no trade creditors.

DIRECTORATE

The present Board of the Company is set out below.

G E HASLAM
M J PEARCE
J N ROBINSON

Messrs Pearce and Robinson served as Directors throughout the period. Mr Haslam was appointed as a Director on 1 December 2000.

DIRECTORS' INTERESTS

According to the Company's Register of Directors' Interests, the following interests, all of which are beneficial, have been disclosed in the share capital of LONMIN Plc:

ORDINARY SHARES OF LONMIN Plc

	Shares of £1 each 01.10.99	Shares of £1 each 30.09.00
M J PEARCE	14,375	16,667

LONMIN FINANCE PUBLIC LIMITED COMPANY

SHARE OPTIONS

Set out below are the options held by the Directors over Ordinary Shares of Lonmin Plc:

LONMIN Plc Number of Options										
	01.10.99 Shares of £1 each	Granted Shares of £1 each	Exercised Shares of £1 each	Lapsed Shares of £1 each	30.09.00 Shares of £1 each	Exercise Price Pence	Market Price at Exercise Pence	Date From Which Exercisable	Expiry Date	Scheme see note
M J PEARCE	7,986				7,986	216.000		01.11.2003	30.04.2004	(b)
	4,385			4,385	Nil	828.428		12.07.1993	12.07.2000	(c)
	3,132		3,132		Nil	408.627	803.50	20.07.1997	20.07.2004	(d)
	3,132		3,132		Nil	490.033	803.50	14.02.1998	14.02.2005	(d)
	55,000				55,000	250.000		28.08.2001	28.08.2008	(e)
		<u>35,000</u>			<u>35,000</u>	<u>668.500</u>		<u>08.06.2003</u>	<u>08.06.2010</u>	<u>(e)</u>
Total	<u>73,635</u>	<u>35,000</u>	<u>6,264</u>	<u>4,385</u>	<u>97,986</u>					

- Notes: (a) The Lonmin Savings Related Share Option Scheme
 (b) The Lonmin Savings Related Share Option Scheme 1994
 (c) The Lonmin Share Option Scheme 1984
 (d) The Lonmin Share Option Scheme 1994
 (e) The Lonmin Overseas & Associate Share Option Scheme 1994

The share interests of Mr J N Robinson and Mr G E Haslam are not disclosable to this Company, as it is a wholly-owned subsidiary of Lonmin Plc, of which Mr Robinson and Mr Haslam are also Directors and consequently their share interests will be disclosed by that company.

By way of comparison with the exercise prices, the middle market quotation for Lonmin Plc's ordinary shares, as derived from the Lonmin Stock Exchange Daily Official List, was 855 pence on 29 September 2000 (the last trading date of the year under review), as compared with the high and low quotations for the financial year of 919.50 pence and 504.50 pence respectively.

AUDITORS

A resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



**T C HERITAGE
FOR THE SECRETARIES
THE AFRICAN INVESTMENT TRUST, LIMITED**

**REGISTERED OFFICE:
4 GROSVENOR PLACE
LONDON, SW1X 7YL**

20 MARCH 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
LONMIN FINANCE PUBLIC LIMITED COMPANY

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPM G Andra P/C

Chartered Accountants
Registered Auditor
London

27 March 2001

LONMIN FINANCE PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2000

	<u>NOTES</u>	<u>2000</u> £000	<u>1999</u> £000
Administrative expenses		(10)	(39)
OPERATING LOSS		(10)	(39)
Other interest receivable and similar income	2	3,140	8,483
Interest payable and similar charges	3	(4,537)	(7,588)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(1,407)	856
Taxation	5	-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,407)	856
Dividends proposed	6	-	(850)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	(1,407)	6

The attached notes on pages 7 to 10 form part of these Accounts.

The Company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during either 2000 or 1999. Therefore the result on ordinary activities is derived entirely from continuing operations.

The Company has no recognised gains or losses other than the (loss)/profit for the years ended 30 September 2000 and 1999. Therefore, no statement of recognised gains or losses is given.

LONMIN FINANCE PUBLIC LIMITED COMPANY

BALANCE SHEET

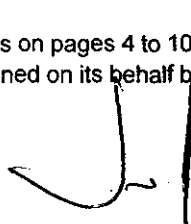
30 SEPTEMBER 2000


	<u>NOTES</u>	<u>2000</u> £000	<u>1999</u> Restated £000
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	7	3,007	4,474
Amounts falling due after more than one year	7	-	107,999
		3,007	112,473
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	8	(20)	(1,587)
NET CURRENT ASSETS			
		2,987	110,886
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,987	110,886
Creditors: Amounts falling due after more than one year (including convertible debt)	9	-	(106,492)
TOTAL NET ASSETS			
		2,987	4,394
CAPITAL AND RESERVES			
Called up share capital	10	2,000	2,000
Profit and Loss account	11	987	2,394
EQUITY INTERESTS			
		2,987	4,394

The 1999 figures have been restated to reclassify all long-term intercompany balances within net current assets.

The Accounts on pages 4 to 10 were approved by the Board of Directors on and were signed on its behalf by :

20 MARCH 2001


Director


Director

J. N. ROBINSON

M. J. PEARCE

LONMIN FINANCE PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2000

	Notes	£000	<u>2000</u> £000	£000	<u>1999</u> £000
Net cash outflow from operating activities	12		(33)		(29)
Returns on investments and servicing of finance	13		(584)		194
Capital expenditure and financial investment	13		109,466		4,000
Equity dividends paid			<u>(850)</u>		<u>(200)</u>
Cash inflow before use of liquid resources and financing			107,999		3,965
Financing - decrease in debt	13	<u>(107,999)</u>		<u>(3,965)</u>	
			<u>(107,999)</u>		<u>(3,965)</u>
Movement in cash in the period			<u>-</u>		<u>-</u>

Reconciliation of net cash flow to movement in net debt

Movement in cash in the period		-		-
Cash outflow from decrease in debt and lease financing		107,999		3,965
		<u>107,999</u>		<u>3,965</u>
Change in net debt resulting from cash flows			107,999	3,965
Discount upon repayment of long term loans			-	675
Bond issue expenses written off upon repayment of long term loans			<u>(1,507)</u>	<u>-</u>
Movement in net debt in the period			106,492	4,640
Net debt at 1 October 1999			<u>(106,492)</u>	<u>(111,132)</u>
Net debt at 30 September 2000	14		<u>-</u>	<u>(106,492)</u>

NOTES TO THE ACCOUNTS30 SEPTEMBER 20001. ACCOUNTING POLICIESBASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is controlled by Lonmin Plc and is exempt from disclosing related party transactions with it and other group undertakings under Financial Reporting Standard No. 8 as it is a wholly owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

FOREIGN EXCHANGE

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at 30 September. Adjustments due to currency fluctuations arising in the normal course of trade are included in profit on ordinary activities before taxation. Exchange adjustments arising on the translation of assets and liabilities are treated as movements on reserves to the extent that they are equally matched.

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2000</u> £000	<u>1999</u> £000
On loan to ultimate parent company	3,140	7,808
Profit on redemption of convertible bonds	-	675
	<u>3,140</u>	<u>8,483</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans repayable within five years	-	71
Bonds repayable within five years	1,450	2,117
Bonds repayable after five years	1,580	5,400
Bond issue expenses written off upon redemption of Bonds	1,507	-
	<u>4,537</u>	<u>7,588</u>

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before and after taxation is arrived at after charging :-

Auditor's remuneration - audit	<u>20</u>	<u>30</u>
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No emoluments were paid to the Directors during the year (1999 - £NIL)
Details of Directors' share options are shown within the Directors Report.

No staff were employed during the year.

5. TAXATION

No account has been taken of Corporation tax losses which may be surrendered to other companies in the Lonmin Group (1999 - tax losses of £371,000 were surrendered to other companies in the Lonmin Group).

30 SEPTEMBER 2000

6. DIVIDENDS

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Dividends proposed	<u>-</u>	<u>850</u>

7. DEBTORS

Amounts falling due within one year		
Amounts owed by ultimate parent company	3,007	4,474
Amounts falling due after more than one year		
Amounts owed by ultimate parent company	<u>-</u> <u>3,007</u>	<u>107,999</u> <u>112,473</u>

8. CREDITORS: Amounts falling due within one year

Accruals	20	737
Proposed Dividend	<u>-</u> <u>20</u>	<u>850</u> <u>1,587</u>

9. CREDITORS: Amounts falling due after more than one year

Amounts due between two and five years

Unsecured bonds :-

Sterling 6% Guaranteed Convertible Bonds due 1994-2004	<u>-</u>	<u>58,779</u>
	<u>-</u>	<u>58,779</u>

Amounts due over five years

Unsecured bonds :-

Sterling 8% Guaranteed Convertible Bonds due 1995-2006	<u>-</u>	<u>47,713</u>
	<u>-</u>	<u>47,713</u>
	<u>-</u>	<u>106,492</u>

The unsecured bonds were guaranteed by the ultimate parent company, and were shown after deducting issue expenses, in accordance with Financial Reporting Standard 4.

The 6% Guaranteed Convertible Bonds due 2004 were convertible at the option of the holders into 9,196,136 ordinary shares of £1 each of Lonmin Plc at a conversion price of 647p per share up to and including 20 February 2004.

The 8% Guaranteed Convertible Bonds due 2006 were convertible at the option of the holders into 7,542,768 ordinary shares of £1 each of Lonmin Plc at a conversion price of 643p per share up to and including 20 February 2006.

On 8 June 2000 redemption notices were published for £59,499,000 of 6% Guaranteed Convertible Bonds due 2004 and £48,500,000 of 8% Guaranteed Convertible Bonds due 2006. Redemption of the Bonds would occur on 10 July 2000 with Bondholders remaining entitled to exercise their conversion rights up to and including 3 July 2000. All Bonds were fully converted into 16,738,864 ordinary shares of £1 each of Lonmin Plc.

NOTES ON THE ACCOUNTS

Continued

30 SEPTEMBER 2000

10. CALLED UP SHARE CAPITAL

	2000 £000	1999 £000
AUTHORISED, ISSUED AND FULLY PAID 2,000,000 Ordinary shares of £1 each	2,000	2,000

11. RESERVES

	Profit and Loss Account £000
At 30 September 1999	2,394
Retained loss	(1,407)
At 30 September 2000	987

12. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £000	1999 £000
Operating loss	(10)	(39)
(Decrease)/increase in creditors	(23)	10
Net cash outflow from operating activities	(33)	(29)

13. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

Returns on investments and
servicing of finance

Interest received	3,140	7,808
Interest paid	(3,724)	(7,614)
Net cash (outflow)/inflow for returns on investments and servicing of finance	(584)	194

Capital expenditure and financial investment

Net loans repaid by ultimate parent company	109,466	4,000
Net cash inflow for capital expenditure and financial investment	109,466	4,000

Financing

Debt due beyond a year :		
increase in long term loans	-	361
repayment of long term loans	(107,999)	(4,326)
Net cash outflow from financing	(107,999)	(3,965)

30 SEPTEMBER 2000

14. ANALYSIS OF NET DEBT

	At <u>1.10.99</u>	Cash <u>Flow</u>	Other Non-Cash <u>Changes</u>	At <u>30.9.00</u>
Debt due after 1 year	(106,492)	107,999	(1,507)	-
TOTAL	<u>(106,492)</u>	<u>107,999</u>	<u>(1,507)</u>	<u>-</u>

15. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Lonmin Plc., a company registered in England and Wales.

The parent undertaking of the only group of undertakings for which group accounts are drawn up, and of which the Company is a member, is Lonmin Plc.

Copies of the consolidated accounts of Lonmin Plc can be obtained from The Secretary, Lonmin Plc, 4 Grosvenor Place, London, SW1X 7YL, or from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ.