

Antofagasta plc

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20 March 2000

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 December 1999

- *Commissioning of the US\$1.36 billion Los Pelambres mine completed within budget and ahead of schedule, with expected production of 275,000 tonnes of payable copper in concentrates in 2000.*
- *Construction of the US\$296 million El Tesoro project began in November 1999, with expected annual production of 75,000 tonnes of copper cathodes from May 2001.*
- *Record year for the Railway with transport volumes increasing from 2.7 million tons in 1998 to 3.1 million tons in 1999.*
- *Dividend income of approximately US\$30 million expected in May 2000 from the Group's interest in Quiñenco, based on results announced for 1999.*
- *Group profit before tax and exceptional items for 1999 of US\$31.8 million (1998 – US\$64.6 million); after exceptional items US\$13.2 million (1998 – US\$60.5 million).*
- *Final dividend increased by 0.75p per share to 5.75p, giving a total dividend for 1999 of 8.0p (1998 – 7.25p).*

The Group's interests, which are based in Chile, include copper mining and rail and road transport. Results in 1999 were adversely affected by low copper prices and a lower dividend received from the Group's 33.6% investment in Quiñenco S.A., partly offset by maintained results from rail and transport services and interest income from the Group's strong cash position.

Commissioning of the Los Pelambres mine began in November 1999, with 55,000 tonnes of payable copper in concentrates produced in the first ten weeks of 2000. The El Tesoro project is fully financed and construction began in November 1999 with first production planned for May 2001. These two low cost mines when fully operational will increase the Group's annual copper production to more than 400,000 tonnes (attributable production 255,000 tonnes) compared with 60,500 tonnes (attributable production 45,000 tonnes) in 1999. Jean-Paul Luksic, Director and CEO of the mining division commented "Antofagasta is one of the fastest growing mining companies with a strong asset base and a proven ability to develop large scale projects".

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Directors' Comments on the Preliminary Results to 31 December 1999**Mining**

The Group achieved a major strategic goal with the successful commissioning of the low-cost Los Pelambres mine at the end of 1999. Copper production from existing operations in 1999 was 60,500 tonnes (1998 – 71,000 tonnes) reflecting the closure of high cost operations during 1998 as part of the Los Pelambres development. Operating results from the mining division showed a loss before exceptional items of US\$9.4 million compared to a loss of US\$5.6 million in 1998. During the year, the average copper price was 71 cents per lb compared to 75 cents in 1998. Copper prices have since recovered to an average above 80 cents per lb in 2000, when first sales from Los Pelambres began.

Los Pelambres

The project made exceptional progress during the year and production of concentrates began ahead of schedule in November 1999 with first shipments from the newly built Punta Chungo port facility starting in January 2000. Los Pelambres completed its ramp-up phase on 28 January, a week earlier than anticipated and is now operating at its planned capacity of 85,000 tpd. In the first ten weeks of 2000, approximately 124,000 tonnes of concentrate containing 55,000 tonnes of payable copper were produced and 97,000 tonnes of concentrates shipped. Full production has been recently achieved and the completion test is now underway. This is expected to be concluded by June, and as a result funds held in escrow amounting to approximately US\$130 million will be released to the Group. The mine plan for 2000 anticipates production of 275,000 tonnes of fine copper at estimated cash costs of 38 cents per pound. Over the first five years, production will average 285,000 tonnes at estimated cash costs of 41 cents per pound. Los Pelambres has now taken its place among the world's major low cost copper producers after completing the project ahead of schedule and within the original budget of US\$1.36 billion.

El Tesoro

Financing agreements were signed in July to develop the US\$296 million El Tesoro copper cathode project. Mine construction began in November, with first production expected in May 2001. El Tesoro is owned by Antofagasta controlling 61% and Equatorial Mining, a subsidiary of AMP, the largest institutional investor in Australia, holding 39%. El Tesoro will be developed as a heap-leach SX-EW operation with a planned production of 75,000 tonnes per year. Cash operating costs are expected to average approximately 40 cents per lb in the first 5 years. This places the mine in the lowest quartile of world-wide copper production costs.

Michilla

Michilla benefited from the cost-cutting programme which began in 1998, enabling it to reduce cash costs in 1999 to 55 cents per lb (1998 – 61 cents per lb). Copper production during 1999 was 60,500 tonnes of copper compared with 62,100 tonnes in 1998. In February 2000, the small concentrator on the coast, which produced 9,200 tonnes of fine copper during 1999, was mothballed. Michilla continued its exploration programme during 1999 which identified an additional 20 million tonnes of 1.0% copper ore in the area adjacent to the existing open pit. A feasibility study is currently under preparation to develop Michilla's mine plan which is expected to extend the life of both the underground operation and open pit to 2008 and so maintain annual copper output at the existing 50,000 tonne level.

Exploration

The Group continued its exploration programme on its Peruvian mining properties, concentrating on Cotabambas and Magistral. The drilling programme at Magistral began following the signing of an option agreement with Inca Pacific Resources Inc. in October 1999 which enables the Group to earn a 51% joint venture interest by completing a defined exploration programme over a three year period. Further exploration also continued in Chile at Santa Carmen, Esperanza and Tesoro-NE properties, all located near El Tesoro.

Transport and other services

The Railway and its road haulage subsidiary Train Limitada had another record year for tonnage carried. Traffic increased from 2.7 million tonnes in 1998 to 3.1 million tonnes in 1999. During the year, FCAB concluded a six year agreement with its unions. This was a landmark achievement in Chile where labour agreements are normally for a two year term. The Railway is well positioned to take advantage of new opportunities in northern Chile, the world's largest copper producing region.

Investments

The Group holds a 33.6% investment in Quiñenco S.A., a diversified industrial and financial group listed in Santiago and New York with interests in the Southern Cone and Brazil. Dividends from Quiñenco are accounted for in the year in which they are received and during 1999 the Group received US\$5.3 million (1998 – US\$23.5 million).

Quiñenco reported net profit for 1999 of US\$302.4 million (1998 – US\$51.0 million). The 1999 results included the profit on sale of its banking interests and also of the cable television interests of its telecommunications subsidiary. Quiñenco is required under Chilean company law to pay a dividend of at least 30% of its net profit and the Group expects to receive a dividend of approximately US\$30 million in May 2000. The market value of the Group's holding in Quiñenco was US\$406 million at 31 December 1999 and US\$ 408 million at 15 March 2000.

Dividends

The Board is recommending a final dividend of 5.75p per ordinary share (1998 – 5.0p) payable on 9 June 2000 to shareholders on the Register at the close of business on 12 May 2000, giving a total dividend for 1999 of 8.0p (1998 – 7.25p).

Current trading prospects

The outlook for the world economy is encouraging with sustained growth in the United States, improving industrial production in Europe, Japan and China and evident recovery in most emerging Asian countries. Growth has also returned to the Chilean economy following the 1998-99 recession and an up-turn in neighbouring countries' performance is expected to stimulate exports. Copper prices have recovered since mid-1999 and have averaged over 80 cents per lb to date. Group copper production is expected to be 325,000 tonnes of payable copper in the current year, increasing to more than 400,000 tonnes when El Tesoro is fully operational. With its move to low cost production, the Group should be well placed to benefit from any improvement in metal prices during 2000.

Group Profit and Loss Account – US Dollars

	Notes	Unaudited year to 31.12.99			Unaudited year to 31.12.98		
		Before exceptional items US\$m	Exceptional items Note 3 US\$m	Total US\$m	Before exceptional items US\$m	Exceptional items Note 3 US\$m	Total US\$m
Turnover	2	145.5	-	145.5	184.9	-	184.9
Operating profit/(loss)	2	10.0	(18.6)	(8.6)	14.6	(5.1)	9.5
Share of operating profit in associates		1.7	-	1.7	2.8	-	2.8
Profit on disposal of fixed assets		-	-	-	-	1.0	1.0
Income from other fixed asset investments		5.4	-	5.4	23.6	-	23.6
Net interest receivable							
Group		14.4	-	14.4	23.4	-	23.4
Associates		0.3	-	0.3	0.2	-	0.2
Profit before tax	2,3	31.8	(18.6)	13.2	64.6	(4.1)	60.5
Tax							
Group	4	(4.2)	2.8	(1.4)	(4.1)	0.2	(3.9)
Associates	4	(0.5)	-	(0.5)	(0.6)	-	(0.6)
Profit after tax		27.1	(15.8)	11.3	59.9	(3.9)	56.0
Minority interests - equity		(0.9)	5.5	4.6	(1.0)	1.3	0.3
Profit for the financial year		26.2	(10.3)	15.9	58.9	(2.6)	56.3
Dividends:							
Preference - non equity		(0.2)	-	(0.2)	(0.1)	-	(0.1)
Ordinary - equity		(25.4)	-	(25.4)	(23.7)	-	(23.7)
Retained profit/(loss)		0.6	(10.3)	(9.7)	35.1	(2.6)	32.5
Earnings per share	5			8.1c			29.6c
Earnings per share before exceptional items	5	13.5c			30.9c		

Other Recognised Gains and Losses

Other recognised gains and losses in the period (exchange differences and Chilean inflation) amounted to a gain of US\$3.9 million (1998 – a loss of US\$5.2 million), and are shown in Note 11 together with other movements in shareholders' funds. The effect on prior year comparatives of adopting FRS 12 "Provisions, Contingent Liabilities and Contingent Assets" is shown in Note 1.

Group Profit and Loss Account - Sterling

		Unaudited year to 31.12.99			Restated year to 31.12.98		
	Notes	Before exceptional items £'m	Exceptional items Note 3 £'m	Total £'m	Before exceptional items £'m	Exceptional items Note 3 £'m	Total £'m
Turnover	2	89.8	-	89.8	111.4	-	111.4
Operating profit/(loss)	2	6.2	(11.5)	(5.3)	8.8	(3.1)	5.7
Share of operating profit in associates		1.0	-	1.0	1.7	-	1.7
Profit on disposal of fixed assets		-	-	-	-	0.6	0.6
Income from other fixed asset investments		3.3	-	3.3	14.2	-	14.2
Net interest receivable							
Group		8.9	-	8.9	14.1	-	14.1
Associates		0.2	-	0.2	0.1	-	0.1
Profit before tax	2,3	19.6	(11.5)	8.1	38.9	(2.5)	36.4
Tax							
Group	4	(2.7)	1.8	(0.9)	(2.4)	0.1	(2.3)
Associates	4	(0.3)	-	(0.3)	(0.4)	-	(0.4)
Profit after tax		16.6	(9.7)	6.9	36.1	(2.4)	33.7
Minority interests - equity		(0.6)	3.4	2.8	(0.7)	0.8	0.1
Profit for the financial year		16.0	(6.3)	9.7	35.4	(1.6)	33.8
Dividends:							
Preference - non equity		(0.1)	-	(0.1)	(0.1)	-	(0.1)
Ordinary - equity		(15.8)	-	(15.8)	(14.3)	-	(14.3)
Retained profit/(loss)		0.1	(6.3)	(6.2)	21.0	(1.6)	19.4
Earnings per share	5			5.0p			17.8p
Earnings per share before exceptional items	5	8.2p			18.6p		
Dividend per share	6			8.0p			7.25p

Other Recognised Gains and Losses

Other recognised gains and losses in the year (exchange differences and Chilean inflation) amounted to a gain of £8.5 million (1998 – a loss of £4.4 million), and are shown in Note 11 together with other movements in shareholders' funds. The effect on prior year comparatives of adopting FRS 12 "Provisions, Contingent Liabilities and Contingent Assets" is shown in Note 1.

Group Balance Sheet

		US Dollars		Sterling	
Notes		Unaudited 31.12.99 US\$m	Unaudited 31.12.98 US\$m	Unaudited 31.12.99 £'m	Restated 31.12.98 £'m
Fixed assets					
Tangible fixed assets	8	1,63	950.8	1,01	575.1
Investments in associates	9	20.6	20.4	13.2	13.1
Other investments	10	185.8	185.8	108.3	108.3
		1,84	1,157	1,13	696.5
Current assets					
Stocks		32.4	11.5	20.1	6.9
Debtors		76.1	108.3	47.3	65.3
Current asset investments (including time deposits)		328.4	385.2	204.0	232.1
Cash at bank and in hand		3.2	4.2	2.0	2.5
		440.1	509.2	273.4	306.8
Creditors – amounts falling due within one year					
Trade and other creditors		(79.0)	(101.7)	(49.2)	(61.5)
Loans		(64.8)	(3.3)	(40.1)	(2.0)
Dividends		(18.3)	(17.3)	(11.3)	(10.4)
		(162.1)	(122.3)	(100.6)	(73.9)
Net current assets		278.0	386.9	172.8	232.9
Total assets less current liabilities		2,12	1,543	1,31	929.4
Loans due after more than one year		(1,00	(511.1)	(625.0)	(307.9)
Provisions for liabilities and charges		(10.3)	(9.5)	(6.4)	(5.7)
		1,10	1,023	679.5	615.8
Capital and reserves					
Called up share capital		19.1	19.1	11.9	11.5
Share premium		272.8	243.4	169.4	146.6
Reserves		595.4	601.2	363.8	361.5
Shareholders' funds	11	887.3	863.7	545.1	519.6
Minority interests		216.3	159.6	134.4	96.2
		1,10	1,023	679.5	615.8

Approved by the Board on 17 March 2000

Group Cash Flow Statement

		US Dollars		Sterling	
		Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £m	Audited year to 31.12.98 £m
	Notes				
Net cash inflow from operating activities	12	4.3	27.9	2.8	16.9
Returns on investment and servicing of finance					
Dividends received from associates		1.3	1.7	0.8	1.0
Dividends received from other fixed asset investments		5.4	23.6	3.3	14.2
Interest received (including capitalised interest)		19.6	28.6	12.2	17.2
Interest paid (including capitalised interest)		(39.6)	(14.9)	(24.5)	(9.0)
Preference dividends paid		(0.2)	(0.2)	(0.1)	(0.1)
Dividends paid to minority interests		-	(5.6)	-	(3.4)
Net cash (outflow)/inflow from returns on investment and servicing of finance		(13.5)	33.2	(8.3)	19.9
Tax		(4.5)	(0.8)	(2.8)	(0.5)
Net cash outflow from capital expenditure and financial investment		(600.6)	(576.7)	(370.6)	(347.4)
Net cash outflow from acquisitions and disposals		-	(4.0)	-	(2.4)
Equity dividends paid		(24.3)	(21.8)	(14.8)	(13.3)
Cash outflow before management of liquid resources		(638.6)	(542.2)	(393.7)	(326.8)
Management of liquid resources					
Net decrease in time deposits		55.4	40.0	34.2	24.0
Financing					
Contribution from minority interests		65.5	64.9	40.4	39.1
Net other borrowings in period		517.2	439.4	319.3	264.7
Net cash inflow from financing		582.7	504.3	359.7	303.8
Net cash (outflow)/inflow in the period	13	(0.5)	2.1	0.2	1.0

Notes

1 Accounting policies

The profit and loss account, balance sheet and cash flow statement for the year to 31 December 1999 have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 1998 except as stated below:

- (a) The Group's operations, cash balances and borrowings are substantially US dollar-based. To reflect this, these preliminary results have been additionally reported in US dollars on a basis consistent with the sterling-denominated results. Share capital remains denominated in sterling and dividends continue to be declared and paid in sterling. For the purposes of reporting in US dollars only, share capital, share premium and dividends declared are translated at the period-end rate of exchange.
- (b) These results reflect the implementation of FRS 12, "Provisions, Contingent Liabilities and Contingent Assets". FRS 12 requires provision to be made for all obligations that arise in the course of an entity's operations. Previously, the Group accounted for costs relating to the eventual closure of its mining operations and severance indemnities payable in Chile on termination of employment at the point of closure. The effect of implementing FRS 12 on previously reported comparatives is as follows:

	Sterling	
	Profit for the financial period £'m	Shareholders' funds £'m
As previously reported	34.2	524.6
Effect of restatement	(0.4)	(5.0)
As restated	33.8	519.6

- (c) These results also reflect the adoption of FRS15, "Tangible Fixed Assets". FRS15 requires inter alia that only those costs directly attributable to bringing an asset into working condition should be capitalised. Non-incremental overheads incurred in the course of the Los Pelambres mining development have accordingly been expensed and are disclosed in Note 3 as an exceptional charge to operating profits.

2 Segmental analysis

a) Turnover by geographical destination

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$'m	Unaudited year to 31.12.98 US\$'m	Unaudited year to 31.12.99 £'m	Audited year to 31.12.98 £'m
UK	7.9	18.0	4.9	10.9
Rest of Europe	41.3	33.1	25.5	19.9
Chile	45.7	53.3	28.3	32.1
Rest of Latin America	33.2	32.1	20.5	19.3
North America	2.8	23.8	1.7	14.4
Asia Pacific / Other	14.6	24.6	8.9	14.8
	145.5	184.9	89.8	111.4

2 Segmental analysis (continued)

b) Turnover and profit before tax by class of business and geographical location

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

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £'m	Restated year to 31.12.98 £'m
Turnover				
Mining	93.6	130.1	57.8	78.4
Transport and other services	51.9	54.8	32.0	33.0
	145.5	184.9	89.8	111.4
Profit before tax				
Operating profit before exceptional items				
Mining	(9.2)	(5.4)	(5.6)	(3.2)
Transport and other services	19.2	20.0	11.8	12.0
	10.0	14.6	6.2	8.8
Share of operating profit in associates (Bolivian Railways)	1.7	2.8	1.0	1.7
Income from other fixed asset investments	5.4	23.6	3.3	14.2
Net interest receivable				
Group	14.4	23.4	8.9	14.1
Associates	0.3	0.2	0.2	0.1
Profit before exceptional items and tax	31.8	64.6	19.6	38.9
Exceptional items (see note 3)	(18.6)	(4.1)	(11.5)	(2.5)
Profit before tax	13.2	60.5	8.1	36.4

3 Exceptional items

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £m	Audited year to 31.12.98 £m
Operating				
Provision for write-down of mining assets and stocks including cost of temporary closure	(12.0)	(5.1)	(7.4)	(3.1)
Non-incremental overhead costs incurred in the course of mining development	(6.6)	-	(4.1)	-
Non-operating				
Profit on sale of land by Railway	-	1.0	-	0.6
	(18.6)	(4.1)	(11.5)	(2.5)
Tax effect	2.8	0.2	1.8	0.1
Minority interest effect	5.5	1.3	3.4	0.8
	(10.3)	(2.6)	(6.3)	(1.6)

4 Tax

The tax charge on profit before exceptional items of US\$4.7 million (£3.0 million; 1998 – US\$4.7 million; £2.8 million) represents an effective rate of 14.8% (1998 – 7.3%) on profit before tax, as compared with the Chilean statutory tax rate of 15%. The lower effective rate in 1998 arose mainly because of the substantially larger dividend from Quíenco received that year which was paid out of its post tax profits and not subject to further tax on receipt.

5 Earnings per share

Earnings per share is calculated on profit after tax, minority interest and preference dividends of US\$15.7 million; £9.6 million (1998 – US\$56.2 million; £33.7 million) based on a weighted average number of shares of 193,278,188. The number of shares in issue throughout 1998 was 190,171,399. Earnings per share excluding exceptional items is calculated on the same basis but excluding a loss on exceptional items of US\$10.3 million; £6.3 million (1998 – US\$2.6 million; £1.6 million).

6 Dividends

The Board will recommend a final dividend of 5.75p (1998 – 5.0p) per share for payment on 9 June 2000 to shareholders on the Register at the close of business on 12 May 2000. Dividends are declared gross, but dividends payable to United Kingdom shareholders will be paid net of withholding tax.

7 Acquisition

In 1998, the Group obtained independent shareholder approval (subject to the securing of project finance) for the acquisition of a majority interest in the El Tesoro project in exchange for the issue of 7 million new ordinary shares of the Company. The financing agreements were signed in July 1999 and the acquisition has been accounted for under FRS 2 “Accounting for Subsidiary Undertakings” from this date.

8 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
1 January 1999 (unaudited)	31.2	31.9	40.9	846.8	950.8
Acquisitions	-	-	-	78.9	78.9
Additions	0.1	2.1	2.0	638.0	642.2
Disposals	(0.2)	-	(0.2)	(12.5)	(12.9)
Depreciation charge for the period	(0.1)	(0.6)	(2.9)	(18.8)	(22.4)
Exchange	(0.4)	(0.1)	(0.4)	0.1	(0.8)
31 December 1999 (unaudited)	30.6	33.3	39.4	1,531.3	1,634.6

	Sterling				
	Freehold Land and buildings £'m	Permanent way and works £'m	Rolling stock, plant, machinery and water distribution £'m	Mining £'m	Total £'m
1 January 1999 (audited)	19.2	20.6	24.9	510.4	575.1
Acquisitions	-	-	-	48.7	48.7
Additions	-	1.3	1.3	393.8	396.4
Disposals	(0.1)	-	(0.2)	(7.7)	(8.0)
Depreciation charge for the period	(0.1)	(0.4)	(1.8)	(11.6)	(13.9)
Exchange	0.2	-	(0.1)	18.2	18.3
31 December 1999 (unaudited)	19.2	21.5	24.1	951.8	1,016.6

9 Investments in associates

	US\$m	£'m
1 January 1999	20.4	13.1
Share of profit before tax	2.0	1.2
Share of tax	(0.5)	(0.3)
Exchange	-	-
Dividends received	(1.3)	(0.8)

31 December 1999 (unaudited)

20.6	13.2
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10 Other investments

1 January 1999

Additions

Disposals

31 December 1999 (unaudited)

	US\$m	£'m
1 January 1999	185.8	108.3
Additions	0.2	0.1
Disposals	(0.2)	(0.1)
31 December 1999 (unaudited)	185.8	108.3

The book value of quoted investments at 31 December 1999 included above was US\$185.5 million, and the corresponding market value was US\$412.0 million.

11 Reconciliation of movements in shareholders' funds

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £'m	Restated year to 31.12.98 £'m
Profit for the year	15.9	56.3	9.7	33.8
Other recognised gains/(losses) relating to the period				
Exchange	3.9	(5.2)	8.5	(4.4)
Total recognised gains and losses	19.8	51.1	18.2	29.4
Dividends	(25.6)	(23.8)	(15.9)	(14.4)
	(5.8)	27.3	2.3	15.0
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	(8.2)	1.6	-	-
Opening shareholders' funds	863.7	834.8	519.6	504.6
Closing shareholders' funds	887.3	863.7	545.1	519.6

12 Reconciliation of operating profit to net cash inflow from operating activities

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £'m	Restated year to 31.12.98 £'m
Operating (loss)/profit	(8.6)	9.5	(5.3)	5.7
Depreciation	22.4	19.8	13.9	11.9
Loss on disposal of tangible fixed assets	12.3	6.0	7.6	3.7
(Increase)/decrease in stocks	(20.9)	6.4	(12.9)	3.8
Increase in debtors	(0.1)	(5.9)	(0.1)	(3.5)
Decrease in creditors and provisions	(0.8)	(7.9)	(0.4)	(4.7)
Net cash inflow from operating activities	4.3	27.9	2.8	16.9

13 Reconciliation of net cash flow to movement in net funds / (debt)

	US Dollars		Sterling	
	Unaudited year to 31.12.99 US\$m	Unaudited year to 31.12.98 US\$m	Unaudited year to 31.12.99 £m	Audited year to 31.12.98 £m
Net cash (outflow)/inflow in the period	(0.5)	2.1	0.2	1.0
Cash inflow from increase in debt	(517.2)	(439.4)	(319.3)	(264.7)
Cash inflow from decrease in liquid resources	(55.4)	(40.0)	(34.2)	(24.0)
Change in net debt resulting from cash flows	(573.1)	(477.3)	(353.3)	(287.7)
Acquisition	(6.4)	-	(3.9)	-
Reclassification	(26.6)	-	(16.0)	-
Interest accrued on long-term loan balances	(4.6)	-	(2.8)	-
Exchange	(3.8)	(3.2)	(7.8)	(3.2)
Movement in net (debt)/funds in the period	(614.5)	(480.5)	(383.8)	(290.9)
Net (debt)/funds at the beginning of the period	(125.0)	355.5	(75.3)	215.6
Net debt at the end of the period	(739.5)	(125.0)	(459.1)	(75.3)

14 Year 2000

Since 1997, the Group has pursued a strategy to ensure all significant computer systems and computer controlled plant and equipment would be Year 2000 compliant. As a result, there have been no significant interruptions to operations. Capital and revenue expenditure related to the Group's Year 2000 programme has been recognised as and when incurred. Enhancement and replacement costs of US\$0.5 million were capitalised in 1999 (1998 US\$0.3 million) and further costs in respect of rendering existing software compliant of US\$0.2 million were charged to the profit and loss. No further significant costs are envisaged.

15 Financial information

The Group's statutory accounts for the year to 31 December 1998 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 1998 sterling profit and loss account, balance sheet and cash flow statement shown in this announcement are an abridged version of these statutory accounts after restatement for the change in accounting policy explained in Note 1. The financial information contained in this statement does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985.

16 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 sterling at the period end rates of exchange. Results denominated in foreign currencies have been translated into sterling at the average rate for each period.

	Period end rates	Average rates
31.12.99	CH\$858 = £1 = US\$1.61	CH\$824 = £1 = US\$1.62
31.12.98	CH\$787 = £1 = US\$1.66	CH\$763 = £1 = US\$1.66

17 Distribution

The Annual Report and Financial Statements, including the Notice of the Annual General Meeting and Chairman's Statement for the year ended 31 December 1999 will be posted to shareholders in May 2000. The Annual General meeting will be held in the Armourers' Hall, 81 Coleman Street, London EC2 at 10.30 a.m. on 8 June 2000.