

CHEMICAL & MINING CO OF CHILE INC

Form 6-K

November 23, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2018.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 2425-2000

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F:  Form 40-F:

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**Santiago, Chile. November 21, 2018.-** Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM) reported today **earnings for the nine months ended September 30, 2018** of US\$331.2 million (US\$1.26 per ADR), an increase from US\$317.2 million (US\$1.21 per ADR) for the nine months ended September 30, 2017. **Gross profit**<sup>(3)</sup> reached US\$580.7 million (34.1% of revenues) for the nine months ended September 30, 2018, higher than US\$546.4 million (34.5% of revenues) recorded for the nine months ended September 30, 2017. **Revenues** totaled US\$1,700.6 million for the nine months ended September 30, 2018, representing an increase of 7.5% compared to US\$1,582.5 million reported for the nine months ended September 30, 2017.

The Company also announced earnings for the third quarter of 2018, **reporting net income** of US\$83.5 million (US\$0.32 per ADR) compared to US\$112.9 million (US\$0.43 per ADR) for the third quarter of 2017. **Gross profit** for the third quarter of 2018 reached US\$163.7 million, lower than the US\$188.5 million recorded for the third quarter of 2017. **Revenues** totaled US\$543.2 million, a decrease of approximately 2.8% compared to the third quarter of 2017, when revenues amounted to US\$558.7 million.

SQM's Chief Executive Officer, Patricio de Solminihac, stated: "During 2017, we announced an important lithium expansion near Antofagasta, which would allow us to increase our capacity by almost 50%. This project, which entailed a complete overhaul of our existing plant had a quick timeline, and a very low capex. The commissioning of the fully upgraded plant, as previously announced, has been more challenging than expected, impacting our ability to produce high quality lithium during the third quarter, affecting our sales volumes. We are working diligently to resolve these issues as soon as possible. The ramp-up delay will likely impact our fourth quarter lithium and derivative sales volumes, delaying part of them to the first quarter of 2019. Lithium sales volumes this year should be around 45,000 MT."

He continued by saying, "As we reach the end of the year, we have been positively surprised by the demand growth in the lithium market, especially lithium hydroxide. We believe that total lithium demand growth will surpass 25% this year. As a result, prices in the lithium market remain strong, our average prices during the third quarter remained relatively flat compared to the second quarter. We believe that the prices reported during the fourth quarter will be similar to the third quarter."

Mr. de Solminihac went on to say, "We have seen positive trends in our other business lines as well. Prices for potassium chloride in the third quarter increased over 15% when compared to last year. Specialty plant nutrient sales volumes increased almost 10% compared to the third quarter 2017, and iodine prices exceeded expectations, reaching almost US\$25/kg. We believe iodine and derivatives sales volumes could surpass 13,500 MT this year."

## Segment Analysis

Specialty Plant Nutrition (SPN)

Revenues from our Specialty Plant Nutrition business line for the nine months ended September 30, 2018 totaled US\$607.3 million, higher than the US\$511.4 million reported for the nine months ended September 30, 2017.

Third quarter 2018 revenues reached US\$194.9 million, higher than the US\$185.6 million reported in the third quarter of 2017.

**Specialty Plant Nutrition Sales Volumes and Revenues:**

		9M2018	9M2017	2018/2017	
Specialty Plant Nutrition Total Volumes	Th. MT	844.8	712.0	132.8	19%
Sodium Nitrate	Th. MT	22.8	18.6	4.2	23%
Potassium Nitrate and Sodium Potassium Nitrate	Th. MT	535.0	448.7	86.4	19%
Specialty Blends	Th. MT	180.1	152.2	27.9	18%
Other specialty plant nutrients (*)	Th. MT	106.9	92.6	14.3	15%
Specialty Plant Nutrition Revenues	MUS\$	607.3	511.4	96.0	19%

		3Q2018	3Q2017	2018/2017	
Specialty Plant Nutrition Total Volumes	Th. MT	288.7	263.6	25.1	10%
Sodium Nitrate	Th. MT	8.6	3.6	5.1	142%
Potassium Nitrate and Sodium Potassium Nitrate	Th. MT	160.8	157.4	3.3	2%
Specialty Blends	Th. MT	84.2	72.7	11.6	16%
Other specialty plant nutrients (*)	Th. MT	35.1	30.0	5.1	17%
Specialty Plant Nutrition Revenues	MUS\$	194.9	185.6	9.3	5%

\*Includes trading of other specialty fertilizers.

Sales volumes for the nine months ended September 30, 2018 were up almost 19% compared to sales volumes reported during the same period last year. This was a result of less supply in the market in recent quarters as one of our main competitors has been ramping up its capacity, and we have been able to supply the additional needs to the market. We believe that our sales volumes for the year could be almost 15% higher than sales volumes reported last year.

We continue to develop our international presence in this market, and will continue to do so in the future. We believe the potassium nitrate market will grow close to 6% this year.

SPN **gross profit**<sup>(4)</sup> accounted for approximately 22% of SQM's consolidated gross profit for the nine months ended September 30, 2018.

### Iodine and Derivatives

Revenues from sales of iodine and derivatives during the nine months ended September 30, 2018 totaled US\$243.1 million, an increase of 27.1% compared to US\$191.3 million reported for the nine months ended September 30, 2017.

Iodine and derivatives revenues for the third quarter of 2018 amounted to US\$82.9 million, an increase of 33.1% compared to US\$62.3 million recorded during the third quarter of 2017.

### **Iodine and Derivative Sales Volumes and Revenues:**

		9M2018	9M2017	2018/2017	
Iodine and Derivatives	Th. MT	10.1	9.7	0.4	4%
Iodine and Derivatives Revenues	MUS\$	243.1	191.3	51.8	27%

		3Q2018	3Q2017	2018/2017	
Iodine and Derivatives	Th. MT	3.3	3.1	0.2	7%
Iodine and Derivatives Revenues	MUS\$	82.9	62.3	20.6	33%

Higher iodine revenues were the result of higher prices and higher sales volumes during the first nine months of the year compared to the same period in 2017. Sales volumes in the third quarter reached 3,300 MT, in line with expectations. We believe that sales volumes will surpass 13,500 MT this year.

During the third quarter of this year, we continued to see an upward trend in iodine pricing with average prices reaching almost US\$25/kg.

**Gross profit** for the Iodine and Derivatives segment accounted for approximately 13% of SQM's consolidated gross profit for the nine months ended September 30, 2018.

#### Lithium and Derivatives

Revenues for lithium and derivatives totaled US\$500.9 million during the nine months ended September 30, 2018, an increase of 7.7% compared to US\$465.2 million recorded for the nine months ended September 30, 2017.

Revenues for lithium and derivatives during the third quarter of 2018 decreased 8.9% compared to the third quarter of 2017. Total revenues amounted to US\$152.8 million during the third quarter of 2018, compared to US\$167.8 million in the third quarter of 2017.

#### **Lithium and Derivatives Sales Volumes and Revenues:**

		9M2018	9M2017	2018/2017	
Lithium and Derivatives	Th. MT	30.4	36.5	-6.1	-17%
Lithium and Derivatives Revenues	MUS\$	500.9	465.2	35.7	8%
		3Q2018	3Q2017	2018/2017	
Lithium and Derivatives	Th. MT	9.3	12.7	-3.4	-27%
Lithium and Derivatives Revenues	MUS\$	152.8	167.8	-15.0	-9%

Lithium demand remains robust, and demand growth is now expected to reach around 25% during 2018, led by lithium for electric vehicles. Along with this stronger demand, various lithium projects have seen delays in recent months. These two factors have contributed to market prices remaining high during the third quarter; our average prices reached US\$16,500. It is expected that prices will remain at these levels for the remainder of the year.

Sales volumes for the third quarter reached 9,300 MT, approximately 16% less than volumes reported during the second quarter in line with our most recent expectations. These lower sales volumes were a result of a ramp-up delay on the first stage of our expansion project, along with logistical challenges given the low inventory levels. We are still working on the fine tuning related to this project. Even though we expect the fourth quarter to be the strongest during the year, sales volumes for 2018 could be around 45,000 MT.

**Gross profit** for the Lithium and Derivatives segment accounted for approximately 54% of SQM's consolidated gross profit for the nine months ended September 30, 2018.

#### **Potassium: Potassium Chloride & Potassium Sulfate (MOP & SOP)**

Potassium chloride and potassium sulfate revenues for the nine months ended September 30, 2018 totaled US\$219.8 million, lower than revenues reported during the nine months ended September 30, 2017, which totaled US\$301.0 million.

Potassium chloride and potassium sulfate revenues decreased in the third quarter of 2018, reaching US\$80.0 million, compared to US\$113.0 million for the third quarter of 2017.

**Potassium Chloride & Potassium Sulfate Sales Volumes and Revenues:**

		9M2018	9M2017	2018/2017	
Potassium Chloride and Potassium Sulfate	Th. MT	702.3	1,082.3	-380.0	-35%
Potassium Chloride and Potassium Sulfate Revenues	MUS\$	219.8	301.0	-81.1	-27%
		3Q2018	3Q2017	2018/2017	
Potassium Chloride and Potassium Sulfate	Th. MT	249.3	406.1	-156.8	-39%
Potassium Chloride and Potassium Sulfate Revenues	MUS\$	80.0	113.0	-33.0	-29%

Revenues in the potassium chloride and potassium sulfate business line during the first half of the year were impacted by lower sales volumes. Sales volumes during the third quarter were down approximately 14% when compared to the second quarter this year. We expect sales volumes during the fourth quarter to be even lower. This is a result of our focus on efforts in the Salar de Atacama to increase lithium production, thus decreasing the production of potassium chloride. We believe that total potassium chloride sales volumes will be around 900k MT in 2018, and could be lower in 2019.



Average prices in this business line during the third quarter increased over 15% when compared to same period last year.

**Gross profit** for Potassium Chloride and Potassium Sulfate accounted for approximately 5% of SQM's consolidated gross profit for the nine months ended September 30, 2018.

### Industrial Chemicals

Industrial chemicals revenues for the nine months ended September 30, 2018 reached US\$94.6 million, 16.8% higher than US\$80.9 million recorded for the nine months ended September 30, 2017.

Revenues for the third quarter of 2018 totaled US\$19.4 million, an increase of 33.4% compared to the revenue figures for third quarter of 2017 of US\$14.6 million.

### **Industrial Chemicals Sales Volumes and Revenues:**

		9M2018	9M2017	2018/2017	
Industrial Nitrates	Th. MT	117.7	103.2	14.5	14%
Industrial Chemicals Revenues	MUS\$	94.6	80.9	13.6	17%

		3Q2018	3Q2017	2018/2017	
Industrial Nitrates	Th. MT	25.2	19.2	5.9	31%
Industrial Chemicals Revenues	MUS\$	19.4	14.6	4.9	33%

**Gross profit** for the Industrial Chemicals segment accounted for approximately 5% of SQM's consolidated gross profit for the nine months ended September 30, 2018.

### Other Commodity Fertilizers & Other Income

Revenues from sales of other commodity fertilizers and other income reached US\$34.8 million in the nine months ended September 30, 2018, higher than the US\$32.7 million for the nine months ended September 30, 2017.

## **Financial Information**

### **Capital Expenditures**

Capex for 2017 is expected to reach approximately US\$360 million, and the majority of these expenses will be related to maintenance and investments in expansion projects in Chile.

### **Cost of Goods Sold**

Cost of goods sold, excluding depreciation, amounted to US\$948.3 million for the nine months ended September 30, 2018, an increase of 11.6% compared to US\$849.9 million for the same period in 2017.

### **Administrative Expenses**

Administrative expenses totaled US\$83.6 million (4.9% of revenues) for the nine months ended September 30, 2018, compared to US\$72.6 million (4.6% of revenues) recorded during the nine months ended September 30, 2017.

### **Net Financial Expenses**

Net financial expenses for the nine months ended September 30, 2018 were US\$25.6 million, compared to US\$29.0 million recorded for the nine months ended September 30, 2017.

## Income Tax Expense

Income tax expense reached US\$126.2 million for the nine months ended September 30, 2018, representing an effective tax rate of 27.6%, compared to an income tax expense of US\$123.4 million during the nine months ended September 30, 2017. The Chilean corporate tax rate was 27.0% during the 2018 period and 25.5% during the 2017 period.

## Other

The adjusted EBITDA margin was approximately 39% for the nine months ended September 30, 2018. adjusted EBITDA margin for the nine months ended September 30, 2017 was approximately 42%. The adjusted EBITDA margin for the third quarter of 2018 was approximately 36%.

## Notes:

- 1) Net income refers to the comprehensive income attributable to controlling interests.
- 2) Adjusted EBITDA = gross profit - administrative expenses + depreciation and amortization. Adjusted EBITDA margin = Adjusted EBITDA/revenues.
- 3) Gross profit corresponds to consolidated revenues less total costs, including depreciation and amortization and excluding administrative expenses.  
A significant portion of SQM's costs of goods sold are costs related to common productive processes (mining, crushing, leaching, etc.) which are distributed among the different final products. To estimate gross profit by
- 4) business line in both periods covered by this report, the Company employed similar criteria on the allocation of common costs to the different business areas. This gross profit distribution should be used only as a general and approximated reference of the margins by business line.

**Balance Sheet**

(US\$ Millions)	As of Sep. 30, 2018	As of Dec. 31, 2017
Total Current Assets	2,321.9	2,466.3
Cash and cash equivalents	428.0	630.4
Other current financial assets	332.4	367.0
Accounts receivable (1)	499.5	506.0
Inventory	910.2	902.1
Others	151.8	60.8
Total Non-current Assets	1,802.5	1,830.0
Other non-current financial assets	31.9	62.9
Investments in related companies	114.1	126.4
Property, plant and equipment	1,433.2	1,437.2
Other Non-current Assets	223.3	203.5
Total Assets	4,124.4	4,296.2
Total Current Liabilities	534.9	748.0
Short-term debt	20.4	220.3
Others	514.5	527.7
Total Long-Term Liabilities	1,451.5	1,300.7
Long-term debt	1,216.5	1,031.5
Others	235.0	269.2
Shareholders' Equity before Minority Interest	2,086.0	2,187.8
Minority Interest	52.1	59.6
Total Shareholders' Equity	2,138.1	2,247.5
Total Liabilities & Shareholders' Equity	4,124.4	4,296.2
Liquidity (2)	4.3	3.3

(1)Accounts receivable + accounts receivable from related companies

(2)Current assets / current liabilities

**Income Statement**

(US\$ Millions)	For the 3rd quarter		For the nine months ended	
	2018	2017	<i>Sep. 30,</i> 2018	2017
Revenues	543.2	558.7	1,700.6	1,582.5
Specialty Plant Nutrition (1)	194.9	185.6	607.3	511.4
Iodine and Iodine Derivatives	82.9	62.3	243.1	191.3
Lithium and Lithium Derivatives	152.8	167.8	500.9	465.2
Industrial Chemicals	19.4	14.6	94.6	80.9
Potassium Chloride & Potassium Sulfate	80.0	113.0	219.8	301.0
Other Income	13.2	15.4	34.8	32.7
Cost of Goods Sold	(323.0)	(306.9)	(948.3 )	(849.9 )
Depreciation and Amortization	(56.5 )	(63.2 )	(171.5 )	(186.3 )
Gross Profit	163.7	188.5	580.7	546.4
Administrative Expenses	(27.3 )	(26.5 )	(83.6 )	(72.6 )
Financial Expenses	(13.7 )	(12.3 )	(42.1 )	(37.8 )
Financial Income	5.8	3.1	16.5	8.8
Exchange Difference	(8.8 )	5.3	(9.4 )	0.6
Other	(5.2 )	(4.4 )	(4.0 )	(5.1 )
Income Before Taxes	114.4	153.8	458.1	440.3
Income Tax	(30.1 )	(40.8 )	(126.2 )	(123.4 )
Net Income before minority interest	84.3	113.0	331.9	316.9
Minority Interest	(0.8 )	(0.2 )	(0.7 )	0.3
Net Income	83.5	112.9	331.2	317.2
Net Income per Share (US\$)	0.32	0.43	1.26	1.21

(1) Includes other specialty fertilizers

About SQM

SQM's business strategy is to be a global company, with people committed to excellence, dedicated to the extraction of minerals and selectively integrated in the production and sale of products for the industries essential for human development (e.g. food, health, technology). This strategy was built on the following five principles:

- ensure availability of key resources required to support current goals and medium and long-term growth of the business;
- consolidate a culture of lean operations (M1 excellence) through the entire organization, including operations, sales and support areas;
  - significantly increase nitrate sales in all its applications and ensure consistency with iodine commercial strategy;
  - maximize the margins of each business line through appropriate pricing strategy;
- successfully develop and implement all lithium expansion projects of the Company, acquire more lithium and potassium assets to generate a competitive portfolio.

These principles are based on the following key concepts:

- strengthen the organizational structure to supports the development of the Company's strategic plan, focusing on the development of critical capabilities and the application of the corporate values of Excellence, Integrity and Safety;
  - develop a robust risk control and mitigation process to actively manage business risk;
- improve our stakeholder management to establish links with the community and communicate to Chile and worldwide our contribution to industries essential for human development.

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#### Cautionary Note Regarding Forward-Looking Statements

This news release contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “plan,” “believe,” “estimate,” “expect,” “strategy,” “should,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we make concerning the Company’s business outlook, future economic performance, anticipated profitability, revenues, expenses, or other financial items, anticipated cost synergies and product or service line growth.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are estimates that reflect the best judgment of SQM management based on currently available information. Because forward-looking statements relate to the future, they involve a number of risks, uncertainties and other factors that are outside of our control and could cause actual results to differ materially from those stated in such statements. Therefore, you should not rely on any of these forward-looking statements. Readers are referred to the documents filed by SQM with the United States Securities and Exchange Commission, specifically the most recent annual report on Form 20-F, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to SQM on the date hereof and SQM assumes no obligation to update such statements, whether as a result of new information, future developments or otherwise.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### CHEMICAL AND MINING COMPANY OF CHILE INC.

(Registrant)

Date: November 21, 2018 /s/ Gerardo Illanes

By: Gerardo Illanes

CFO

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s of being restructured, downscaled in line with available ore reserves or being mothballed, returned a cash operating loss of R101,6 million. The operations reported a 17% reduction in underground tonnage, down from 1 708 000 tonnes to 1 426 000 tonnes. At a higher recovery grade of 4,88 g/t (September 2004 4,54 g/t), resulted in a 10% net decrease of gold recovery of 7 755 kg. Costs decreased from R724,5 million to R685,9 million. Due to the lower gold recovery, working costs in R/kg increased from R93 430/kg to R98 600/kg.



Regretfully three employees lost their lives due to falls of ground in separate incidents.

Our challenge at these shafts remains to establish both working cost and grade profiles to ensure breakeven at the current gold price. These approximately 900 000 ounces per annum have huge gearing to the change in R/kg gold price. We plan to retain this optionality. It is worth noting that 120 000 oz or 53% of the ounces produced for the quarter were profitable.

**Surface Operations (includes Kalgold)**

		<b>December 2004</b>	<b>September 2004</b>
		<u>          </u>	<u>          </u>
Opencast tonnes milled	( 000)	1 334	1 591
Opencast recovery grade	(g/t)	1,09	0,82
Kilograms produced	(kg)	1 454	1 297
Working costs	(R/kg)	80 183	83 791
Working costs	(R/tonne)	87	68

**Kalgold** reported a profit of R7,1 million compared to a cash operating loss of R2,9 million in the September 2004 quarter. Tonnes increased by 7% from 389 000 tonnes to 415 000 tonnes, quarter on quarter. A higher recovery grade of 2,09 g/t (September 2004 1,71 g/t) resulted in a higher gold recovery of 868 kg, an increase of 31% on the September 2004 quarter. Recovery grades at this operation have tended to be variable and this is expected to continue in future. Working costs were lower in R/kg terms, down from R88 268 kg to R75 600 kg. In R/tonne terms, working costs increased marginally from R151/tonne to R158/tonne.

**Australasian Operations improved performance levels sustained**

**Highlights**

Another quarter of significant improvements in operating profits and cash flow at our Australian operations.

Start up of the development of the St George underground mine.

Continuation of good results from the Northern Territory Joint Venture.

The Australian Operations reported their best quarter for some time with operating profit improving from A\$8.5m to A\$12.9m during December 2004. This good result came from a combination of improvements in all three key parameters of:

gold production of 80 235oz during December compared to 78 177oz for the September quarter, an improvement of 3%

gold price received of A\$573/oz compared to A\$559/oz for the previous quarter, and

a 6% reduction in working costs, down from A\$35,1m to A\$33,1m.

		December 2004	September 2004
Kilograms produced	(kg)	2 496	2 432
Working costs	(R/kg)	60 869	65 494
Working costs	(R/tonne)	162	168

### Mount Magnet

Mount Magnet reported an improved working profit of A\$7,0m (September 2004 A\$5,6m), mainly due to the mining of higher grades towards the base of the open pits at St George, Watertank Hill and Hill 60.

Tonnages from in the open pits were steady whilst underground tonnages decreased by 18% in line with the planned reduction in activities at Star. Star continues to yield small discoveries and extensions to the scattered ore bodies that occur in this system and the closure of this profitable operation has now been deferred to May 2005.

Development of the new underground mine at St George is progressing well with the decline having advanced to 140m from the portal. The first stope ore from this new mine is expected in the September 2005 quarter.

In total the site produced 47 786 oz of gold from the processing of 675 579 tonnes of ore and low grade stockpiles.

Costs were well controlled throughout the quarter.

### South Kal Mines

The site returned a higher profit of A\$5,9m for the quarter compared to the A\$2,96m for the September quarter.

South Kal Mines increased production to 32 449 ounces (Dec 2004 27 955 ounces) from the milling of 304 912 tonnes of ore.

Whilst the open pits production was steady with slightly lower tonnes and slightly better grades, the main contribution to the improved performance was the Mt Marion underground operation where various technical improvements in the flow of ore in the sub level cave led to increases in both tonnage and grade with negligible increases in cost.

**Northern Territory Joint Venture (Harmony 50%)**

The drilling programme completed in the September quarter resulted in an upgrade of the resource at the Cosmo deposit from 0,7m oz to over 1m oz of gold. The resource now stands at:

Indicated Resource	3,30mt @ 5,10 g/t	540 700 ounces
Inferred Resource	4,21mt @ 3,68 g/t	498 200 ounces
Total Resource	7,51mt @ 4,30 g/t	1 038 900 ounces

Metallurgical test work has confirmed that the ore will yield excellent recoveries through the newly purchased Union Reef plant. Detailed mining studies to optimise the establishment of a decline and underground mine are progressing well.

The first round of infill drilling at several of the prospects in the Pine Creek mining leases was completed during the quarter. These results together with the collation of the historical data base have, to date, established a resource of 5,2 million tons at 2,1 g/t for 346 000 oz of contained gold. These resources, located 20 km from the newly acquired Union Reefs plant, will form a significant ore source for the operation. Limited further drilling and detailed mining analysis studies in early 2005 will establish the reserve and mining sequence from this area.

**CAPITAL EXPENDITURE**

	<b>Actual</b>	<b>Forecast</b>
<b>Operational Capex</b>	<b>December 2004</b>	<b>March 2005</b>
South African Operations	52	23
Australasian Operations	42	55
<b>Total Operational Capex</b>	<b>94</b>	<b>78</b>
<b>Project Capex</b>		
Doornkop South Reef	28	25
Elandsrand New Mine	31	14
Tshepong North Decline	13	11
Phakisa Shaft	34	23
Target Shaft	13	16
PNG	18	25
<b>Total Project Capex</b>	<b>137</b>	<b>114</b>
<b>TOTAL CAPEX</b>	<b>231</b>	<b>192</b>

## Operating and Financial Results (Rand/Metric)

Harmony Gold Mine Co. Ltd		Underground production			South Africa	
		Quality Ounces	Growth Projects	Leve- raged Ounces	Sub total	
<b>Ore milled</b>	<b>t 000</b>	<b>Dec-04</b>	<b>1,815</b>	<b>360</b>	<b>1,426</b>	<b>3,601</b>
		Sep-04	1,929	386	1,708	4,023
<b>Gold produced</b>	<b>kg</b>	<b>Dec-04</b>	<b>11,676</b>	<b>2,022</b>	<b>6,956</b>	<b>20,654</b>
		Sep-04	12,323	2,015	7,755	22,093
<b>Yield</b>	<b>g/tonne</b>	<b>Dec-04</b>	<b>6.43</b>	<b>5.62</b>	<b>4.88</b>	<b>5.74</b>
		Sep-04	6.39	5.22	4.54	5.49
<b>Cash operating costs</b>	<b>R/kg</b>	<b>Dec-04</b>	<b>65,224</b>	<b>93,376</b>	<b>98,600</b>	<b>79,222</b>
		Sep-04	66,118	101,121	93,430	78,897
<b>Cash operating costs</b>	<b>R/tonne</b>	<b>Dec-04</b>	<b>420</b>	<b>524</b>	<b>481</b>	<b>454</b>
		Sep-04	422	528	424	433
<b>Working revenue (R 000)</b>		<b>Dec-04</b>	<b>979,664</b>	<b>169,677</b>	<b>584,249</b>	<b>1,733,590</b>
		Sep-04	1,028,768	167,492	642,886	1,839,146
<b>Cash operating costs (R 000)</b>		<b>Dec-04</b>	<b>761,558</b>	<b>188,806</b>	<b>685,859</b>	<b>1,636,223</b>
		Sep-04	814,772	203,759	724,549	1,743,080
<b>Cash operating profit (R 000)</b>		<b>Dec-04</b>	<b>218,106</b>	<b>(19,129)</b>	<b>(101,610)</b>	<b>97,367</b>
		Sep-04	213,996	(36,267)	(81,663)	96,066
<b>Capital expenditure (R 000)</b>		<b>Dec-04</b>	<b>50,790</b>	<b>106,448</b>	<b>13,214</b>	<b>170,452</b>
		Sep-04	47,384	92,227	21,566	161,177

Quality Ounces Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong

Growth Projects Doornkop shaft and South Reef Project, Elandsrand shaft and New Mine Project, Phakisa shaft, Tshepong Decline Project

Leveraged Ounces Bambanani, Joel, Kudu/Sable, West, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and 5, Saaiplaas 3, Evander 9, Orkney 2 and 4

**OPERATING AND FINANCIAL RESULTS (Rand/metric)**

		<u>South Africa Surface</u>	<u>South Africa Total</u>	<u>Australia Total</u>	<u>Harmony Total</u>
<b>Ore milled t 000</b>	<b>Dec-04</b>				
		1,334	4,935	981	5,916
	Sep-04	1,591	5,614	950	6,564
<b>Gold produced kg</b>	<b>Dec-04</b>				
		1,454	22,108	2,496	24,604
	Sep-04	1,297	23,390	2,432	25,822
<b>Yield g/tonne</b>	<b>Dec-04</b>				
		1.09	4.48	2.54	4.16
	Sep-04	0.82	4.17	2.56	3.93
<b>Cash operating costs R/kg</b>	<b>Dec-04</b>				
		80,183	79,284	60,859	77,415
	Sep-04	83,791	79,169	65,494	77,881
<b>Cash operating costs R/tonne</b>	<b>Dec-04</b>				
		87	355	155	322
	Sep-04	68	330	168	306
<b>Working Revenue (R 000)</b>	<b>Dec-04</b>				
		122,780	1,856,370	211,123	2,067,493
	Sep-04	106,684	1,945,830	198,025	2,143,855
<b>Cash operating costs (R 000)</b>	<b>Dec-04</b>				
		116,586	1,752,809	151,904	1,904,713
	Sep-04	108,677	1,851,757	159,282	2,011,039
<b>Cash operating profit (R 000)</b>	<b>Dec-04</b>				
		6,194	103,561	59,219	162,780
	Sep-04	(1,993)	94,073	38,743	132,816
<b>Capital expenditure (R 000)</b>	<b>Dec-04</b>				
		0	170,452	60,060	230,512
	Sep-04	0	161,177	76,800	237,977



**TOTAL OPERATIONS QUARTERLY FINANCIAL RESULTS** (Rand/metric) (unaudited)

		Quarter ended 31 December 2004	Quarter ended 30 September 2004	Quarter ended 31 December 2003
		<u>R million</u>	<u>R million</u>	<u>R million</u>
Ore milled	t 000	5 916	6 564	8 183
Gold produced	kg	24 604	25 822	29 294
Gold price received	R/kg	84 031	83 023	85 139
Cash operating costs	R/kg	77 415	77 881	75 888
		<u>R million</u>	<u>R million</u>	<u>R million</u>
Gold sales		2 068	2 144	2 494
Cash operating costs		1 905	2 011	2 223
<b>Cash operating profit</b>		<b>163</b>	133	271
Other income net		11	37	65
Employment termination and restructuring costs		(109)	(154)	(20)
Corporate, marketing and new business expenditure		(41)	(38)	(43)
Exploration expenditure		(20)	(24)	(35)
Loss from associates				(34)
Profit on sale of Highland and High River				522
Interest paid		(104)	(100)	(107)
Depreciation and amortisation		(216)	(239)	(246)
Provision for rehabilitation costs		(14)	(14)	(18)
Gain/(loss) on financial instruments		(29)	1	11
Profit on Australian-listed investments			4	
Profit/(loss) on foreign exchange		14	(1)	(50)
<b>(Loss)/income before tax</b>		<b>(345)</b>	(395)	316
Current tax benefit/(expense)		56	(17)	(84)
Deferred tax benefit		12	72	10
<b>Net (loss)/income before minority interests</b>		<b>(277)</b>	(340)	242
Minority interests				(6)
<b>Net (loss)/income</b>		<b>(277)</b>	(340)	236

**TOTAL OPERATIONS QUARTERLY FINANCIAL RESULTS** (Rand/metric) (unaudited)

	Quarter ended 31 December 2004	Quarter ended 30 September 2004	Quarter ended 31 December 2003
	R million	R million	R million
(Loss)/earnings per share (cents)*			
Basic (loss)/earnings	(80)	(106)	92
Headline loss	(88)	(110)	(66)
Fully diluted (loss)/earnings** ***	(80)	(106)	92
Dividends per share (cents)			
Interim			40
Proposed final			

Prepared in accordance with International Financial Reporting Standards.

\* Calculated on weighted average number of shares in issue at quarter end December 2004: 345.0 million (September 2004: 320.8 million) (December 2003: 257.9 million).

\*\* Calculated on weighted average number of diluted shares in issue at quarter end December 2004: 344.7 million (September 2004: 320.9 million) (December 2003: 256.5 million).

\*\*\* The effect of the dilution of shares is anti-dilutive.

<b>Reconciliation of headline loss:</b>			
Net (loss)/earnings	(277)	(340)	236
<i>Adjustments:</i>			
Profit on sale of assets	(25)	(10)	(3)
Profit on disposal of Highland and High River net of tax			(444)
Profit on Australian-listed investments		(4)	
Amortisation of goodwill			41
Headline loss	(302)	(354)	(170)

**TOTAL OPERATIONS YEAR TO DATE FINANCIAL RESULTS (Rand/metric) (unaudited)**

		Year to date 31 December 2004	Year to date 30 September 2003
		<u>R million</u>	<u>R million</u>
Ore milled	t 000	12 480	15 039
Gold produced	kg	50 426	52 019
Gold price received	R/kg	83 528	85 623
Cash operating costs	R/kg	77 658	76 241
		<u>R million</u>	<u>R million</u>
Gold sales		4 212	4 454
Cash operating costs		3 916	3 966
<b>Cash operating profit</b>		<b>296</b>	488
Other income net		48	135
Employment termination and restructuring costs		(263)	(32)
Corporate, marketing and new business expenditure		(79)	(74)
Exploration expenditure		(44)	(49)
Loss from associates			(41)
Profit on sale of Highland and High River			522
Interest paid		(204)	(162)
Depreciation and amortisation		(455)	(388)
Provision for rehabilitation costs		(28)	(28)
Loss on financial instruments		(28)	(161)
Profit on Australian-listed investments		4	
Gain/(loss) on foreign exchange		13	(81)
<b>(Loss)/income before tax</b>		<b>(740)</b>	129
Current tax benefit/(expense)		39	(102)
Deferred tax benefit		84	96
<b>Net (loss)/income before minority interests</b>		<b>(617)</b>	123
Minority interests			(6)
<b>Net (loss)/income</b>		<b>(617)</b>	117

**TOTAL OPERATIONS YEAR TO DATE FINANCIAL RESULTS** (Rand/metric) (unaudited)

	<u>Year to date 31 December 2004</u>	<u>Year to date 30 September 2003</u>
(Loss)/earnings per share (cents)*		
Basic (loss)/earnings	(185)	50
Headline loss	(197)	(129)
Fully diluted (loss)/earnings**	(185)	52
Dividends per share (cents)		
Interim		40
Proposed final		

*Prepared in accordance with International Financial Reporting Standards.*

\* Calculated on weighted number of shares in issue for 6 months to December 2004: 332.9 million (December 2003: 231.7 million).

\*\* Calculated on weighted average number of diluted shares in issue for 6 months to December 2004: 332.8 million (December 2003: 230.3 million).

<b>Reconciliation of headline loss:</b>		
Net (loss)/earnings	(617)	117
<i>Adjustments:</i>		
Profit on sale of assets	(34)	(12)
Profit on disposal of Highland and High River net of tax		(444)
Profit on Australian-listed investments	(4)	
Amortisation of goodwill		41
Headline loss	<u>(655)</u>	<u>(298)</u>

## ABRIDGED BALANCE SHEET AT 31 DECEMBER 2004 (Rand)

	At 31 December 2004 R million (unaudited)	At 30 September 2004 R million (unaudited)	At 31 December 2003 R million (unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	22,390	22,489	14,911
Intangible assets	2,268	2,268	2,803
Investments	6,364	2,795	1,098
Investments in associates			2,564
	<u>31,022</u>	<u>27,552</u>	<u>21,376</u>
<b>Current assets</b>			
Inventories	550	518	463
Receivables	383	401	551
Cash and cash equivalents	296	1,013	2,888
	<u>1,229</u>	<u>1,932</u>	<u>3,902</u>
<b>Total assets</b>	<b><u>32,251</u></b>	<b><u>29,484</u></b>	<b><u>25,278</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued capital	25,313	20,889	14,673
Fair value and other reserves	(2,061)	(963)	(243)
Retained earnings	364	642	1,821
	<u>23,616</u>	<u>20,568</u>	<u>16,251</u>
<b>Minority interest</b>			155
<b>Non-current liabilities</b>			
Long-term borrowings	2,861	2,801	2,863
Net deferred taxation liabilities	2,549	2,647	2,779
Net deferred financial liabilities	529	573	432
Long-term provisions	825	817	860
	<u>6,764</u>	<u>6,838</u>	<u>6,934</u>
<b>Current liabilities</b>			
Payables and accrued liabilities	1,834	2,044	1,658
Income and mining taxes	27	26	272
Shareholders for dividends	10	8	8
	<u>1,871</u>	<u>2,078</u>	<u>1,938</u>
<b>Total equity and liabilities</b>	<b><u>32,251</u></b>	<b><u>29,484</u></b>	<b><u>25,278</u></b>
<b>Number of ordinary shares in issue</b>	<b>392,993,004</b>	<b>320,819,739</b>	<b>258,350,934</b>

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Net asset value per share (cents)	<u>6,009</u>	<u>6,411</u>	<u>6,351</u>
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**Basis of accounting**

The unaudited results for the quarter have been prepared on the International Financial Reporting Standards (IFRS) basis. These consolidated quarterly statements are prepared in accordance with IFRS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the previous financial year.

**OPERATING AND FINANCIAL RESULTS (US\$/imperial)**

Harmony Gold Mine Co. Ltd		Underground production		South Africa	
		Quality Ounces	Growth Projects	Leveraged Ounces	Sub total
<b>Ore milled t 000</b>	<b>Dec-04</b>				
		<b>2,003</b>	<b>397</b>	<b>1,573</b>	<b>3,973</b>
	Sep-04	2,126	426	1,884	4,436
<b>Gold produced oz</b>	<b>Dec-04</b>				
		<b>375,399</b>	<b>65,020</b>	<b>223,642</b>	<b>664,061</b>
	Sep-04	396,193	64,779	249,331	710,303
<b>Yield oz/t</b>	<b>Dec-04</b>				
		<b>0.19</b>	<b>0.16</b>	<b>0.14</b>	<b>0.17</b>
	Sep-04	0.19	0.15	0.13	0.16
<b>Cash operating costs \$/oz</b>	<b>Dec-04</b>				
		<b>337</b>	<b>482</b>	<b>509</b>	<b>409</b>
	Sep-04	322	493	455	385
<b>Cash operating costs \$/t</b>	<b>Dec-04</b>				
		<b>63</b>	<b>79</b>	<b>72</b>	<b>68</b>
	Sep-04	60	75	60	62
<b>Working revenue (\$ 000)</b>	<b>Dec-04</b>				
		<b>162,543</b>	<b>28,152</b>	<b>96,937</b>	<b>287,632</b>
	Sep-04	161,241	26,251	100,761	288,253
<b>Cash operating costs (\$ 000)</b>	<b>Dec-04</b>				
		<b>126,356</b>	<b>31,326</b>	<b>113,796</b>	<b>271,478</b>
	Sep-04	127,701	31,936	113,560	273,197
<b>Cash operating profit (\$ 000)</b>	<b>Dec-04</b>				
		<b>36,187</b>	<b>(3,174)</b>	<b>(16,859)</b>	<b>16,154</b>
	Sep-04	33,540	(5,685)	(12,799)	15,056
<b>Capital expenditure (\$ 000)</b>	<b>Dec-04</b>				
		<b>8,427</b>	<b>17,661</b>	<b>2,192</b>	<b>28,280</b>
	Sep-04	7,427	14,455	3,380	25,262

**Quality Ounces** Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong

**Growth Projects** Doornkop shaft and South Reef Project, Elandsrand shaft and New Mine Project, Phakisa shaft, Tshepong Decline Project

**Leveraged Ounces** Bambanani, Joel, Kudu/Sable, West, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and 5, Saaiplaas 3, Evander 9, Orkney 2 and 4





**OPERATING AND FINANCIAL RESULTS (US\$/imperial)**

		<u>South Africa Surface</u>	<u>South Africa Total</u>	<u>Australia Total</u>	<u>Harmony Total</u>
<b>Ore milled t 000</b>	<b>Dec-04</b>				
	Sep-04	1,471	5,442	1,081	6,525
	Sep-04	1,754	6,190	1,048	7,238
<b>Gold produced oz</b>	<b>Dec-04</b>				
	Sep-04	46,737	710,798	80,235	791,033
	Sep-04	41,699	752,002	78,190	830,192
<b>Yield oz/t</b>	<b>Dec-04</b>				
	Sep-04	0.03	0.13	0.07	0.12
	Sep-04	0.02	0.12	0.07	0.11
<b>Cash operating costs \$/oz</b>	<b>Dec-04</b>				
	Sep-04	414	409	314	400
	Sep-04	408	386	319	380
<b>Cash operating costs \$/t</b>	<b>Dec-04</b>				
	Sep-04	13	53	23	48
	Sep-04	10	47	24	44
<b>Working revenue (\$ 000)</b>	<b>Dec-04</b>				
	Sep-04	20,371	308,003	35,029	343,032
	Sep-04	16,721	304,974	31,037	336,011
<b>Cash operating costs (\$ 000)</b>	<b>Dec-04</b>				
	Sep-04	19,344	290,822	25,204	316,026
	Sep-04	17,033	290,230	24,965	315,195
<b>Cash operating profit (\$ 000)</b>	<b>Dec-04</b>				
	Sep-04	1,027	17,181	9,825	27,006
	Sep-04	(312)	14,744	6,072	20,816
<b>Capital expenditure (\$ 000)</b>	<b>Dec-04</b>				
	Sep-04	0	28,280	9,965	38,245
	Sep-04	0	25,262	12,037	37,299

**TOTAL OPERATIONS QUARTERLY FINANCIAL RESULTS** (US\$/imperial) (unaudited)

		Quarter ended 31 December 2004	Quarter ended 30 September 2004	Quarter ended 31 December 2003
		\$ million	\$ million	\$ million
Ore milled	t 000	6,525	7,238	9,023
Gold produced	oz	791,033	830,192	941,814
Gold price received	\$/oz	434	405	393
Cash operating costs	\$/oz	400	380	350
		\$ million	\$ million	\$ million
Gold sales		343	336	370
Cash operating costs		316	315	330
<b>Cash operating profit</b>		<b>27</b>	<b>21</b>	<b>40</b>
Other income net		2	5	10
Employment termination and restructuring costs		(18)	(24)	(3)
Corporate, marketing, and new business expenditure		(7)	(6)	(6)
Exploration expenditure		(3)	(4)	(5)
Loss from associates				(5)
Profit on sale of Highland and High River				77
Interest paid		(17)	(16)	(16)
Depreciation and amortisation		(36)	(37)	(37)
Provision for rehabilitation costs		(2)	(2)	(3)
Gain/(loss) on financial instruments		(5)		2
Profit on Australian-listed investments			1	
Loss on foreign exchange				(7)
<b>(Loss)/income before tax</b>		<b>(59)</b>	<b>(62)</b>	<b>47</b>
Current tax benefit/(expense)		9	(3)	(12)
Deferred tax benefit		2	12	1
<b>Net (loss)/income before minority interests</b>		<b>(48)</b>	<b>(53)</b>	<b>36</b>
Minority interests				(1)
<b>Net (loss)/income</b>		<b>(48)</b>	<b>(53)</b>	<b>35</b>

**TOTAL OPERATIONS QUARTERLY FINANCIAL RESULTS** (US\$/imperial) (unaudited)

	Quarter ended 31 December 2004 \$ million	Quarter ended 30 September 2004 \$ million	Quarter ended 31 December 2003 \$ million
(Loss)/earnings per share (cents)*			
Basic (loss)/earnings	(13)	(17)	14
Headline loss	(15)	(17)	(10)
Fully diluted (loss)/earnings** ***	(13)	(17)	14
Dividends per share (cents)			
Interim			6
Proposed final			

Prepared in accordance with International Financial Reporting Standards.

Currency conversion rates average for the quarter: December 2004: US\$1=R6.03 (September 2004: US\$1=R6.38) (December 2004: US\$1=R6.75).

\* Calculated on weighted average number of shares in issue at quarter end December 2004: 345.0 million (September 2004: 320.8 million) (December 2003: 257.9 million).

\*\* Calculated on weighted average number of diluted shares in issue at quarter end December 2004: 344.7 million (September 2004: 320.9 million) (December 2003: 256.5 million).

\*\*\* The effect of the dilution of shares is anti-dilutive.

<b>Reconciliation of headline loss:</b>			
Net (loss)/earnings	(48)	(53)	35
<i>Adjustments:</i>			
Profit on sale of assets	(4)	(1)	(1)
Profit on disposal of Highland and High River net of tax			(66)
Profit on Australian-listed investments		(1)	
Amortisation of goodwill			7
Headline loss	(52)	(55)	(25)

**TOTAL OPERATIONS YEAR TO DATE FINANCIAL RESULTS (US\$/imperial) (unaudited)**

		Year to date 31 December 2004	Year to date 31 December 2003
		<u>\$ million</u>	<u>\$ million</u>
Ore milled	t 000	13,762	16,584
Gold produced	oz	1,621,226	1,672,442
Gold price received	\$/oz	419	376
Cash operating costs	\$/oz	389	335
		<u>\$ million</u>	<u>\$ million</u>
Gold sales		679	629
Cash operating costs		631	560
<b>Cash operating profit</b>		<b>48</b>	<b>69</b>
Other income net		8	19
Employment termination and restructuring costs		(42)	(5)
Corporate, marketing and new business expenditure		(13)	(10)
Exploration expenditure		(7)	(7)
Loss from associates			(6)
Profit on sale of Highland and High River			74
Interest paid		(33)	(23)
Depreciation and amortisation		(73)	(55)
Provision for rehabilitation costs		(5)	(4)
Loss on financial instruments		(5)	(23)
Profit on Australian-listed investments		1	
Gain/(loss) on foreign exchange		2	(11)
<b>(Loss)/income before tax</b>		<b>(119)</b>	<b>18</b>
Current tax benefit/(expense)		6	(14)
Deferred tax benefit		14	14
<b>Net (loss)/income before minority interests</b>		<b>(99)</b>	<b>18</b>
Minority interests			(1)
<b>Net (loss)/income</b>		<b>(99)</b>	<b>17</b>

**TOTAL OPERATIONS YEAR TO DATE FINANCIAL RESULTS (US\$/imperial) (unaudited)**

	Year to date 31 December 2004	Year to date 31 December 2003
	<u>\$ million</u>	<u>\$ million</u>
(Loss)/earnings per share (cents)*		
Basic (loss)/earnings	(30)	7
Headline loss	(32)	(18)
Fully diluted (loss)/earnings**	(30)	7
Dividends per share (cents)		
Interim		6
Proposed final		

Currency conversion rates average for the 6 months ended December 2004: US\$1=R6.21 ( December 2003: US\$1=R7.08).

\* Calculated on weighted number of shares in issue for 6 months to December 2004: 332.9 million (December 2003: 231.7 million).

\*\* Calculated on weighted average number of diluted shares in issue for 6 months to December 2004: 332.8 million (December 2003: 230.3 million).

<b>Reconciliation of headline (loss)/earnings:</b>		
Net (loss)/earnings	(99)	17
<i>Adjustments:</i>		
Profit on sale of assets	(5)	(2)
Profit on disposal of Highland and High River net of tax		(63)
Profit on Australian-listed investments	(1)	
Amortisation of goodwill		6
	<u>(105)</u>	<u>(42)</u>
Headline loss	<u>(105)</u>	<u>(42)</u>

## ABRIDGED BALANCE SHEET AT 31 DECEMBER 2004 (US\$)

	At 31 December 2004 US\$ million (unaudited)	At 30 September 2004 US\$ million (unaudited)	At 31 December 2003 US\$ million (unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,978	3,472	2,226
Intangible assets	403	350	418
Investments	1,131	431	164
Investments in associates			383
	<u>5,512</u>	<u>4,253</u>	<u>3,191</u>
<b>Current assets</b>			
Inventories	98	80	69
Receivables	68	62	82
Cash and cash equivalents	53	156	431
	<u>219</u>	<u>298</u>	<u>582</u>
<b>Total assets</b>	<b><u>5,731</u></b>	<b><u>4,551</u></b>	<b><u>3,773</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued capital	4,497	3,225	2,190
Fair value and other reserves	(366)	(149)	(36)
Retained earnings	65	99	272
	<u>4,196</u>	<u>3,175</u>	<u>2,426</u>
<b>Minority interest</b>			23
<b>Non-current liabilities</b>			
Long-term borrowings	508	432	427
Net deferred taxation liabilities	453	409	415
Net deferred financial liabilities	94	88	64
Long-term provisions	147	126	129
	<u>1,202</u>	<u>1,055</u>	<u>1,035</u>
<b>Current liabilities</b>			
Payables and accrued liabilities	326	316	247
Income and mining taxes	5	4	41
Shareholders for dividends	2	1	1
	<u>333</u>	<u>321</u>	<u>289</u>
<b>Total equity and liabilities</b>	<b><u>5,731</u></b>	<b><u>4,551</u></b>	<b><u>3,773</u></b>
<b>Number of ordinary shares in issue</b>	<b>392,993,004</b>	<b>320,819,739</b>	<b>258,350,934</b>
<b>Net asset value per share (US cents)</b>	<b>1,068</b>	<b>990</b>	<b>948</b>

**Basis of accounting**

The unaudited results for the quarter have been prepared on the International Financial Reporting Standards (IFRS) basis. These consolidated quarterly statements are prepared in accordance with IFRS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the previous financial year.

Balance sheet converted at conversion rate of US\$1 = R5.63 (September 2004: R6.48) (December 2003: R6.70).

**CONDENSED STATEMENT OF CHANGES IN EQUITY****FOR THE SIX MONTHS ENDED 31 DECEMBER 2004**

	<b>Issued share capital R million (unaudited)</b>	<b>Fair value and other reserves R million (unaudited)</b>	<b>Retained earnings R million (unaudited)</b>	<b>Total R million (unaudited)</b>
Balance as at 1 July 2004	20,889	(1,186)	1,078	20,781
Issue of share capital	4,424			4,424
Currency translation adjustment and other		(875)		(875)
Net loss			(617)	(617)
Dividends paid			(96)	(96)
<b>Balance as at 31 December 2004</b>	<b>25,313</b>	<b>(2,061)</b>	<b>365</b>	<b>23,617</b>
Balance as at 1 July 2003	6,875	(242)	1,995	8,628
Issue of share capital	7,798			7,798
Currency translation adjustment and other		(1)		(1)
Net earnings			117	117
Dividends paid			(291)	(291)
<b>Balance as at 31 December 2003</b>	<b>14,673</b>	<b>(243)</b>	<b>1,821</b>	<b>16,251</b>
	<b>Issued share capital US\$ million (unaudited)</b>	<b>Fair value and other reserves US\$ million (unaudited)</b>	<b>Retained earnings US\$ million (unaudited)</b>	<b>Total US\$ million (unaudited)</b>
Balance as at 1 July 2004	3,711	(211)	192	3,692
Issue of share capital	786			786
Currency translation adjustment and other		(155)		(155)
Net loss			(110)	(110)
Dividends paid			(17)	(17)
<b>Balance as at 31 December 2004</b>	<b>4,497</b>	<b>(366)</b>	<b>65</b>	<b>4,196</b>
Balance as at 1 July 2003	1,026	(36)	298	1,288
Issue of share capital	1,164			1,164
Currency translation adjustment and other				
Net earnings			17	17
Dividends paid			(43)	(43)
<b>Balance as at 31 December 2003</b>	<b>2,190</b>	<b>(36)</b>	<b>272</b>	<b>2,426</b>

Balances translated at closing rates of: December 2004: US\$1 = R5.63 (December 2003: US\$1 = R6.70).





**SUMMARISED CASH FLOW STATEMENT****FOR THE SIX MONTHS ENDED 31 DECEMBER 2004 (unaudited)**

<b>Six months ended 31 December 2003</b>	<b>Six months ended 31 December 2004</b>		<b>Six months ended 31 December 2004</b>	<b>Six months ended 31 December 2003</b>
<b>US\$ million</b>	<b>US\$ million</b>		<b>R million</b>	<b>R million</b>
		<b>Cash flow from operating activities</b>		
73	(62)	Cash generated by operations	(382)	513
14	10	Interest and dividends received	63	102
(18)	(19)	Interest paid	(120)	(127)
(50)		Income and mining taxes paid		(355)
<b>19</b>	<b>(71)</b>	<b>Cash (utilised)/generated by operating activities</b>	<b>(439)</b>	<b>133</b>
		<b>Cash flow from investing activities</b>		
103		Cash held by subsidiaries at acquisition		729
140	(9)	Net (additions)/proceeds on disposal of listed investments	(57)	994
(58)	(66)	Net additions to property, plant and equipment	(407)	(413)
		Other investing activities	1	1
<b>185</b>	<b>(75)</b>	<b>Cash (utilised)/generated by investing activities</b>	<b>(463)</b>	<b>1,311</b>
		<b>Cash flow from financing activities</b>		
(9)	3	Long-term loans raised/(repaid)	18	(63)
10	(6)	Ordinary shares issued net of expenses	(36)	73
(41)	(15)	Dividends paid	(95)	(292)
<b>(40)</b>	<b>(18)</b>	<b>Cash utilised by financing activities</b>	<b>(113)</b>	<b>(282)</b>
<b>42</b>		<b>Foreign currency translation adjustments</b>	<b>(103)</b>	<b>39</b>
<b>206</b>	<b>(164)</b>	<b>Net (decrease)/increase in cash and equivalents</b>	<b>(1,118)</b>	<b>1,201</b>
225	217	Cash and equivalents 1 July	1,414	1,687
<b>431</b>	<b>53</b>	<b>Cash and equivalents 31 December</b>	<b>296</b>	<b>2,888</b>

Operating activities translated at average rates of: December 2004: US\$1 = R6.21 (December 2003: US\$1 = R7.08).

Closing balance translated at closing rates of: December 2004: US\$1 = R5.63 (December 2003: US\$1 = R6.70).

**SUMMARISED CASH FLOW STATEMENT****FOR THE THREE MONTHS ENDED 31 DECEMBER 2004 (unaudited)**

Three months ended 30 September 2004		Three months ended 31 December 2004	Three months ended 31 December 2004	Three months ended 30 September 2004
US\$ million	US\$ million		R million	R million
<b>Cash flow from operating activities</b>				
(7)	(54)	Cash generated by operations	(338)	(44)
6	4	Interest and dividends received	27	36
(9)	(10)	Interest paid	(64)	(56)
		Income and mining taxes paid		
(10)	(60)	Cash utilised by operating activities	(375)	(64)
<b>Cash flow from investing activities</b>				
		Cash held by subsidiaries at acquisition		
	(9)	Net additions of listed investments	(57)	
(35)	(29)	Net additions to property, plant and equipment	(183)	(224)
		Other investing activities		
(35)	(38)	Cash utilised by investing activities	(240)	(224)
<b>Cash flow from financing activities</b>				
	3	Long-term loans raised	18	
	(6)	Ordinary shares issued net of expenses	(36)	
(15)		Dividends paid	1	(96)
(15)	(3)	Cash utilised by financing activities	(17)	(96)
(11)	(2)	<b>Foreign currency translation adjustments</b>	(85)	(17)
(71)	(103)	Net decrease in cash and equivalents	(717)	(401)
227	156	Cash and equivalents beginning of quarter	1,013	1,414
156	53	Cash and equivalents end of quarter	296	1,013

Operating activities translated at average rates of: December 2004 quarter: US\$1 = R6.03 (September 2004 quarter: US\$1 = R6.38).

Closing balance translated at closing rates of: December 2004: US\$1 = R5.63 (September 2004: US\$1 = R6.48).

**RECONCILIATION BETWEEN CASH OPERATING PROFIT AND****CASH GENERATED BY OPERATIONS PERIOD ENDED 31 DECEMBER 2004**

	Six months to 31 December 2004	Quarter ended 30 September 2004	Quarter ended 31 December 2004	Six months to 31 December 2003
	R million	R million	R million	R million
<b>Cash operating profit</b>	296	133	163	488
Other cash items per income statement:				
Other income	61	36	25	54
Employment termination and restructuring costs	(263)	(154)	(109)	(32)
Corporate, administration and other expenditure	(79)	(38)	(41)	(74)
Exploration expenditure	(44)	(24)	(20)	(49)
Provision for rehabilitation costs	(3)	(1)	(2)	(11)
Cash flow statement adjustments:				
Cost of Avgold currency hedge	(94)	(45)	(49)	
Profit on sale of mining assets	(34)	(9)	(25)	(12)
Interest and dividends received	(63)	(36)	(27)	(102)
Other non-cash items	(43)	(20)	(23)	(58)
Effect of changes in operating working capital items:				
Receivables	477	458	19	446
Inventories	(19)	13	(32)	21
Accounts payable and accrued liabilities	(574)	(357)	(217)	(158)
<b>Cash generated by operations</b>	<b>(382)</b>	<b>(44)</b>	<b>(338)</b>	<b>513</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE QUARTER ENDED 31 DECEMBER 2004****Commodity contracts**

Maturity schedule of the Harmony Group's commodity contracts by type as at 31 December 2004:

	<u>30 June</u> <u>2006</u>	<u>30 June</u> <u>2007</u>	<u>30 June</u> <u>2008</u>	<u>30 June</u> <u>2009</u>	<u>Total</u>
Forward sales agreements					
Ounces	108,000	147,000	100,000	100,000	455,000
A\$/ounce	510	515	518	518	515
Calls contracts sold					
Ounces	40,000				40,000
A\$/ounce	552				552
	<u>148,000</u>	<u>147,000</u>	<u>100,000</u>	<u>100,000</u>	<u>495,000</u>

These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement.

The mark-to-market of these contracts was a negative R230 million (US\$41 million) as at 31 December 2004. These values were based on a gold price of US\$438 (A\$562) per ounce, exchange rates of US\$1/R5.6288 and A\$1/US\$0.7793 and prevailing market interest rates at the time. These valuations were provided by independent risk and treasury management experts.

**Gold lease rates**

Harmony holds certain gold lease rate swaps which were acquired through its acquisitions of New Hampton and Hill 50. These instruments are all treated as speculative. The mark-to-market of the above contracts was a positive R20 million (US\$4 million) as at 31 December 2004, based on valuations provided by independent treasury and risk management experts.

**Interest rate swaps**

The Group has interest rate swap agreements to convert R600 million of its R1,2 billion fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond, interest is received at a fixed rate of 13% and the company pays floating rate based on JIBAR plus a spread ranging from 1.8% to 2.2%.

These transactions which mature in June 2006 are designated as fair value hedges. The marked-to-market value of the transactions was a negative R32 million (US\$6 million) as at 31 December 2004, based on the prevailing interest rates and volatilities at the time.

**Currency contracts:**

	<b>30 June</b>	<b>30 June</b>	<b>Total</b>
	<b>2005</b>	<b>2006</b>	<b></b>
Forward exchange contracts			
US\$ million	43	40	83
Average strike ZAR/US\$	9.23	9.54	9.38
(Buy US\$, sell ZAR at the agreed exchange rate)			
Forward exchange call contracts sold			
US\$ million	43	40	83
Average strike ZAR/US\$	9.23	9.54	9.38
(Sell US\$, buy ZAR at the agreed exchange rate)			

Harmony inherited these contracts with the acquisition of Avgold. The contracts are classified as speculative and the mark-to-market movement is reflected in the income statement.

The mark-to-market of these contracts was a negative R288 million (US\$51 million) as at 31 December 2004. These values were based upon an exchange rate of US\$1/R5.6288 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

**Z B Swanepoel**

*Chief Executive*

Virginia

21 January 2005

**DEVELOPMENT RESULTS** (metric)

Quarter ended 31 December 2004

	<b>Reef metres</b>	<b>Sampled metres</b>	<b>Channel width (cm s)</b>	<b>Channel value (g/t)</b>	<b>Gold (cmg/t)</b>
<b>Randfontein</b>					
VCR Reef	924	870	71	73.32	5,189
UE1A	1,352	1,384	141	9.51	1,338
E8 Reef	224	170	143	4.84	692
Kimberley Reef	842	715	164	6.39	1,049
<b>All Reefs</b>	<b>3,342</b>	<b>3,139</b>	<b>127</b>	<b>18.17</b>	<b>2,305</b>
<b>Free State</b>					
Basal	2,046	1,862	92	9.94	914
Leader	767	588	127	7.10	902
A Reef	407	368	131	3.56	466
Middle	258	230	222	3.36	745
B Reef	518	472	52	22.17	1,153
<b>All Reefs</b>	<b>3,996</b>	<b>3,520</b>	<b>105</b>	<b>8.44</b>	<b>886</b>
<b>Evander</b>					
Kimberley Reef	2,177	2,079	56.4026	17.51	988
<b>Elandskraal</b>					
VCR Reef	146	96	102	4.81	490
<b>Orkney</b>					
Vaal Reef	104	97	97	21.11	2,048
<b>Target</b>					
Elsburg	740	510	347	4.17	1,445
<b>Free Gold</b>					
Basal	2,236	1,931	72	20.58	1,474
Beatrix	711	663	105	9.22	968
Leader	49	39	183	5.92	1,083
<b>All Reefs</b>	<b>2,996</b>	<b>2,633</b>	<b>82</b>	<b>16.42</b>	<b>1,341</b>



**DEVELOPMENT RESULTS** (imperial)

Quarter ended 31 December 2004

	<b>Reef feet</b>	<b>Sampled feet</b>	<b>Channel width (inches)</b>	<b>Channel value (oz/t)</b>	<b>Gold (in.oz/t)</b>
<b>Randfontein</b>					
VCR Reef	3,032	2,854	28	2.13	60
UE1A	4,437	4,541	55	0.27	15
E8 Reef	736	558	56	0.14	8
Kimberley Reef	2,761	2,346	65	0.18	12
<b>All Reefs</b>	<b>10,966</b>	<b>10,299</b>	<b>50</b>	<b>0.52</b>	<b>26</b>
<b>Free State</b>					
Basal	6,713	6,109	36	0.29	10
Leader	2,516	1,929	50	0.21	10
A Reef	1,336	1,207	52	0.10	5
Middle	845	755	87	0.10	9
B Reef	1,699	1,549	20	0.66	13
<b>All Reefs</b>	<b>13,109</b>	<b>11,549</b>	<b>41</b>	<b>0.25</b>	<b>10</b>
<b>Evander</b>					
Kimberley Reef	7,142	6,821	22	0.52	11
<b>Elandskraal</b>					
VCR Reef	480	315	40	0.14	6
<b>Orkney</b>					
Vaal Reef	341	318	38	0.62	24
<b>Target</b>					
Elsburg	2,428	1,673	137	0.12	17
<b>Free Gold</b>					
Basal	7,336	6,334	28	0.60	17
Beatrix	2,332	2,175	41	0.27	11
Leader	159	128	72	0.17	12
<b>All Reefs</b>	<b>9,827</b>	<b>8,637</b>	<b>32</b>	<b>0.48</b>	<b>15</b>

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**Trading Symbols**

JSE Securities Exchange South Africa	HAR
New York Stock Exchange, Inc.	HMY
London Stock Exchange plc	HRM
Euronext Paris	HG
Euronext Brussels	HMY
Berlin Stock Exchange	HAM1

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