

Antofagasta plc

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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2000

5 September 2000

- *Group profit before tax of US\$100.0 million (1999 – US\$18.2 million).*
- *Earnings per share of 36.4 cents (1999 – 8.0 cents).*
- *Group copper production of 167,700 tonnes including 141,200 from Los Pelambres (1999 half year – 30,500 tonnes).*
- *Los Pelambres completion tests achieved so releasing the Group from completion guarantees and also releasing the US\$133 million escrow account.*
- *El Tesoro project 40 per cent completed by June remaining on budget with first production scheduled for May 2001.*
- *Record Railway results continue with volumes up 7 per cent to 1.6 million tons.*
- *Dividend income of US\$31.3 million received from Quiñenco S.A. in May (1999 half year – US\$5.5 million).*
- *Interim dividend increased 44 per cent to 3.25 pence per share (1999 interim dividend 2.25 pence per share).*

The successful commissioning of the Los Pelambres mine combined with improved copper prices enabled the Group to increase profit before tax by 449 per cent to US\$100.0 million and earnings per share by 355 per cent to 36.4 cents. Group copper production was 167,700 tonnes (1999 half-year - 30,500 tonnes) including 141,200 tonnes from Los Pelambres and average cash costs down 30 per cent to 39.2 cents per pound. The El Tesoro project is on schedule with first production of cathodes expected in May 2001. The Group also benefited from a strong performance from its transport division and a higher dividend from its 33.6 per cent investment in Quiñenco S.A.

Jean-Paul Luksic, CEO of the mining division commented, "The successful development of Los Pelambres has been a great achievement for Antofagasta, and the strength of that project is clearly demonstrated in these results. We are now evaluating the expansion potential for Los Pelambres and taken together with the El Tesoro project now under construction, we consider the Group has excellent opportunities for further growth in low cost copper mining."

Antofagasta is a UK-listed mining group based in Chile. In addition to copper mining, its interests include rail and road transport operations and a 33.6 per cent interest in Quiñenco S.A. (LQ – NYSE).

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DIRECTORS' COMMENTS for the half year to 30 June 2000

After the successful commissioning of the new Los Pelambres mine at the start of this year, the Group increased its copper production to 30 June 2000 to 167,700 tonnes compared with 30,500 tonnes in the same period last year. The average copper price also improved to 80 cents per pound compared to 65 cents per pound in the first six months of 1999. Principally as a result of these factors, Group turnover increased from US\$70.7 million to US\$316.2 million and Group profit before tax increased from US\$18.2 million to US\$100.0 million.

Interim Review of Operations

Los Pelambres

The development of the Group's 60 per cent owned Los Pelambres mine, which began in November 1997, was completed on schedule in the first quarter of 2000 and within the original US\$1.36 billion budget. Production of concentrates started ahead of schedule in November 1999 and first shipments from its new Punta Chungo port facility at Los Vilos started in January 2000. Los Pelambres produced 141,200 tonnes of copper in concentrates and shipped 128,200 tonnes in the six months to June. Low treatment and refining charges this year have contributed to low average cash costs of 35.4 cents per pound, with total costs after depreciation and financial expenses amounting to 60.7 cents per pound. These factors enabled Los Pelambres to contribute US\$54.6 million to Group profit before tax.

On 10 July, the Group was released from all obligations under the Project Completion Guarantee. This guarantee, to ensure timely construction and start-up of operations, was issued by the Group and its Japanese partners in favour of the banks and institutions which financed the development. Los Pelambres' borrowings are now non-recourse and the Group's US\$133 million escrow account and the charge over its 33.6 per cent interest in Quiñenco S.A. which were established to secure the Completion Guarantee have been released. In July, a four-year collective bargaining agreement was reached with Los Pelambres' labour unions.

Los Pelambres exceeded its planned capacity of 85,000 tonnes per day (tpd) in February and averaged 87,400 tpd in the first six months. Average processing levels in July were 90,000 tpd, and Los Pelambres is seeking to further optimise existing capacity by the end of the year. As a result of these higher processing levels, copper production this year is expected to be approximately 300,000 tonnes compared with an original forecast of 275,000 tonnes. Los Pelambres is also evaluating the advantages of expanding production capacity and a decision on the size of any expansion is expected in the following months.

DIRECTORS' COMMENTS for the half year to 30 June 2000 - continued...

EI Tesoro

Construction began in November 1999 at the EI Tesoro project, immediately following completion of the US\$205 million project financing agreements. At the end of June, US\$105 million of the total US\$296 million budget had been spent and US\$70.5 million drawn down from the financing facilities. The project remains on budget with 40 per cent completed by June and first production is expected in May 2001. EI Tesoro will be a heap-leach SX-EW operation with an annual production of 75,000 tonnes and average cash costs of 40 cents per pound in the first five years. This will place the EI Tesoro mine among the lowest cash cost producers worldwide. EI Tesoro is owned 61 per cent by the Group and 39 per cent by Equatorial Mining Ltd, a subsidiary of AMP.

Michilla

Michilla's new mine plan has extended its operations to 2007. Reserves are now 28.3 million tonnes with an average copper grade of 1.28 per cent. The mine plan involves expanding the existing open pit by successive Phases as well as continuing the operation of the underground mine. During this period total capital expenditures will amount to US\$36 million in mine expansion and plant upgrading. Michilla is continuing its exploration programme to identify additional reserves.

Cathode production to June was 25,400 tonnes compared with 25,700 tonnes in 1999. The concentrator produced a final 1,100 tonnes prior to being mothballed in February 2000 (1999 half-year - 4,800 tonnes). Today, sulphide as well as oxide ores are being treated by leaching rather than using the traditional flotation method for sulphides. Cash costs at Michilla increased to 59.4 cents per pound compared with 55.9 cents per pound in the same period last year, due to a higher waste to ore ratio during the present expansion of the open pit. Total costs were 78.8 cents per pound compared with 68.6 cents in 1999 due to the adoption of more conservative depreciation policies in 2000. A hedging programme involving 12,500 tonnes of copper until May 2000 was implemented in March 1999 at an average price of 71.8 cents per pound. This was done during a period of copper price weakness, which contributed to an operating loss of US\$1.6 million. Michilla is cash positive, having low debt levels and low on-going capital expenditure requirements and made a distribution of US\$18.3 million to its shareholders in May. Future production is currently unhedged and reflects the stronger outlook for copper prices.

DIRECTORS' COMMENTS for the half year to 30 June 2000 - continued...

Exploration

The Group continued with its exploration programmes in Peru and Chile, spending US\$2.4 million in the first six months of the year. The two main targets were the Magistral prospect in Peru and the area surrounding the El Tesoro properties near Calama in Chile. At Magistral, the Phase 2 drilling programme was completed in August and a mineral resource calculation is now in progress. The Group is financing the drilling programme over three years in order to acquire a 51 per cent interest in the project. This will increase to a 65 per cent interest on completion of a feasibility study. In Chile, further exploration also demonstrated the presence of a copper-gold porphyry resource at Esperanza which is located south of the Tesoro-NE deposit, containing 10 million tonnes of copper oxides with an average copper grade of 0.62 per cent and 150 million tonnes of copper sulphides, with an average copper grade of 0.81 per cent and 0.46 grammes of gold per ton.

Transport and other services

Tonnage carried in the first six months this year increased by 7 per cent to 1.6 million tons compared to 1.5 million tons in 1999 while ton-kilometres increased 11 per cent. Turnover from the Group's transport operations based in northern Chile increased from US\$25.6 million to US\$28.1 million and operating profits from US\$9.6 million to US\$10.7 million. Planned production increases at existing mines such as El Abra and Escondida indicate that current tonnage levels can be maintained for the next few years.

The Group restructured its investment in the Bolivian Railway network by exchanging its 12 per cent interest in the Oriental Railway for an increased stake in the Andino Railway, which connects directly to the FCAB network in Chile. The Group now controls 50% of the Andino, the results of which have been consolidated from the beginning of the year. The Andino contributed US\$5.8 million to turnover and US\$1.1 million to operating profit in the first six months of the year.

Investments

The Group holds a 33.6 per cent interest in Quiñenco S.A., a diversified industrial and financial group listed in Santiago and New York with interests in the Southern Cone and Brazil. Income from Quiñenco is accounted for on a dividends-received basis and in May 2000 the Group received US\$31.3 million (1999 – US\$5.5 million). This represents a distribution of 30 per cent of Quiñenco's previous year's profits after tax and minorities, which included the profit on the sale of its banking and cable television interests. Difficult economic conditions throughout the region persisted longer into 2000 than anticipated and resulted in Quiñenco reporting a loss after tax and minorities of US\$12.6 million to June 2000. Nevertheless, underlying operating performance by its subsidiaries has begun to improve as the Chilean economy begins to emerge from recession. Operating profit was US\$11.7 million compared with a loss of US\$17.3 million in the same period in 1999. The market value of the Group's holding in Quiñenco was US\$353.8 million at 30 June 2000 and US\$342.5 million at 28 August 2000.

DIRECTORS' COMMENTS for the half year to 30 June 2000 - continued...

Interim Financial Review

Results

Profit before tax rose from US\$18.2 million in the first six months of 1999 to US\$100.0 million in 2000, an increase of 449 per cent and earnings per share rose from 8.0 cents to 36.4 cents, an increase of 355 per cent. The significant improvement came mainly from the production at Los Pelambres helped by higher copper prices and an increased dividend from Quiñenco.

Turnover increased from US\$70.7 million to US\$316.2 million, of which US\$282.3 million was from the mining division and US\$33.9 million from the transport division. Mining revenues included US\$238.9 million from Los Pelambres and transport revenues included US\$28.1 million from existing operations in Chile.

Operating profits increased from US\$3.2 million to US\$92.1 million, including US\$88.4 million in respect of Los Pelambres. The operating profit from the transport division was US\$11.8 million which included a contribution of US\$10.7 million from Chile. Operating profit is stated after depreciation and amortisation costs of US\$54.6 million (1999 half-year - US\$10.5 million).

Income from fixed asset investments increased from US\$5.6 million to US\$31.4 million, due to the higher dividend received from Quiñenco.

During the year, the Group sold surplus assets from its El Chacay mine, resulting in a profit of US\$3.9 million (US\$3.3 million after tax). This amount has been separately disclosed as an exceptional item.

Net interest expense was US\$27.4 million, compared with net interest income of US\$8.4 million in the 1999 half-year. This included interest costs of US\$36.5 million relating to Los Pelambres. During 1999, these costs were capitalised while the project remained under development. Interest costs in El Tesoro will continue to be capitalised until a commercial level of operations has been achieved during 2001.

Tax amounted to US\$10.4 million, representing an effective tax rate (including deferred tax) of 10.4 per cent, compared with the statutory Chilean tax rate of 15 per cent. The lower tax rate arises mainly because the dividend from Quiñenco is paid out of its post-tax profits and is not subject to further tax on receipt. Excluding this dividend, the effective tax rate would have been 15.2 per cent.

DIRECTORS' COMMENTS for the half year to 30 June 2000 - continued...

Cash Flows

Net cash inflow from operating activities increased to US\$91.4 million in the first six months of 2000 from US\$15.2 million in 1999. Net cash inflow was affected by the build-up of stocks and debtors as part of the Los Pelambres start-up, and excluding working capital movements, cash inflow would have been US\$149.6 million (1999 half-year – US\$14.2 million).

Net capital expenditures in the period were US\$165.8 million, compared with US\$301.1 million in 1999 half-year when Los Pelambres remained under development. Amounts spent in 2000 relate mainly to the El Tesoro project and final construction costs in the first quarter, at Los Pelambres.

Cash and debt

At 30 June 2000, the Group had cash and deposits of US\$344.4 million (1999 – US\$292.0 million). This includes US\$79.5 million held by El Tesoro to fund its development costs and US\$131.9 million belonging to Antofagasta plc and held in escrow under the Los Pelambres project financing arrangements released on 10 July. Accrued interest on the escrow account was US\$1.0 million. On 23 August 2000, US\$56.5 million was paid to AMP for funding the Group's share of El Tesoro's development costs.

The Group had total borrowings at 30 June of US\$1,162.7 million (1999 – US\$692.9 million). These included US\$946.0 million provided to Los Pelambres under its project financing arrangements, of which 40 per cent is attributable to minority shareholders. These Los Pelambres borrowings are now non-recourse. Group borrowings included US\$70.5 million drawn down to date by El Tesoro under its project financing arrangements, of which 39 per cent is attributable to minority shareholders. These borrowings will become non-recourse when the El Tesoro project satisfies its completion test, expected 2002. Group borrowings also included US\$130.1 million provided to Los Pelambres and El Tesoro in the form of subordinated loans and, as explained above, part of this has since been paid to AMP. In addition to interest already being serviced, Los Pelambres will start repaying the principal amount of its project debt in semi-annual instalments. The first repayment of US\$44.8 million is due in December this year. After this, the Group's total borrowings are expected to reduce progressively.

Balance Sheet

Shareholders' funds increased from US\$887.3 million at the beginning of the year to US\$947.0 million, reflecting mainly profit after tax and minorities for the period.

Minority interests increased from US\$216.3 million at the beginning of the year to US\$250.4 million. This resulted from the acquisition and consolidation of the Andino, further contributions from minority shareholders to complete the Los Pelambres project and share of profit after tax.

DIRECTORS' COMMENTS for the half year to 30 June 2000 - continued...

Dividends

An interim dividend of 3.25p (1999 interim – 2.25p) will be paid on 13 October 2000 to ordinary shareholders on the Register at the close of business on 15 September 2000.

Current trading prospects

The outlook for the world economy remains favourable with continued growth in the United States, improving industrial production in Europe and Japan and further recovery in the largest emerging Asian economies. Copper prices have continued to improve and LME inventory levels have declined steadily from a high of 843,000 tonnes in March 2000 to 453,000 tonnes on 28 August. Copper prices averaged 80 cents in the first six months of this year (1999 first six months 65 cents), and are now approximately 84 cents. There is a growing consensus among commodity analysts that the copper market is now in deficit and that copper prices should continue to improve. With the start-up of operations at Los Pelambres, Group copper production is expected to be 350,000 tonnes this year and to exceed 400,000 tonnes next year when El Tesoro enters production. Following its transformation into a major low-cost producer, the Group is well placed to benefit from any further improvement in copper prices.

4 September 2000

Group Profit and Loss Account – Dollars

| Notes | Unaudited half year to 30.6.00 | | | Unaudited half year to 30.6.99 US\$m | Audited year to 31.12.99 | | | |
|--|------------------------------------|------------------------------------|----------------|---|------------------------------------|------------------------------------|----------------|--------|
| | Before excepl items US\$m | Excepl items Note 5 US\$m | Total US\$m | | Before excepl items US\$m | Excepl items Note 5 US\$m | Total US\$m | |
| Turnover | | | | | | | | |
| Continuing operations | 310.4 | - | 310.4 | 70.7 | 145.5 | - | 145.5 | |
| Acquisitions | 5.8 | - | 5.8 | - | - | - | - | |
| | 3 | | 316.2 | 70.7 | 145.5 | - | 145.5 | |
| Operating profit/(loss) | | | | | | | | |
| Continuing operations | 91.0 | - | 91.0 | 3.2 | 10.0 | (18.6) | (8.6) | |
| Acquisitions | 1.1 | - | 1.1 | - | - | - | - | |
| | 3,4 | | 92.1 | 3.2 | 10.0 | (18.6) | (8.6) | |
| Share of operating profit in associates | - | - | - | 0.9 | 1.7 | - | 1.7 | |
| Profit on disposal of fixed assets | - | 3.9 | 3.9 | - | - | - | - | |
| Income from other fixed asset investments | 31.4 | - | 31.4 | 5.6 | 5.4 | - | 5.4 | |
| Net interest (payable)/receivable | | | | | | | | |
| Group | (27.4) | - | (27.4) | 8.4 | 14.4 | - | 14.4 | |
| Associates | - | - | - | 0.1 | 0.3 | - | 0.3 | |
| Profit before tax | 5 | 96.1 | 3.9 | 100.0 | 18.2 | 31.8 | (18.6) | 13.2 |
| Tax | | | | | | | | |
| Group | 6 | (9.8) | (0.6) | (10.4) | (2.9) | (4.2) | 2.8 | (1.4) |
| Associates | 6 | - | - | - | (0.4) | (0.5) | - | (0.5) |
| Profit after tax | | 86.3 | 3.3 | 89.6 | 14.9 | 27.1 | (15.8) | 11.3 |
| Minority interests – equity | | (17.7) | - | (17.7) | 0.3 | (0.9) | 5.5 | 4.6 |
| Profit for the financial period | | 68.6 | 3.3 | 71.9 | 15.2 | 26.2 | (10.3) | 15.9 |
| Dividends | | | | | | | | |
| Preference – non equity | | (0.1) | - | (0.1) | (0.1) | (0.2) | - | (0.2) |
| Ordinary - equity | 8 | (9.7) | - | (9.7) | (7.0) | (25.4) | - | (25.4) |
| Retained profit/(loss) | | 58.8 | 3.3 | 62.1 | 8.1 | 0.6 | (10.3) | (9.7) |
| Earnings per share | 7 | 34.7c | | 36.4c | 8.0c | 13.5c | | 8.1c |

There were no exceptional items in the six months to 30 June 1999.

Other recognised gains and losses

Other recognised gains and losses in the period (exchange differences) amounted to a gain of US\$15.0 million (1999 half year – a gain of US\$10.8 million), and are shown in Note 14 together with other movements in shareholders' funds.

Group Profit and Loss Account – Sterling

| Notes | Unaudited half year to 30.6.00 | | | Unaudited half year to 30.6.99 £'m | Audited year to 31.12.99 | | |
|---|---------------------------------|---------------------------------|--------------|---|---------------------------------|---------------------------------|--------------|
| | Before excep items £'m | Excep items Note 5 £'m | Total £'m | | Before excep items £'m | Excep items Note 5 £'m | Total £'m |
| Turnover | | | | | | | |
| Continuing operations | 198.1 | - | 198.1 | 43.5 | 89.8 | - | 89.8 |
| Acquisitions | 3.7 | - | 3.7 | - | - | - | - |
| | 201.8 | - | 201.8 | 43.5 | 89.8 | - | 89.8 |
| Operating profit/(loss) | | | | | | | |
| Continuing operations | 58.0 | - | 58.0 | 1.9 | 6.2 | (11.5) | (5.3) |
| Acquisitions | 0.7 | - | 0.7 | - | - | - | - |
| | 58.7 | - | 58.7 | 1.9 | 6.2 | (11.5) | (5.3) |
| Share of operating profit in associates | - | - | - | 0.6 | 1.0 | - | 1.0 |
| Profit on disposal of fixed assets | - | 2.5 | 2.5 | - | - | - | - |
| Income from other fixed asset investments | 20.0 | - | 20.0 | 3.4 | 3.3 | - | 3.3 |
| Net interest (payable)/receivable | | | | | | | |
| Group | (17.4) | - | (17.4) | 5.2 | 8.9 | - | 8.9 |
| Associates | - | - | - | 0.1 | 0.2 | - | 0.2 |
| Profit before tax | 61.3 | 2.5 | 63.8 | 11.2 | 19.6 | (11.5) | 8.1 |
| Tax | | | | | | | |
| Group | (6.2) | (0.4) | (6.6) | (1.8) | (2.7) | 1.8 | (0.9) |
| Associates | - | - | - | (0.2) | (0.3) | - | (0.3) |
| Profit after tax | 55.1 | 2.1 | 57.2 | 9.2 | 16.6 | (9.7) | 6.9 |
| Minority interests – equity | (11.3) | - | (11.3) | 0.1 | (0.6) | 3.4 | 2.8 |
| Profit for the financial period | 43.8 | 2.1 | 45.9 | 9.3 | 16.0 | (6.3) | 9.7 |
| Dividends | | | | | | | |
| Preference – non equity | (0.1) | - | (0.1) | (0.1) | (0.1) | - | (0.1) |
| Ordinary – equity | (6.4) | - | (6.4) | (4.4) | (15.8) | - | (15.8) |
| Retained profit/(loss) | 37.3 | 2.1 | 39.4 | 4.8 | 0.1 | (6.3) | (6.2) |
| Earnings per share | 22.2p | | 23.2p | 4.8p | 8.2p | | 5.0p |
| Dividend per share | | | 3.25p | 2.25p | | | 8.0p |

There were no exceptional items in the six months to 30 June 1999.

Other recognised gains and losses

Other recognised gains and losses in the period (exchange differences) amounted to a gain of £24.1 million (1999 half year – a gain of £16.8 million), and are shown in Note 14 together with other movements in shareholders' funds.

Group Balance Sheet

| | | US Dollars | | | Sterling | | | |
|---|---|-------------------------------|-------------------------------|---|----------------------------|----------------------------|--------------------------------------|---------|
| | | Unaudited 30.6.00 US\$m | Unaudited 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited 30.6.00 £m | Unaudited 30.6.99 £m | Audited year to 31.12.99 £m | |
| Notes | | | | | | | | |
| Fixed assets | | | | | | | | |
| | Tangible fixed assets | 9 | 1,79 | 1,26 | 1,63 | 1,18 | 801.0 | 1,01 |
| | Investments in associates | 10 | - | 19.7 | 20.6 | - | 12.7 | 13.2 |
| | Other investments | 11 | 185.8 | 186.0 | 185.8 | 108.3 | 108.4 | 108.3 |
| | | | 1,98 | 1,47 | 1,84 | 1,29 | 922.1 | 1,13 |
| Current assets | | | | | | | | |
| | Stocks | | 52.8 | 10.8 | 32.4 | 34.9 | 6.8 | 20.1 |
| | Debtors | | 115.5 | 76.0 | 76.1 | 76.3 | 48.0 | 47.3 |
| | Current asset investments (including time deposits) | | 338.8 | 291.0 | 328.4 | 223.8 | 184.2 | 204.0 |
| | Cash at bank and in hand | | 5.6 | 1.0 | 3.2 | 3.7 | 0.7 | 2.0 |
| | | | 512.7 | 378.8 | 440.1 | 338.7 | 239.7 | 273.4 |
| Creditors – amounts falling due within one year | | | | | | | | |
| | Trade and other creditors | | (67.8) | (79.9) | (79.0) | (44.7) | (50.6) | (49.2) |
| | Loans | 12 | (122.4) | (1.7) | (64.8) | (80.9) | (1.1) | (40.1) |
| | Dividends | | (9.7) | (8.3) | (18.3) | (6.4) | (5.2) | (11.3) |
| | | | (199.9) | (89.9) | (162.1) | (132.0) | (56.9) | (100.6) |
| | Net current assets | | 312.8 | 288.9 | 278.0 | 206.7 | 182.8 | 172.8 |
| | Total assets less current liabilities | | 2,29 | 1,76 | 2,12 | 1,50 | 1,10 | 1,31 |
| Creditors – amounts falling due after more than one year | | | | | | | | |
| | Other creditors | | (30.0) | - | - | (19.8) | - | - |
| | Loans | 12 | (1,04) | (691.2) | (1,00) | (687.1) | (437.5) | (625.0) |
| | Provisions for liabilities and charges | 13 | (30.4) | (9.8) | (10.3) | (20.1) | (6.2) | (6.4) |
| | | | 1,19 | 1,05 | 1,10 | 774.0 | 661.2 | 679.5 |
| Capital and reserves | | | | | | | | |
| | Called up share capital | | 18.0 | 18.2 | 19.1 | 11.9 | 11.5 | 11.9 |
| | Share premium | | 256.5 | 231.6 | 272.8 | 169.4 | 146.6 | 169.4 |
| | Reserves | | 672.5 | 620.1 | 595.4 | 427.3 | 383.1 | 363.8 |
| | Shareholders' funds | 14 | 947.0 | 869.9 | 887.3 | 608.6 | 541.2 | 545.1 |
| | Minority interests | | 250.4 | 189.4 | 216.3 | 165.4 | 120.0 | 134.4 |
| | | | 1,19 | 1,05 | 1,10 | 774.0 | 661.2 | 679.5 |

Approved by the Board of Directors on 4 September 2000.

P J Adeane, Director.

Group Cash Flow Statement

| | | US Dollars | | | Sterling | | |
|--|--------------|---|---|---|--|--|--------------------------------------|
| | | Unaudited half year to 30.6.00 US\$m | Unaudited half year to 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to 30.6.00 £m | Unaudited half year to 30.6.99 £m | Audited year to 31.12.99 £m |
| | Notes | | | | | | |
| Net cash inflow from operating activities | 15 | 91.4 | 15.2 | 4.3 | 58.3 | 9.2 | 2.8 |
| Returns on investment and servicing of finance | | | | | | | |
| Dividends received from associates | | - | 1.3 | 1.3 | - | 0.8 | 0.8 |
| Dividends received from other fixed asset investments | | 31.4 | 5.6 | 5.4 | 20.0 | 3.4 | 3.3 |
| Interest received (including capitalised interest) | | 13.5 | 9.6 | 19.6 | 8.6 | 5.7 | 12.2 |
| Interest paid (including capitalised interest) | | (35.5) | (16.0) | (39.6) | (22.7) | (9.9) | (24.5) |
| Dividends paid to minority interests | | (4.1) | - | - | (2.6) | - | - |
| Preference dividends paid | | (0.1) | (0.1) | (0.2) | (0.1) | (0.1) | (0.1) |
| Net cash inflow/(outflow) from returns on investment and servicing of finance | | 5.2 | 0.4 | (13.5) | 3.2 | (0.1) | (8.3) |
| Tax paid | | (1.6) | (2.6) | (4.5) | (1.0) | (1.6) | (2.8) |
| Net cash outflow from capital expenditure and financial investment | | (165.8) | (301.1) | (600.6) | (105.8) | (186.0) | (370.6) |
| Acquisitions and disposals | | | | | | | |
| Net cash balances acquired with subsidiary | | 0.9 | - | - | 0.5 | - | - |
| Equity dividends paid | | (17.2) | (15.8) | (24.3) | (11.3) | (9.5) | (14.8) |
| Cash outflow before management of liquid resources | | (87.1) | (303.9) | (638.6) | (56.1) | (188.0) | (393.7) |
| Management of liquid resources | | | | | | | |
| Net (increase)/decrease in time deposits | | (1.9) | 91.9 | 55.4 | (1.3) | 56.6 | 34.2 |
| Financing | | | | | | | |
| Contribution from minority interests | | 7.9 | 30.4 | 65.5 | 5.1 | 18.8 | 40.4 |
| Net other borrowings in period | | 86.7 | 178.9 | 517.2 | 55.3 | 110.4 | 319.3 |
| Net cash inflow from financing | | 94.6 | 209.3 | 582.7 | 60.4 | 129.2 | 359.7 |
| Net cash inflow/(outflow) in the period | 16 | 5.6 | (2.7) | (0.5) | 3.0 | (2.2) | 0.2 |

Notes

1 Accounting policies

The profit and loss account, balance sheet and cash flow statement for the half year to 30 June 2000 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 1999.

2 Production

The Group announced second quarter production volumes and quantities on 31 July 2000. Production information on mining operations for the first six months may be summarised as follows:

a) Tonnes of copper produced (neither audited nor reviewed)

| |
|------------------------|
| Los Pelambres |
| Copper in concentrates |
| Michilla |
| Copper cathodes |
| Copper in concentrates |
| Group total |

| Half year to 30.6.00 '000 tonnes | Half year to 30.6.99 '000 tonnes | Year to 31.12.99 '000 tonnes |
|---|--|------------------------------------|
| 141 | - | - |
| 25 | 25.7 | 51.3 |
| 1 | 4.8 | 9.2 |
| 167 | 30.5 | 60.5 |

b) Cash costs per pound (neither audited nor reviewed)

| |
|-------------------------------|
| Los Pelambres |
| Michilla |
| Group weighted average |

| Half year to 30.6.00 cents | Half year to 30.6.99 cents | Year to 31.12.99 cents |
|---|----------------------------------|------------------------------|
| 35 | - | - |
| 59 | 55.9 | 55.4 |
| 39.2 | 55.9 | 55.4 |

3 Segmental analysis

a) Turnover by geographical destination

| | US Dollars | | | Sterling | | |
|----------------|--|------------------|---|--|----------------|---------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| UK | 1.0 | 4.3 | 7.9 | 0.6 | 2.6 | 4.9 |
| Rest of Europe | 61.4 | 25.8 | 41.3 | 39.2 | 15.9 | 25.5 |
| Chile | 33.0 | 23.8 | 45.7 | 21.1 | 14.6 | 28.3 |

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| | | | | | | |
|-----------------------|--------------|------|-------|--------------|------|------|
| Rest of Latin America | 28.4 | 13.9 | 33.2 | 18.1 | 8.6 | 20.5 |
| North America | 9.4 | - | 2.8 | 6.0 | - | 1.7 |
| Asia Pacific / other | 183.0 | 2.9 | 14.6 | 116.8 | 1.8 | 8.9 |
| | 316.2 | 70.7 | 145.5 | 201.8 | 43.5 | 89.8 |

3 Segmental analysis (continued)

b) Turnover and operating profit before exceptional items by class of business and geographical location

Operations are based in Chile, except where stated below. Turnover and operating profit before exceptional items can be analysed as follows:

| | US Dollars | | | Sterling | | |
|--|--|------------------|--------------------------------------|--|----------------|------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Turnover | | | | | | |
| Mining | 28: | 45.1 | 93.6 | 180.1 | 27.9 | 57.8 |
| Transport and other services | | | | | | |
| - Chile | 2: | 25.6 | 51.9 | 18.0 | 15.6 | 32.0 |
| - Bolivia (acquisitions) | 1: | - | - | 3.7 | - | - |
| | 31: | 70.7 | 145.5 | 201.8 | 43.5 | 89.8 |
| Operating profit before exceptional items | | | | | | |
| Mining | 8: | (6.4) | (9.2) | 51.3 | (3.9) | (5.6) |
| Transport and other services | | | | | | |
| - Chile | 1: | 9.6 | 19.2 | 6.7 | 5.8 | 11.8 |
| - Bolivia (acquisitions) | 1: | - | - | 0.7 | - | - |
| | 9: | 3.2 | 10.0 | 58.7 | 1.9 | 6.2 |

Details of exceptional items affecting operating profit are given in Note 5.

4 Operating profit / (loss)

| | US Dollars | | | Sterling | | |
|--------------------------------|--|------------------|--------------------------------------|--|----------------|------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Turnover | 316.2 | 70.7 | 145.5 | 201.8 | 43.5 | 89.8 |
| Cost of sales | (180.8) | (47.5) | (95.2) | (115.4) | (29.3) | (58.8) |
| Gross profit | 135.4 | 23.2 | 50.3 | 86.4 | 14.2 | 31.0 |
| Exceptional items | - | - | (18.6) | - | - | (11.5) |
| Administrative expenses | (40.4) | (18.7) | (36.5) | (25.8) | (11.5) | (22.5) |
| Severance charges | (0.6) | (0.4) | (1.1) | (0.4) | (0.2) | (0.7) |
| Exploration costs | (2.4) | (0.9) | (3.3) | (1.5) | (0.6) | (2.0) |
| Other net operating income | 0.1 | - | 0.6 | - | - | 0.4 |
| Operating profit/(loss) | 92.1 | 3.2 | (8.6) | 58.7 | 1.9 | (5.3) |

Depreciation and amortisation costs amounted to US\$54.6 million (£34.9 million; 1999 half year - US\$10.5 million; £6.4 million). Of this amount, US\$46.3 million (£29.6 million; 1999 half year - US\$5.1 million; £3.1 million) is included in cost of sales and US\$8.3 million (£5.3 million; 1999 half year - US\$5.4 million; £3.3 million) is included in administrative expenses.

5 Exceptional items

| | US Dollars | | | Sterling | | |
|---|--|------------------|---|--|----------------|---------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Operating | | | | | | |
| Provision for write-down of mining assets and stocks | - | - | (12.0) | - | - | (7.4) |
| Non-incremental overhead costs incurred in the course of mining development | - | - | (6.6) | - | - | (4.1) |
| Non-operating | | | | | | |
| Profit on disposal of fixed assets at El Chacay | 3.9 | - | - | 2.5 | - | - |
| | 3.9 | - | (18.6) | 2.5 | - | (11.5) |
| Tax effect | (0.6) | - | 2.8 | (0.4) | - | 1.8 |
| Minority interest effect | - | - | 5.5 | - | - | 3.4 |
| | 3.3 | - | (10.3) | 2.1 | - | (6.3) |

6 Tax

The tax charge of US\$10.4 million (£6.6 million; 1999 half year – US\$ 3.3 million; £2.0 million) represents an effective rate of 10.4 per cent (1999 half year – 18.1 per cent) on profit before tax, as compared with the Chilean statutory tax rate of 15 per cent. The lower effective tax rate arises principally because the dividend of US\$31.3 million (£19.9 million) received from Quiñenco is paid out of Quiñenco's post-tax profits and is not subject to further tax on receipt.

7 Earnings per share

Earnings per share is calculated on profit after tax, minority interest and preference dividends giving adjusted earnings of US\$71.8 million (£45.8 million; 1999 half year – US\$15.1 million ; £9.2 million) and based on 197,171,399 (1999 half year – 190,171,399) ordinary shares in issue throughout the period. Earnings per share excluding exceptional items is calculated on the same basis but excluding a gain on exceptional items of US\$3.3 million (£2.1 million; 1999 half year – nil).

8 Dividends

The Board has declared an interim dividend of 3.25p (1999 half year – 2.25p) per ordinary share for payment on 13 October 2000 to shareholders on the Register at the close of business on 15 September 2000. Dividends are declared gross, but dividends payable to United Kingdom shareholders will be paid net of withholding tax.

9 Tangible fixed assets

| | US Dollars | | | | |
|---------------------------------|--------------------------------------|----------------------------------|---|-----------------|----------------|
| | Freehold land and buildings US\$m | Permanent way and works US\$m | Rolling stock, plant, machinery and water distribution US\$m | Mining US\$m | Total US\$m |
| Net book value | | | | | |
| 1 January 2000 | 30.6 | 33.3 | 39.4 | 1,530 | 1,633 |
| Acquisition | - | 9.5 | 16.8 | - | 26.3 |
| Additions | - | 0.4 | 2.0 | 192.9 | 195.3 |
| Disposals | - | - | (0.1) | (3.3) | (3.4) |
| Depreciation | (0.2) | (0.9) | (2.1) | (51.4) | (54.6) |
| Exchange | 0.1 | - | - | - | 0.1 |
| 30 June 2000 (unaudited) | 30.5 | 42.3 | 56.0 | 1,671 | 1,790 |

| | Sterling | | | | |
|---------------------------------|------------------------------------|--------------------------------|---|---------------|--------------|
| | Freehold land and buildings £'m | Permanent way and works £'m | Rolling stock, plant, machinery and water distribution £'m | Mining £'m | Total £'m |
| Net book value | | | | | |
| 1 January 2000 | 19.2 | 21.5 | 24.1 | 951.8 | 1,016.6 |
| Acquisition | - | 5.9 | 10.4 | - | 16.3 |
| Additions | - | 0.2 | 1.3 | 123.2 | 124.7 |
| Disposals | - | - | (0.1) | (2.1) | (2.2) |
| Depreciation | (0.1) | (0.6) | (1.4) | (32.8) | (34.9) |
| Exchange | 0.7 | 0.4 | 0.9 | 63.5 | 65.5 |
| 30 June 2000 (unaudited) | 19.8 | 27.4 | 35.2 | 1,100 | 1,180 |

10 Disposal of associate and acquisition of subsidiary

Investments in associates

1 January 2000

Transferred to investments in subsidiaries and consolidated

30 June 2000 (unaudited)

| | US\$m | £'m |
|---|----------|----------|
| 1 January 2000 | 20.6 | 13.2 |
| Transferred to investments in subsidiaries and consolidated | (20.6) | (13.2) |
| 30 June 2000 (unaudited) | - | - |

At 31 December 1999, the Group held a 36.5% interest in Empresa Ferrovial Andina S.A. ("Andino") and a 12 per cent interest in Empresa Ferrovial Oriental S.A. ("Oriental"), rail networks operating in Bolivia. These investments were jointly controlled by the Group and its strategic partner, the Cruz Blanca group, which held 13.5 per cent of the Andino and 38 per cent of the Oriental. At the beginning of 2000, the Group exchanged its interest in the Oriental for Cruz Blanca's interest in the Andino. The Group now holds 50 per cent of the Andino and no longer has an interest in the Oriental. The Group exercises management control over the Andino and has the right to appoint the majority of the company's board. Accordingly this investment has been treated as a subsidiary and consolidated from 1 January 2000. Turnover and operating profit for the Andino have been disclosed as acquisitions in the profit and loss account.

11 Other investments

1 January 2000 and 30 June 2000 (unaudited)

| US\$m | £'m |
|--------------|--------------|
| 185.8 | 108.3 |

The book value of quoted investments at 30 June 2000 included above was US\$185.5 million, and the corresponding market value was US\$357.3 million (1999 half year – US\$ 344.4 million). These investments include a 33.61 per cent interest in Quiñenco S.A.

12 Loans

| | US Dollars | | | Sterling | | |
|----------------------|--|------------------|---|--|----------------|---------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Los Pelambres | | | | | | |
| - Loans | (946.0) | (677.0) | (902.8) | (624.9) | (428.5) | (560.7) |
| - Subordinated debt | (31.2) | - | (34.7) | (20.6) | - | (21.5) |
| El Tesoro | | | | | | |
| - Loans | (70.5) | - | (25.2) | (46.6) | - | (15.7) |
| - Subordinated debt | (98.9) | - | (94.9) | (65.3) | - | (58.9) |
| Michilla | | | | | | |
| - Finance leases | (1.1) | (1.2) | (1.2) | (0.7) | (0.8) | (0.7) |
| - Loans | (0.1) | (0.6) | (0.2) | (0.1) | (0.4) | (0.1) |
| Railway | | | | | | |
| - Loans (Chile) | (11.1) | (14.1) | (12.1) | (7.3) | (8.9) | (7.5) |
| - Loans (Bolivia) | (3.8) | - | - | (2.5) | - | - |
| | (1,162 | (692.9) | (1,071) | (768.0) | (438.6) | (665.1) |

At the end of 1999, certain balances were reclassified from minority interests to subordinated debt. The amount reclassified (included in minority interests at 30 June 1999) was US\$26.6 million (£16.0 million).

Maturity of borrowings:

| | US Dollars | | | Sterling | | |
|------------------------------|--|------------------|---|--|----------------|---------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Due within one year | (122.4) | (1.7) | (64.8) | (80.9) | (1.1) | (40.1) |
| Due after more than one year | (1,040) | (691.2) | (1,006) | (687.1) | (437.5) | (625.0) |
| | (1,162 | (692.9) | (1,071) | (768.0) | (438.6) | (665.1) |

13 Provisions for liabilities and charges

| | US Dollars | | | |
|---|------------------------------|--------------------------------|-----------------------|----------------|
| | Site rehabilitation US\$m | Severance indemnities US\$m | Deferred tax US\$m | Total US\$m |
| 1 January 2000 | (3.1) | (7.2) | - | (10.3) |
| Reclassification | - | - | (7.0) | (7.0) |
| Acquisition | - | (1.7) | - | (1.7) |
| Charge to operating profit in period | (1.6) | (0.6) | - | (2.2) |
| Release of discount to net interest in period | (0.1) | (0.2) | - | (0.3) |
| Charge to tax on profit in period | - | - | (9.0) | (9.0) |
| Exchange | - | 0.1 | - | 0.1 |
| 30 June 2000 (unaudited) | (4.8) | (9.6) | (16.0) | (30.4) |

| | Sterling | | | |
|---|----------------------------|------------------------------|---------------------|---------------|
| | Site rehabilitation £'m | Severance indemnities £'m | Deferred tax £'m | Total £'m |
| 1 January 2000 | (1.9) | (4.5) | - | (6.4) |
| Reclassification | - | - | (4.3) | (4.3) |
| Acquisition | - | (1.0) | - | (1.0) |
| Charge to operating profit in period | (1.0) | (0.4) | - | (1.4) |
| Release of discount to net interest in period | (0.1) | (0.1) | - | (0.2) |
| Charge to tax on profit in period | - | - | (5.7) | (5.7) |
| Exchange | (0.2) | (0.3) | (0.6) | (1.1) |
| 30 June 2000 (unaudited) | (3.2) | (6.3) | (10.6) | (20.1) |

Deferred tax balances were previously netted off against corporation tax debtor and creditor balances. These have been reclassified and separately disclosed in provisions for liabilities and charges above.

14 Reconciliation of movements in shareholders' funds

| | US Dollars | | | Sterling | | |
|---|--|------------------|--------------------------------------|--|----------------|------------------------------------|
| | Unaudited half year to: 30.6.00 US\$m | 30.6.99 US\$m | Audited year to 31.12.99 US\$m | Unaudited half year to: 30.6.00 £'m | 30.6.99 £'m | Audited year to 31.12.99 £'m |
| Profit for the financial period | 71.9 | 15.2 | 15.9 | 45.9 | 9.3 | 9.7 |
| Other recognised gains relating to the period | | | | | | |
| - currency translation adjustment | 15.0 | 10.8 | 3.9 | 24.1 | 16.8 | 8.5 |
| Total recognised gains and losses | 86.9 | 26.0 | 19.8 | 70.0 | 26.1 | 18.2 |
| Dividends | (9.8) | (7.1) | (25.6) | (6.5) | (4.5) | (15.9) |
| | 77.1 | 18.9 | (5.8) | 63.5 | 21.6 | 2.3 |
| Issue of ordinary shares | - | - | 0.6 | - | - | 0.4 |
| Share premium on issue | - | - | 37.0 | - | - | 22.8 |
| Exchange movement on sterling denominated share capital and share premium | (17.4) | (12.7) | (8.2) | - | - | - |
| Opening shareholders' funds | 887.3 | 863.7 | 863.7 | 545.1 | 519.6 | 519.6 |
| Closing shareholders' funds | 947.0 | 869.9 | 887.3 | 608.6 | 541.2 | 545.1 |

15 Reconciliation of operating profit / (loss) to net cash inflow from operating activities

| | US Dollars | | | Sterling | | |
|--|--------------------------|-------------------|--------------------|-------------------------|----------------|-----------------|
| | Unaudited half year to: | | Audited year to | Unaudited half year to: | | Audited year to |
| | 30.6.00 US\$'m | 30.6.99 US\$'m | 31.12.99 US\$'m | 30.6.00 £'m | 30.6.99 £'m | 31.12.99 £'m |
| Operating profit/(loss) | 92.1 | 3.2 | (8.6) | 58.7 | 1.9 | (5.3) |
| Depreciation | 54.6 | 10.5 | 22.4 | 34.9 | 6.4 | 13.9 |
| Loss on disposal of tangible fixed assets | 2.9 | 0.5 | 12.3 | 1.9 | 0.3 | 7.6 |
| (Increase)/decrease in stocks | (15.5) | 0.7 | (20.9) | (9.9) | 0.4 | (12.9) |
| (Increase)/decrease in debtors | (71.6) | 0.8 | (0.1) | (45.7) | 0.7 | (0.1) |
| Increase/(decrease) in creditors and provisions | 28.9 | (0.5) | (0.8) | 18.4 | (0.5) | (0.4) |
| Net cash inflow from operating activities | 91.4 | 15.2 | 4.3 | 58.3 | 9.2 | 2.8 |

16 Reconciliation of net cash flow to movement in net debt

| | US Dollars | | | Sterling | | |
|--|--------------------------|-------------------|--------------------|-------------------------|----------------|-----------------|
| | Unaudited half year to: | | Audited year to | Unaudited half year to: | | Audited year to |
| | 30.6.00 US\$'m | 30.6.99 US\$'m | 31.12.99 US\$'m | 30.6.00 £'m | 30.6.99 £'m | 31.12.99 £'m |
| Net cash (outflow)/inflow in the period | 5.6 | (2.7) | (0.5) | 3.0 | (2.2) | 0.2 |
| Cash inflow from increase in debt | (86.7) | (178.9) | (517.2) | (55.3) | (110.4) | (319.3) |
| Cash outflow/(inflow) from increase/(decrease) in liquid resources | 1.9 | (91.9) | (55.4) | 1.3 | (56.6) | (34.2) |
| Change in net debt resulting from cash flows | (79.2) | (273.5) | (573.1) | (51.0) | (169.2) | (353.3) |
| Acquisition | 5.1 | - | (6.4) | 3.2 | - | (3.9) |
| Reclassification | 3.5 | - | (25.6) | 2.2 | - | (16.0) |
| Interest accrued on long-term loan balances | (4.0) | - | (4.6) | (2.5) | - | (2.8) |
| Exchange | (4.2) | (2.4) | (4.8) | (33.3) | (9.2) | (7.8) |
| Movement in net debt in the period | (78.8) | (275.9) | (614.5) | (81.4) | (178.4) | (383.8) |
| Net debt at the beginning of the period | (739.5) | (125.0) | (125.0) | (459.1) | (75.3) | (75.3) |
| Net debt at the end of the period | (818.3) | (400.9) | (739.5) | (540.5) | (253.7) | (459.1) |

17 Post balance sheet event

As part of the El Tesoro financing arrangements signed in 1999, the Group's 61 per cent share of funding for the El Tesoro project was provided by way of subordinated debt by AMP, the parent of its 39 per cent joint venture partner, Equatorial Mining Limited. On 23 August 2000, the Group paid AMP US\$56.5 million to acquire its pro-rata share of this funding, reducing Group loans as disclosed in Note 12. The remaining balance outstanding on the El Tesoro subordinated debt represents amounts advanced by Equatorial Mining Ltd. in respect of its own 39 per cent share of sponsor funding to the project.

18 Financial information

The Group's statutory accounts for the year to 31 December 1999 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not include a statement under S237 (2) or (3) of the Companies Act 1985. The 1999 dollar and sterling profit and loss account, balance sheet and cash flow statements shown in this interim report are an abridged version of these statutory accounts. The financial information contained in this statement does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985.

19 Currency translation

With the exception of fixed assets denominated in Chilean pesos which are translated at the rate ruling in the period of purchase, assets and liabilities denominated in foreign currencies are translated into dollars and sterling at the period end rates of exchange. Results denominated in foreign currencies have been translated into dollars and sterling at the average rate for each period.

| | Period end rates | Average rates |
|----------|-------------------------|-------------------------|
| 30.6.00 | CH\$814 = £1 = US\$1.51 | CH\$808 = £1 = US\$1.57 |
| 30.6.99 | CH\$816 = £1 = US\$1.58 | CH\$792 = £1 = US\$1.62 |
| 31.12.99 | CH\$858 = £1 = US\$1.61 | CH\$824 = £1 = US\$1.62 |

20 Distribution

These results will be sent by first class post to all shareholders on 5 September 2000. Copies of this report will be available for members of the public who are not shareholders at the Company's Registered Office, Park House, 16 Finsbury Circus, London EC2M 7AH.

Independent Review Report to Antofagasta plc

Introduction

We have been instructed by the Company to review the financial information set out on pages 8 to 19 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the UK Listing Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Audit Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2000.

Deloitte & Touche
Chartered Accountants
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London
EC4A 3RT
4 September 2000