APPENDIX IV.2

PUBLIC NOTIFICATION DOCUMENTATION

TABLE OF CONTENTS

LIST OF DOCUMENTS INCLUDED IN THIS APPENDIX

SNAP LAKE NEWS

NEWSLETTER

OCTOBER 1, 2001

Snap Lake NEWS

SNAP LAKE
DIAMOND PROJECT

A newsletter produced by De Beers Canada

Issue 2 October 2001

Next Step: Environmental Assessment

On September 20, De Beers received the Terms of Reference for the environmental assessment of the Snap Lake project from the Mackenzie Valley Environmental Impact Review Board. Using these Terms of Reference, the project team will now complete the environmental assessment. It will be filed with the regulators later this fall.

Once the environmental assessment is filed, the project team will be visiting the communities affected by the Snap Lake project. These meetings will be an opportunity to explain the project plans and talk about how communities see the project.

The project team also plans a series of public meetings between mid-November and next Spring. These meetings will cover the different technical aspects of the project in depth.

Please see page three for more information on work completed to date and next steps for the Snap Lake project.

Aerial view of the Snap lake property northeast of Yellowknife. Once review and permitting is complete, this will become Canada's first underground diamond mine.

Project facts:

- Canada's first underground diamond mine
- 220 km northeast of Yellowknife
- About 450 jobs will be created during construction
- More than 400 full-time jobs once the mine is operating
- About half the jobs will be underground. The other half will be in the processing plant, and also administrative and support positions above ground.
- The project site footprint will be under 250 hectares. That's about one square mile.

ABORIGINAL WORKERS KEY TO PROJECT

Sally Chocolate with Assistant Site Manager Jack Haynes: "Sally is an important part of the Snap Lake team".

If you call Snap Lake project team, Sally Chocolate's cheerful voice answers the phone. Sally lives in Rae. She joined the project team in December of last year and worked at the Snap Lake camp until the camp closed in September. Now she works in our Yellowknife office where she provides administrative services to the Snap Lake team. Sally helps to make sure day-to-day operations in the busy project office run smoothly.

"What I enjoy most about my job is the people I work with," says Sally. And, according to Assistant Site Manager Jack Haynes, Sally's energy really helped keep things on track.

COMMUNITY INPUT

One of the most important steps in the permitting process for Snap Lake is to talk to people about the project. "Our objective is to talk about any social, economic or environmental issues associated with the project," explains John McConnell. John is De Beers' Vice President, NWT Projects and is the project manager for the Snap Lake Diamond Project. "We hope people find our approach to these issues is cooperative and supports aboriginal needs and values."

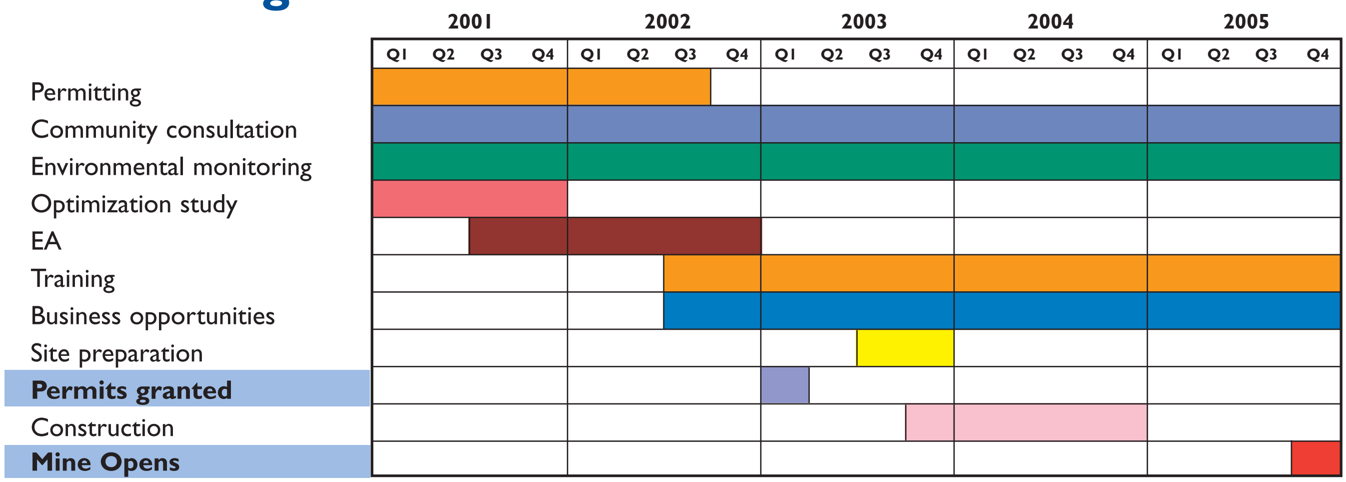
People at community meetings this past winter spoke about the importance of family life. In addition, finding ways to help young people stay in school and get the proper job training were issues raised by parents who hope their children can qualify for a good job at the Snap Lake diamond mine.

De Beers is committed to meeting regularly with communities to discuss these issues and to talk about solutions. Community consultation will continue through permitting, construction and operation of the mine. It will also play an important role in plans for mine closure and restoration of the land.

PROJECT UPDATE

De Beers received the Terms of Reference for the environmental assessment of the project in September. Here's a look at what's been accomplished and what's planned for the rest of this year.

The working schedule



Q1: January - March 2001

- Permit applications filed. A joint De Beers / AMEC team begins work on a mine optimization study

Q2: April – June 2001

- The project is referred to the Mackenzie Valley Environmental Impact Review Board for environmental assessment.

Q3: July – September 2001

- The underground exploration program is successfully completed, and the camp is placed in care and maintenance until permits are granted.
- Terms of reference are completed for the Environmental Assessment

Q4: October – December 2001

Two important milestones are scheduled for this quarter:

- Filing the Environmental Assessment
- Completing the optimization study

Care and maintenance is a term used in the mining industry to describe a project or site that is in a period of inactivity but for which there is a target date for reactivation. In our case, site activities will start again as soon as the permits required for mine development are issued – in early 2003.

Most of the people working at the Snap Lake site were contract employees whose term of employment was tied to the completion of the exploration program. We hope many of the more than 60 people who worked at Snap this past summer will be available to return to work once permits are granted.

De Beers Canada is committed to bringing the Snap Lake project into production as quickly as is technical and environmentally possible and to working closely with regulatory authorities and affected parties to facilitate the permitting process and begin work building a diamond mine at Snap Lake.

Wildlife needs to be protected

When the Snap Lake project team visits the communities closest to Snap Lake people often ask what effect the mine will have on caribou and other wildlife in the area.

“Protection of wildlife is a key priority,” says Robin Johnstone, Senior Environmental Manager for De Beers Canada. “We have set up a number of wildlife studies to identify potential effects and possible solutions. In addition to continuing that work, we talk to Elders and community members to get their input on these issues.”

Caribou surveys have confirmed what local Elders suggested: that caribou tend to avoid the extensive boulder fields around Snap Lake.

To gain more information, advice will continue to be sought from groups which have used the area. Lutsel K’e has prepared a traditional knowledge report for the project team that identified potential effects and suggested ways to avoid or minimize the effects. Other groups have been invited to do the same. This information will form an important part of the project’s environmental assessment report which will be filed later this fall.

Photo: Robin Johnstone ©

About De Beers

De Beers is the oldest diamond mining company in the world and operates 20 diamond mines. Snap Lake will be De Beers’ first mine in Canada, where the company has been exploring for diamonds for more than 20 years.

The **Snap Lake Project Team** includes John McConnell (VP, NWT Projects), Robin Johnstone (Senior Environmental Manager), Kevin LeDrew (Environmental Coordinator), John Goyman (Operations Manager), Heather Boznianin (Office Administrator), Judy Langford (Communications), Shirley Standard Pfister (Lands and Government) and Sally Chocolate (Administrative support).

Snap Lake News is produced by De Beers to provide information on the planning and development of the proposed diamond mine at Snap Lake. Please get in touch with us if you would like more information, have any comments on the newsletter or any suggestions for topics that you would like to see covered in future issues.

De Beers Canada Mining
Suite 300, 5102 – 50th Avenue
Yellowknife, NWT X1A 3S8

Tel: 867-766-7300 Fax: 867-766-7347

Email: info@debeerscanada.com

For more information about Snap Lake and about De Beers in Canada, please visit our website at:

www.debeerscanada.com

De Beers

SNAP LAKE UPDATE

NEWS NORTH NEWSPAPER INSERT

NOVEMBER 19, 2001

Snap Lake Update

November 19, 2001

Welcome to the first edition of Snap Lake Update. This column will be published in News/North every two weeks to talk about the Snap Lake diamond project. To start things off, we would like to introduce you to De Beers. Future updates will focus on Snap Lake and issues of interest to the local communities.

Where is Snap Lake?

Snap Lake is 220 km northeast of Yellowknife. De Beers is proposing to build an underground diamond mine there. Right now, the project is working through the environmental assessment and permitting processes. We expect the mine will be in full production in 2006. It will be De Beers' first mine outside of southern Africa and the first underground diamond in Canada.

Over 100 years of experience

De Beers was started in South Africa more than 100 years ago to find, mine and market rough diamonds. De Beers is specialized – dealing only with diamonds, no other products.

De Beers operates 20 mines located in the African countries of South Africa, Botswana, Namibia and Tanzania. Together, these mines produce about 45 per cent, by value, of the world's rough diamond production each year.

De Beers sells rough diamonds through its marketing arm, the Diamond Trading Company (DTC), based in London, England. The DTC markets about two thirds of the world's rough diamond supply and promotes the purchase of diamond jewellery using the world famous slogan "A Diamond is Forever". Some people are surprised when they learn that De Beers does not make or sell jewellery.

De Beers in Canada

De Beers has been active in Canada for close to 30 years. We have offices in Yellowknife, Sudbury, and Toronto and have diamond exploration programs underway in the Northwest Territories, Nunavut, Saskatchewan, Manitoba, Ontario and Quebec. The project team for Snap Lake is based in our Yellowknife office.

Snap Lake Update is prepared by the staff of De Beers Canada. For more information about the Snap Lake project, please visit our web site at www.debeerscanada.com or phone us at (867) 766-7325.

SNAP LAKE
DIAMOND PROJECT

DE BEERS

SNAP LAKE UPDATE

NEWS NORTH NEWSPAPER INSERT

DECEMBER 3, 2001

Snap Lake Update

December 3, 2001

A tour of Snap Lake

This is the second in a series of columns about the Snap Lake Diamond Project. Last time, we talked about the history of the De Beers group of companies. This time, let's take a look at the Snap Lake site and learn a bit more about the operation.

De Beers is proposing to build an underground mine at Snap Lake, 220 km northeast of Yellowknife. This is the first time in the world that a diamond mine starts underground. Diamond mines usually start by using the open pit method of mining. So, why is Snap Lake different? Well, most mines are built on a kimberlite pipe –a rock formation that looks like a carrot. The miners start at the top and dig their way down in an open pit, only switching to the underground method when the pit gets too deep. However, at Snap Lake the kimberlite is in a dyke formation -- it lays underground like a sheet. The best way to mine this kind of kimberlite is with underground tunnels.

A tour of the site

The site has a 920-metre gravel airstrip, with plans to expand it to accommodate Hercules and other large aircraft. Access to the site is by air or by the Lupin winter road.

The office/accommodation building contains workspace, the cafeteria, recreation areas and sleeping quarters. There are plans to build a larger residence and recreation building and use the current building just for offices. The project will employ up 450 people during construction and approximately 520 during operations.

A processing plant is used to crush and wash Kimberlite to extract the diamonds. Diamond mining does not use any harmful chemicals. Near the processing plant is the entrance to the underground part of the site. Workers go underground in trucks – there is no head frame.

Near the processing plant are the garage, some workshops and the water treatment plant, plus fuel storage tanks. There's also the processed kimberlite containment pond (PKC), which is about the size of a hockey rink. This is where the wet kimberlite is put to settle. The water is then recycled for further use.

Exploration has shown that the site can sustain a mine that would process 3000 tonnes of ore a day for about 20-25 years. Work continues to find out how much further the ore body extends.

Snap Lake Update is produced by the staff of De Beers Canada. For more information, please call (867) 766-7325 or visit our website at www.debeerscanada.com

SNAP LAKE
DIAMOND PROJECT

DE BEERS

SNAP LAKE UPDATE

NEWS NORTH NEWSPAPER INSERT

DECEMBER 17, 2001

Snap Lake Update

December 17, 2001

Environmental Assessment

These are busy times for everyone at the Snap Lake Diamond Project. We're preparing the Environmental Assessment Report (EA) for the project, which is a major step towards building a mine.

Environmental assessment is one of three possible steps in the review process set out by the *Mackenzie Valley Resource Management Act.* Some projects go through all three steps, some through one or two, depending on the project. In our case, after an initial screening, the Snap Lake Project was referred to the Mackenzie Valley Environmental Impact Review for environmental assessment. The Board prepared Terms of Reference. These tell us what issues the Board needs us to address and what questions should be answered in our Environmental Assessment Report.

What's in the EA?

The De Beers EA will describe the Snap Lake Project in detail. This includes the mining methods and the processing equipment to be used at the site and the steps that will be taken to minimize effects on the environment. The EA also discusses the different alternatives that the company considered in creating a plan for a mine at Snap Lake. These include the choices made for water treatment, access to the site and the types of fuel to be used, among many other details.

The EA will include information on the socio-economic effects of a mine at Snap Lake, including hiring policies and training programs.

Filing the report

Once the EA is filed with the Mackenzie Valley Environmental Impact Review Board, it will be available to the public. Governments, communities and interested parties can comment on the EA. The Board may hold public meetings and technical sessions to discuss the EA in detail. De Beers is planning for a series of public technical sessions early next year. These will be advertised and everyone will be welcome to attend.

Following its review, the Board may require an Environmental Impact Review, which is the final possible stage in the review process. Or, it may allow the project to go forward to be permitted for development. The review process is described in detail on the Board's website at: www.mveirb.nt.ca.

Snap Lake Update will be taking a break over the Christmas holidays. Please look for our next edition in January. Merry Christmas, from all of us at De Beers.

This is the third in a series of columns about the Snap Lake Diamond Project, prepared by the staff of De Beers Canada. Previous columns and more information about the project can be found at www.debeerscanada.com. For more information, please call us at (867) 766-7325.

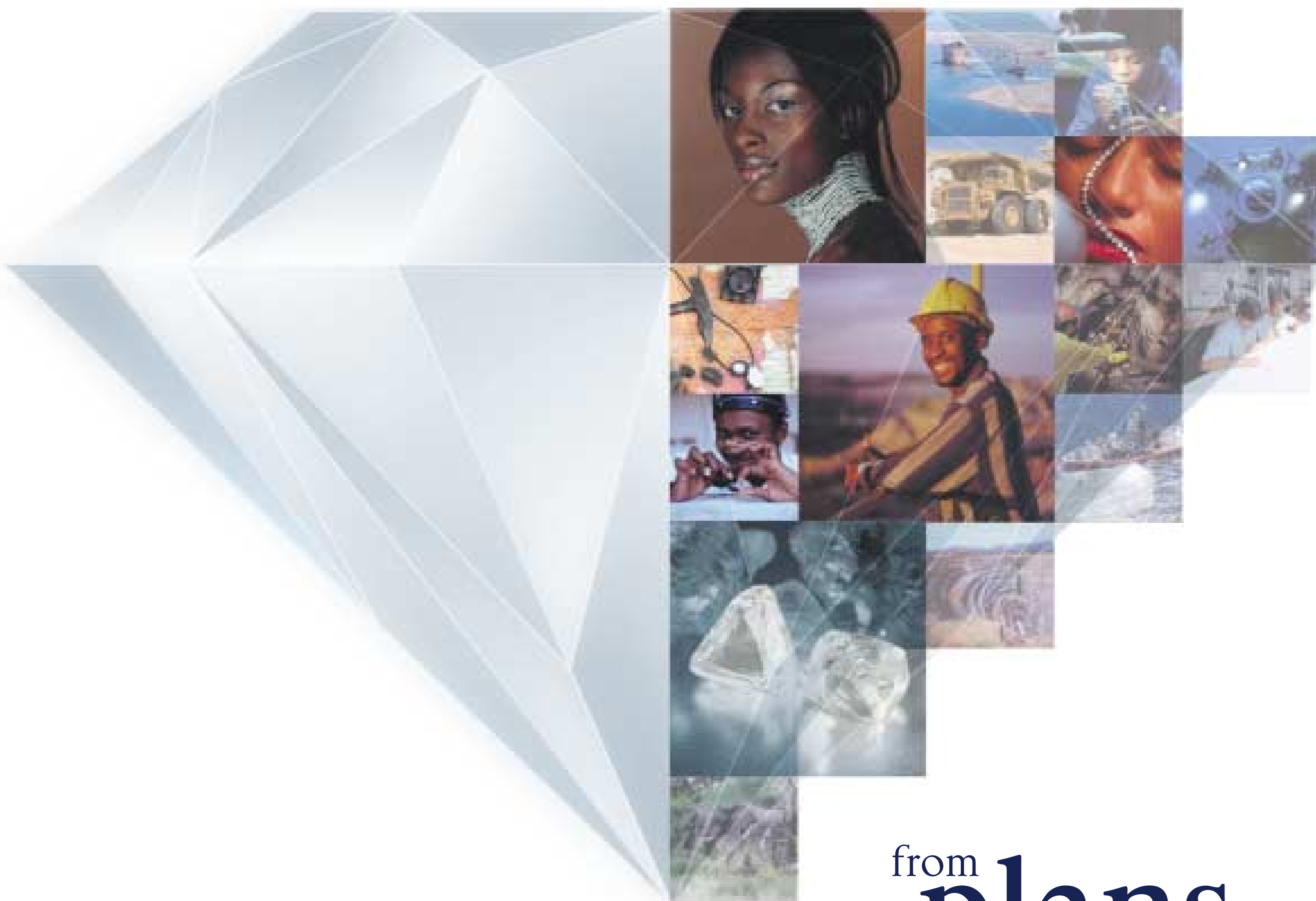
SNAP LAKE

DE BEERS CONSOLIDATED MINES LIMITED AND
DE BEERS CENTENARY AG

ANNUAL REPORTS 2000

DE BEERS

A DIAMOND IS FOREVER



from plans to action

ANNUAL REPORTS 2000

De Beers Consolidated Mines Limited
& De Beers Centenary AG

table of contents

This annual report covers the activities of both De Beers Consolidated Mines Limited and De Beers Centenary AG. While De Beers Consolidated Mines Limited is referred to as "DBCM" and De Beers Centenary AG as "DBCAG", where appropriate both companies together are referred to as "De Beers".

Offer for De Beers by DBI

Since the date of this report, De Beers and DB Investments (DBI) announced that all of the pre-conditions required for the making of the offer to De Beers linked unit holders (as described in the announcement of 15 February 2001) had been satisfied, and that, accordingly, DBI intends to proceed with the offer.

It is expected that the Scheme documentation will be posted mid-April 2001, and that the Scheme meeting will be held early-May 2001.

DE BEERS

A DIAMOND IS FOREVER

Last year
we embarked
on a bold
programme
of change

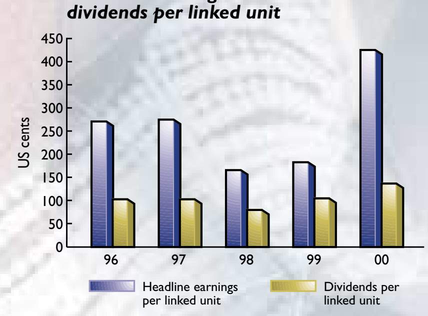
here are
the highlights. . .

*We've had another **successful** year*

Earnings & dividends up

Headline earnings per linked unit up 133% in dollars. Dividends per linked unit up by 31% in dollars.

Headline earnings and dividends per linked unit



Record diamond sales & stockpile further reduced

Sales of rough gem diamonds in 2000 by The Diamond Trading Company reached the record level of US$5 670 million, ***8% higher than the previous year's sales*** of US$5 240 million.

We made significant progress in our stated objective of running down stocks to working stock levels. Diamond stocks were further reduced during the year by *US$**924 million** to US$**3 065 million.***

Diamond sales and stocks

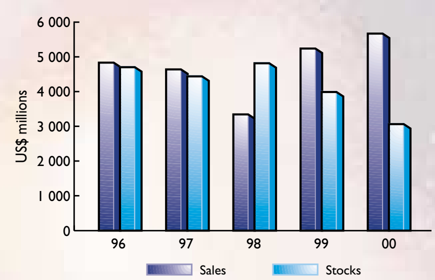
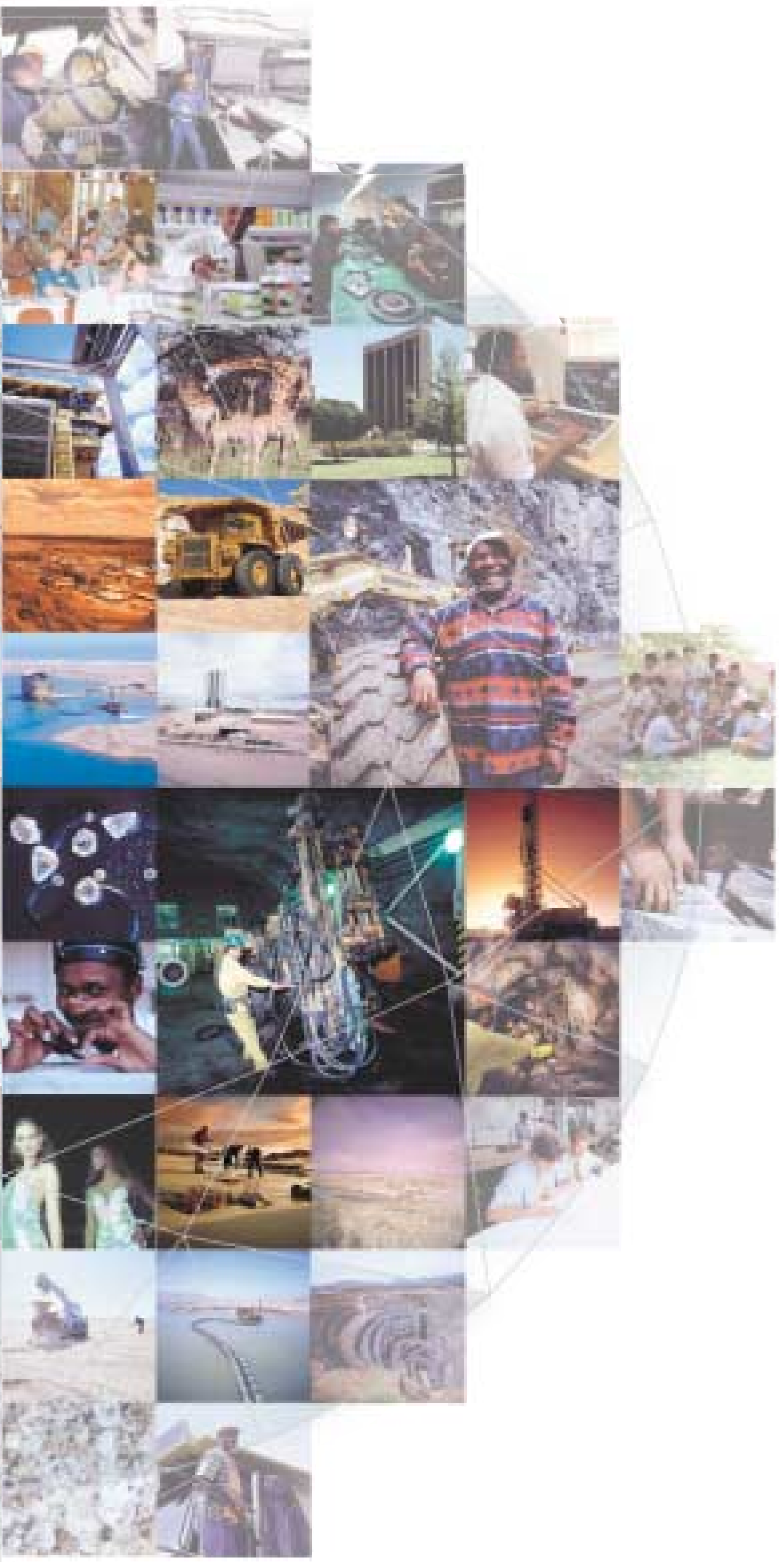
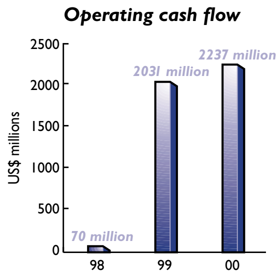


PHOTO: JACKIE MEIRING – COSMOPOLITAN



Record cash flow

Thanks to record sales, our operating cash flow rose by 10% to a record level of US$2 237 million.



Return on capital employed up sharply

Return on capital ***employed increased substantially from 8,6% to 17,2%*** to a level comfortably ahead of our weighted average cost of capital.

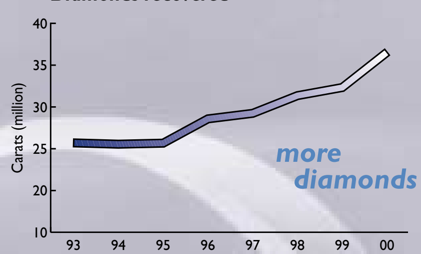
* *Based on headline earnings in US dollars adjusted for minority interests and financing costs. Capital employed is inclusive of all interest-bearing debt.*

*We're **doing** what we do*
even better . . .

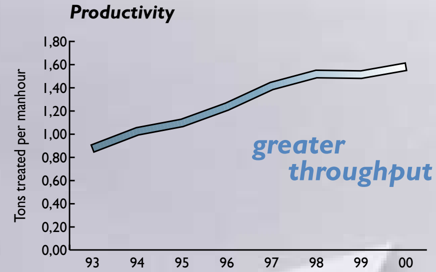
Productivity is improving

Key performance indicators are improving both above and below ground, thanks to the ***innovative use of technology and a new performance culture.***

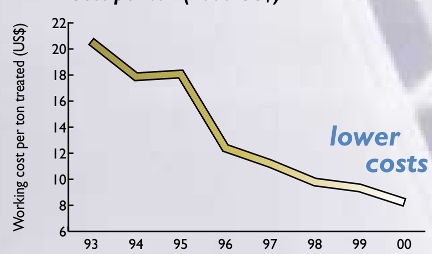
Diamonds recovered



Productivity



Cost per ton (2000 US$)



Accountability and performance are being redefined

From ***boardroom to mine shaft,*** we're making people more responsible for what they do, and ***rewarding them for doing it.***

Value based scorecards

2000 saw the introduction of performance scorecards for the management team which focus on explicit targets and the creation of value. Significant progress was made in the use of these scorecards throughout the Company.

Compensation tied to value creation

A significant proportion of management's compensation will be performance driven with the target reward level being determined with reference to value creation.

We're expanding our production base . . .

We're buying mining companies, building new mines, ***increasing our ownership of existing mines and expanding production capacity.***

Acquisitions during 2000

Venetia mine, South Africa – economic interest up from 50% to 100%
Winspear Diamonds, Canada – 68% stake for $205m (100% since year-end)
Finsch mine, South Africa – economic interest up from 92% to 100%.

New projects

Kimberley Combined Treatment Plant – commissioning in 2001
Premier C-Cut (proposed new infrastructure to extend the life of mine) – full production is expected by the end of 2009.

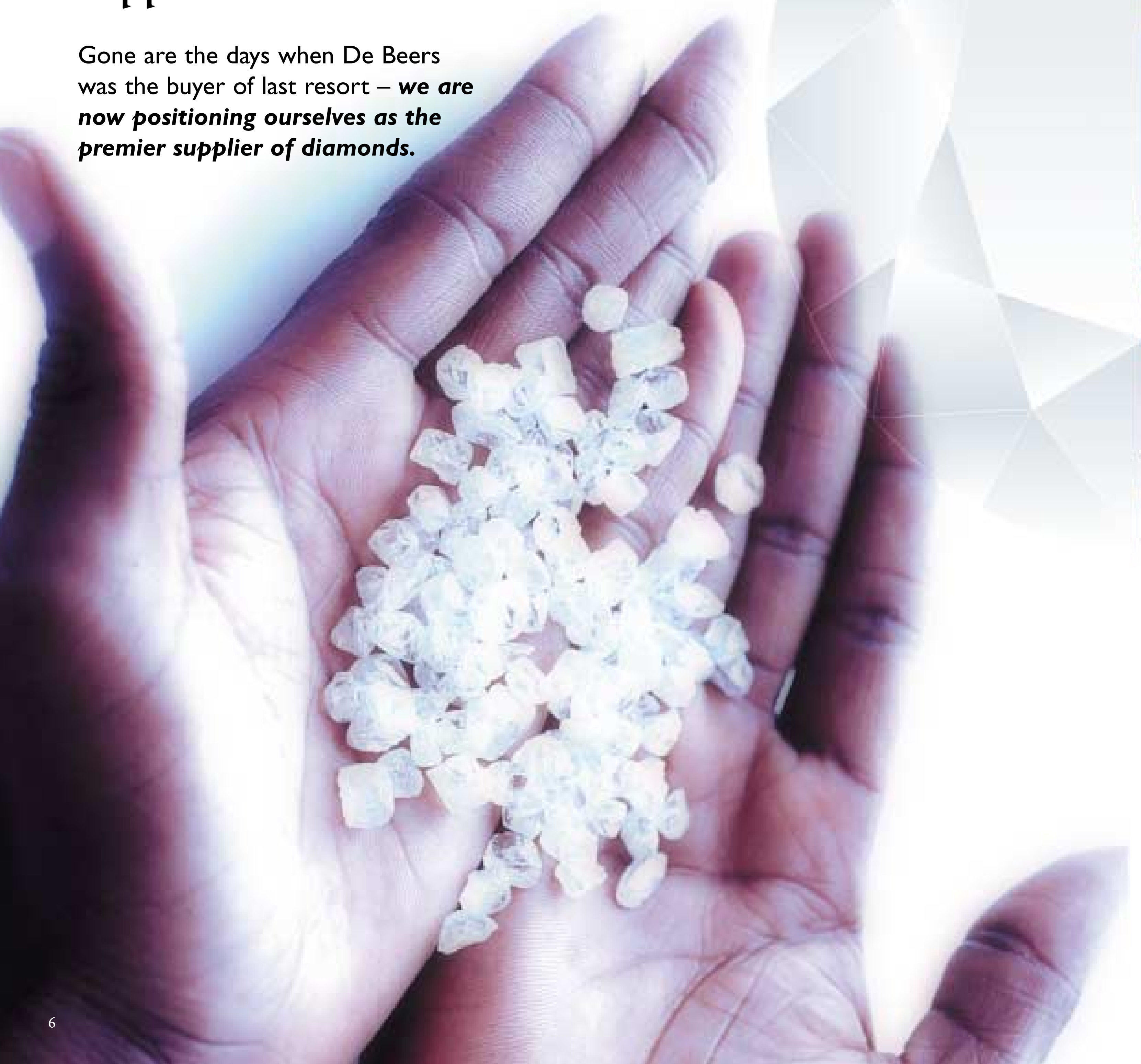
. . . to provide a wider range of diamonds

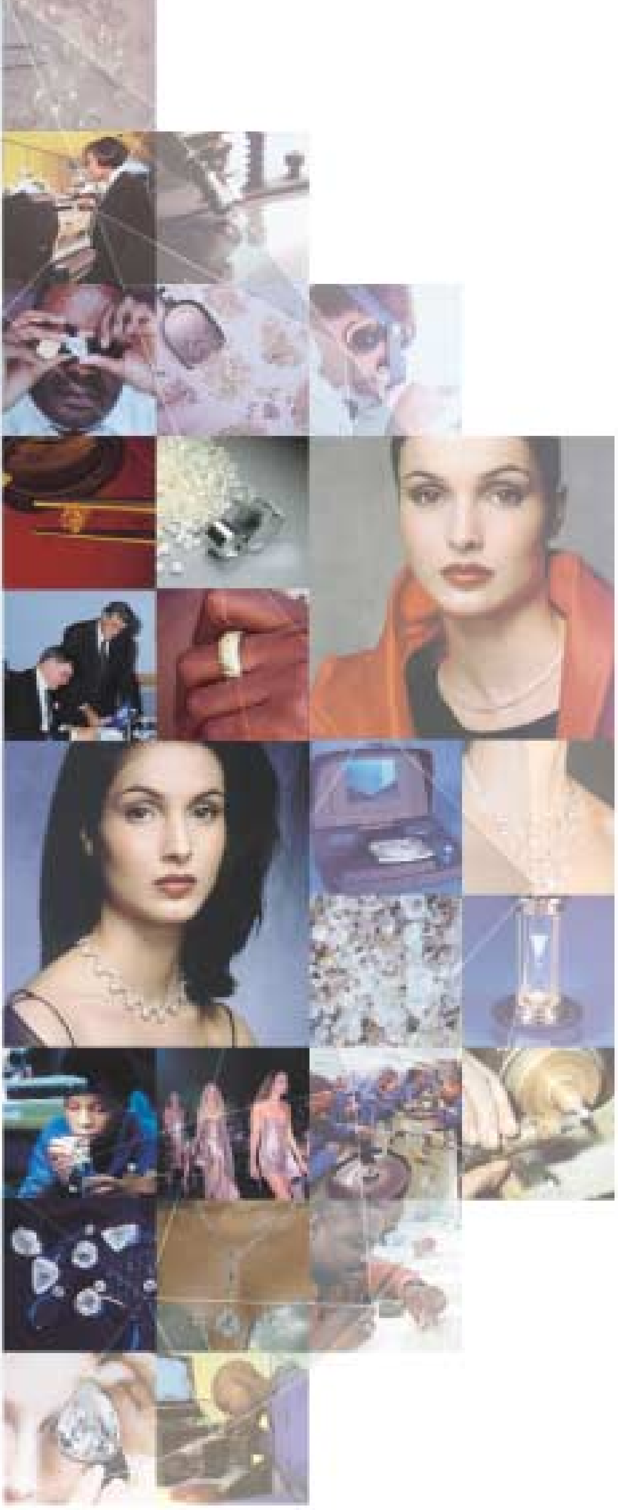
We want to provide the right diamonds to the right markets, which means a ***wider range of diamonds in terms of colour, shape and origin.***

We're ***driving demand . . .***

By moving towards becoming the supplier of choice

Gone are the days when De Beers was the buyer of last resort – ***we are now positioning ourselves as the premier supplier of diamonds.***





Diamond Trading Company launched

With the announcement in July 2000 of our new Diamond Trading Company (DTC), we will move ***from passively selling diamonds*** (through the old Central Selling Organisation) ***to marketing them through the DTC.***

Forevermark launched

This powerful new icon will be used in conjunction with the ***world-famous slogan 'a diamond is forever'***. It has been launched to identify the DTC and the ***value it adds*** to rough diamonds through *Supplier of Choice*.

DTC

A DIAMOND IS FOREVER

Exciting marketing campaigns continued

The DTC will continue the ***exciting advertising and marketing campaigns*** previously run throughout the world under the De Beers banner.

Some of our *challenges . . .*

Fighting Aids

Aids is without a doubt one of our most serious challenges. For this reason, ***we are actively working on six projects designed to minimise its impact.*** Many difficult but important decisions are still to be made on a number of key issues.

One of which is how to deliver our stated ***commitment to the welfare of our affected employees.*** Our plan is to have operational strategies which broadly address these issues in place by the middle of 2001.

Our ***prevalence studies currently being conducted in southern Africa will provide a valuable base*** from which to launch these strategies.

DE BEERS
A DIAMOND IS FOREVER

Promoting 'development' diamonds, isolating 'conflict' diamonds

The De Beers group is ***committed to measures that will bring about sustainable solutions*** to the problem of diamonds from conflict areas, which represents less than 4% of the world's diamond production.

The possible effect of conflict diamonds on consumer confidence is a threat to the entire ***legitimate diamond industry***. Diamonds have played a positive role in the development of many African countries.

De Beers has been a leading advocate of the ***Kimberley Process,*** initiated and led by the South African government, and has given its full support to ***measures currently being introduced by the World Diamond Council and the United Nations General Assembly.***

Here's what we're aiming for

Faster growth

We want to drive growth in the diamond jewellery market so that it exceeds ***GDP growth.***

Steady market share

We want to maintain DTC market share at or ***above current levels.***

Higher slice of world production

The target for our partners and ourselves is to ***increase our share*** of world production by value.

Higher productivity

We want to achieve targeted ***cost reductions and efficiency improvements*** throughout the organisation.

Lower diamond stocks

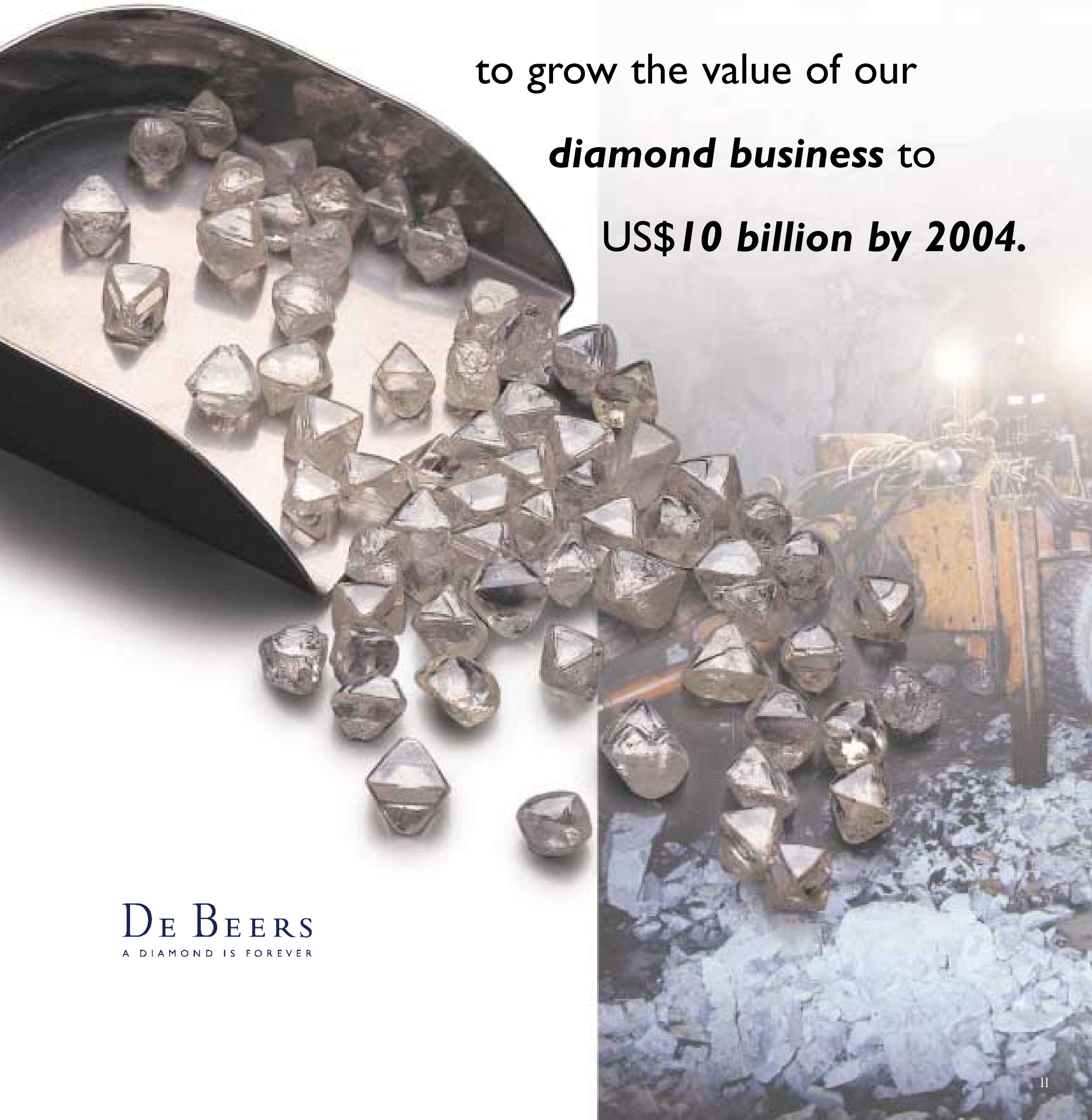
We intend to drive diamond stocks down to ***working stock levels.***

Right organisational structure

We intend to provide the right leadership, structures, people, skills, systems and environment that are required for the new De Beers business model.

with our goal being. . .

to grow the value of our ***diamond business*** to US$***10 billion by 2004.***



DE BEERS
A DIAMOND IS FOREVER

Extract: De Beers Annual Report 2000

Chairman's Statement

Nicky Oppenheimer
Chairman

A prosperous year becomes the launch pad for radical and far-reaching change

Shareholders debate a bold, novel offer

The Millennium year was in many ways a memorable one for De Beers – perhaps the most extraordinary, and certainly one of the most eventful in the history of a Company now well into its second century of operations.

It began with the promise of continued growth in the world's biggest diamond market, the United States, which recorded a 10 per cent increase in diamond jewellery consumption in the first six months. It produced record sales for De Beers and it saw the Company initiate important internal change and confront major external challenges to itself and the industry it leads. A year later, shareholders are debating an offer that will, if accepted, involve the most profound change in the Company's history; and the world is debating whether the slide on United States, European and Japanese stock markets presages or reflects an American recession and a contraction of the global economy.

You will be aware of the current proposal by DB Investments to acquire the outstanding shares of De Beers. It reflects my personal confidence in the long-term future of the diamond industry, but it is, of course, up to the shareholders to determine whether the offer is an appropriate means of realising the value of the Company.

Strong sales growth and cashflows

2000 was an exceptional year as the diamond's popularity as the Millennium gift of choice and strong economic growth, led by the United States, translated into De Beers' sales of US$5 670 million. On the back of this the Company enjoyed an operating cash flow of US$2 237 million and was able to declare an 84 per cent dollar increase in earnings and a 31 per cent dollar rise in dividends. At the same time it saw the De Beers stockpile shrink by US$924 million close to working stock levels – a remarkable achievement when measured against the US$4,8 billion stockpile which De Beers maintained as recently as 1998.

Few companies, especially those as venerable as De Beers, would choose a year as prosperous as this in which to alter irrevocably the way it does business, using its success not to bolster the status quo, but as a launch pad for radical and far-reaching change. Its goals were to maintain and protect the diamond image, and to provide The Diamond Trading Company and its clients with the tools that will drive consumer demand.

By the end of a hectic year, De Beers had:

- Announced its *Supplier of Choice* initiative and introduced its clients to The Diamond Trading Company's new identity and to the "Forevermark", an icon which we believe will be accepted by the world as a hallmark of excellence, quality and best practice;
- Introduced The Diamond Trading Company *Best Practice Principles* – which have been enthusiastically received by its clients;
- Restructured the group into dedicated business units to reflect the new reality, to increase customer focus for its clients and to add value for producers;
- Announced a groundbreaking initiative with LVMH, Moët Hennessy Louis Vuitton SA, a leading international luxury goods group, to develop the potential of the "De Beers" name as one of the world's top diamond jewellery brands.

These were the events which caught the attention of both the industry and the world's press, marking as they did a departure from the years when De Beers was content to be custodian of the world diamond industry, maintaining the burden of a sometimes over-large stock-pile and thus sacrificing, on occasion, its own short-term advantage in the interests of industry stability. They represent instead De Beers' response to the challenges of a competitive environment and a change from a supply to a demand-driven business. And they illustrate its willingness to deploy its leadership and expertise to equip its clients to increase consumer demand and to add value in new and imaginative ways.

It is fair to say that major change in any institution, particularly one with a traditionally conservative approach in an equally traditional and inherently conservative industry, is unlikely to be welcomed with unalloyed enthusiasm. I believe that our readiness to consult with our clients on the benefits which De Beers can provide as *Supplier of Choice,* on the customer re-assurance inherent in the "Forevermark" and on the way in which brand competition can drive consumer demand, has helped to convert natural apprehension of the unknown into enthusiastic acceptance of the new. Major Sightholders have already committed themselves to imaginative plans to ensure that growth in the diamond jewellery market will in the years ahead begin to match the performance of other luxury products.

We strengthen our leadership position

If custodianship of the industry is an outmoded concept, the responsibility that accompanies leadership is not. De Beers is acutely aware of the role it plays as the world's largest single producer of gem diamonds and is determined to maintain this position. As such it has a long-term goal to produce at least 50 per cent by value of the world's rough gem diamonds from its own mines and those of its partners.

Developments in 2000 which will help it achieve this goal ranged from the acquisition of 100 per cent of Snap Lake, which will be the group's first mine in Canada, and the conclusion of the deal which gives De Beers 100 per cent economic ownership of its Venetia and Finsch mines, to imaginative plans to extend the life of both the Premier and Kimberley mines considerably. The proposed C-Cut project at Premier mine could begin as early as 2002, reaching full production in 2009. The recovery plant at Kimberley, incorporating the most advanced technology in the world, will convert marginal resources into profitable opportunities and ensure that De Beers remains a presence in its historic heartland for many years to come. At the same time, existing mining operations across the De Beers group were able to increase total carat production by 13 per cent in 2000, despite cost efficiencies that substantially improved profit margins.

These plans to increase production and lengthen the life of De Beers' South African mines represents a major capital commitment to its home country, its economy and the people of the South African diamond industry. The same commitment is demonstrated by the fact that more than 50 per cent of the diamonds produced by De Beers' South African mines are cut in South Africa itself – a beneficiation figure unmatched by any other South African mining company.

De Beers' plans to remain the world's leading producer depend not only on South Africa, but also on its major partners, the governments of Botswana and Namibia. The renewal of the five-year sales agreement under which Debswana markets its entire diamond production

Chairman's Statement

continued

through The Diamond Trading Company and the completion of the first five year review of the 1994 agreements which created Namdeb, were two further important achievements in the year under review. The Namdeb review resulted in the creation of De Beers Marine Namibia, in which Namdeb has a 30 per cent share, and which will become its off-shore contractor. In addition, two major capital projects were completed in Botswana – the Orapa 2000 was opened by President Festus Mogae, and the fully integrated high tech diamond recovery and sorting facility at Jwaneng was commissioned. These important initiatives confirm Botswana's pre-eminence as a world diamond producer and the vital role diamonds will continue to play in the country's economy.

Relationships with group and other producers are now the responsibility of a new integrated business unit in the DTC, which brings together for the first time producer relations, purchasing and sorting. It has become a key element in the Company's strategy to be the buyer of choice for producers even as it becomes the supplier of choice, selling a wide and sophisticated assortment of diamonds to its customers. An integrated stock management system is also being introduced to shorten the diamond pipeline from mine to market and help the DTC become even more responsive to the needs of both producers and clients.

Global exploration drive under way

Although De Beers will remain rooted in its southern African heartland, it has also launched a renewed and reinvigorated quest for geographical diversity. This was the driving force behind a US$69 million exploration and prospecting programme, which ranged from Canada to China, from seven countries in Africa to Australia and Brazil and which in 2000 uncovered 55 new kimberlite deposits world-wide. Results from several advanced projects in Canada, both wholly owned and joint ventures, were particularly encouraging.

UN endorses our stance on conflict diamonds

The past year may have been replete with many exciting developments and achievements as the De Beers group and the diamond industry prepared for the new century, but it was not without its challenges. Chief among these was the issue of conflict diamonds. It is appalling that a product which is the ultimate symbol of enduring love and purity and all that is best in mankind should be linked in any way with the obscenity of war and the suffering of the innocent. De Beers, having ensured that it could confidently describe the diamonds it sells as conflict free, has also used its authority and expertise to urge and encourage the rest of the diamond industry to follow suit.

Its efforts have not gone unrecognised. Addressing the World Economic Forum in Davos in January 2001, UN Secretary General Mr Kofi Annan urged private companies to act responsibly in ways that do not fuel the continuation of conflict. "De Beers", he said " has set an example with its response to criticism of the diamond trade in Africa and its efforts to ensure that traders and consumers of diamonds will no longer unwittingly help to finance warlords."

Indeed, throughout the year De Beers engaged with the United Nations, the US government – both the Executive and Congress – the British Foreign Office, the governments of southern Africa, non-governmental organisations and leaders of the international diamond industry to pioneer and promote a comprehensive suite of solutions. They will, we believe, if vigorously implemented, drive conflict diamonds into the gutter where they belong and where the rewards they bring the warmongers of Africa will dwindle accordingly. De Beers welcomes the subsequent creation of the World Diamond Council to come to grips with the problem and the fact that it has embraced many of its preferred solutions. Some of these, however, particularly those which call for a certificate of origin for rough diamond imports, require legislative support from all producing and importing countries if they are to be effective in driving conflict diamonds out of the legitimate trade. The industry can banish transgressors from its ranks, but it cannot legislate or enforce customs regulations, or confiscate tainted goods. This is the proper province of government. This damaging and despicable trade therefore requires action by both the legitimate industry and the governments of producing and manufacturing countries if the problem is to be overcome.

It is important, however, to remember that conflict diamonds still represent only a minute percentage of the diamond trade. For three of the world's major producers – all developing southern African countries – income from the orderly and well-regulated production of diamonds remains central to their economic growth and the wellbeing of their people. Ill-judged legislation in the developed world could have a catastrophic effect on the main source of income for both Botswana and Namibia, inflict serious damage on the South African economy, and threaten the livelihood of one million workers in the cutting centres of India and around the world. This perverse effect can be avoided if legislators and the diamond industry work together to frame appropriate solutions.

Sensible legislation is certainly central to the positive role that diamonds have long played in the economies of Botswana, Namibia and South Africa where, in sharp contrast to the exploitation of natural resources by criminals and warlords in other African states, predictable, secure and justiciable mining law has proved an effective counter to corruption. It has ensured that mineral wealth and natural resources contribute through the fiscus to the prosperity of these countries, rather than becoming a spur to conflict and a temptation for the corrupt.

Draft minerals bill a cause for concern

De Beers accepts that it is not the purpose of the new South African Minerals Bill to replicate measures that have inflicted serious damage on other African countries. Instead its avowed intention is to improve access to South Africa's mineral wealth by all its people and so assist in the process of black empowerment and social transformation. De Beers shares these aims and is engaging with government in an attempt to ensure this desired outcome without inflicting unnecessary damage on an industry which remains a major employer and the foundation of a healthy and vigorous South African economy.

It is of concern, however, that the proposed draft Bill could, if enacted in its present form, raise serious questions over the transparency and certainty of the South African mining regime. It is particularly unfortunate that this comes at a time when the South African government is trying, through its leadership of the *Kimberley Process,* to deal with the problem of conflict diamonds, itself one of the malign results of opaque and uncertain mining regimes in other African countries.

Chairman's Statement

continued

We are now better prepared to face the future

These are some of the challenges which De Beers will face both in its own right and as leader of the world-wide diamond industry in the months ahead, months which are now clouded with uncertainty about the short-term future of the world's major economies. Vigorous growth in the US and all major economies – with the exception of Japan – during the first six months of 2000 encouraged the trade to re-stock. Strong demand boosted DTC's sales at the first five sights of the year to historically high levels. When American growth began to ease in the last quarter of the year, the DTC responded by reducing its sales to the market. It has since reduced its sales target for the year to US$4,8 billion and will continue to be responsive to market conditions.

2000 was in many diverse ways a benchmark year for the De Beers group, it was also one in which foundations were laid to enable the Company to survive and to succeed in both the fat years and the lean. De Beers did not allow the best year on record to distract it from its decision to embark on far-reaching and fundamental change. The result is that the Company and the industry are today better prepared than ever to cope with the uncertainties of the economic cycle. Whatever changes were wrought during the past year and those that may still lie ahead, one element will remain unchanged: De Beers' leadership of the diamond industry – professional and ethical – will remain in the public domain, open and accountable to the people on whose success its own ultimately depends.

NICKY OPPENHEIMER
29 March 2001

Directorate

Executive directors

NICKY F OPPENHEIMER MA (Oxon) (55)
Executive Chairman of De Beers since 1 January 1998, he was formerly deputy chairman since 1985 and has been a director of DBCM since 1978. He was appointed a director (and deputy chairman) of DBCAG on that company's formation in May 1990. He is also a non-executive deputy chairman of Anglo American plc.

GARY M RALFE BA Hons (Cantab), BProc (Unisa) (56)
Managing Director of De Beers since 1 January 1998 and has been a director of DBCM since March 1990 and DBCAG since that company's formation in May 1990.

GAVIN A BEEVERS BSc Hons MechEng (Lanchester Polytechnic) (51) *(British)*
A director of both DBCM and DBCAG since May 2000. He is responsible for the mining operations, exploration and technical support activities of the group.

G P L "Paddy" KELL BCom (Rand), CA (S.A.) (52)
A director of DBCM since August 1997 and DBCAG since May 1998, he is responsible for group finance.

LOUIS G NCHINDO BA Hons (Oxon) (59) *(Motswana)*
A director of DBCM since November 1998 and DBCAG since May 1999. He has been involved in the diamond industry in Botswana for many years and is currently managing director of Debswana Diamond Company (Proprietary) Limited. He is also chairman of the Botswana Stock Exchange.

ANTHONY E OPPENHEIMER (63) *(British)*
A director of DBCM since August 1980 and DBCAG since that company's formation in May 1990. President of the DTC since 1994. His responsibilities include representing the DTC internationally, particularly the relationship between the DTC and international diamond trade bodies.

PETER A SOMNER (51) *(British)*
A director of DBCM since November 1999 and DBCAG since May 2000, he is responsible for producer relations and contracts, for outside buying and for world-wide diamond sorting and valuation.

NIGEL P WISDEN (61) *(British)*
A director of DBCM since November 1996 and DBCAG since May 1997. He joined the executive committee of the DTC in 1993 and is the executive director of the Sales and Marketing unit.

Non-executive directors

JULIAN OGILVIE THOMPSON MA (Oxon), HonLLD (Rhodes) (67)
Deputy Chairman of De Beers since 1 January 1998, he was formerly chairman since 1985 and has been a director of DBCM since 1966. He was appointed a director (and chairman) of DBCAG on that company's formation in May 1990. He is also non-executive chairman of Anglo American plc.

BRIAN AINSLEY BSc Hons (Dunelm), MI MechEng (61) *(British)*
A director of DBCM since March 1997 and DBCAG since May 1997. He was formerly responsible for the mining operations, exploration and technical support activities of the group from 1998 to March 2000.

DR JAMES W CAMPBELL BSc, BA (Cantab) (51)
A director of both DBCM and DBCAG since May 1996, he is an executive director of Anglo American plc.

TIM W H CAPON BA, LLB (Cantab) (60) *(British)*
A director of DBCM since March 1990 and DBCAG since that company's formation in May 1990. He was formerly responsible for the legal and administrative functions of the DTC from 1990 to October 2000.

ROBIN M CRAWFORD BA Hons (Oxon) (59)
A director of DBCM since March 1990 and DBCAG since that company's formation in May 1990. He was formerly an alternate director and a manager of Anglo American Corporation of South Africa Limited from 1985 to 1997.

JOSEPH S IITA HND (Electro ElecEng), BEng Hons (Comms Electro), MA (PPA) (Unam) (46) *(Namibian)* #
A director of DBCM since February 2001, he is Permanent Secretary, Ministry of Mines and Energy, Namibia.

SIR CHIPS KESWICK (61) *(British)*
A director of DBCM since August 1993 and DBCAG since May 1994. He is a director of the Bank of England, Persimmon PLC, IMI plc and The Edinburgh Investment Trust PLC. He is also a non-executive director of Anglo American plc and Investec Bank (UK) Limited.

L A "Bertie" LINCOLN CA (S.A.), F.C.A. (71)
A director of DBCM since November 1986 and DBCAG since that company's formation in May 1990, he is currently the Swiss resident director of DBCAG. Finance manager of De Beers since the late 1970s, he was the executive director responsible for finance from 1986 until March 1994.

MORAGO NGIDI BA Econ., MA Dev Econ. (Williams College) (45) *(Motswana)* #
A director of DBCM since November 2000, he is Permanent Secretary, Ministry of Minerals, Energy and Water Affairs, Botswana and a director of Debswana Diamond Company (Proprietary) Limited. He is also a director of Botswana Ash Limited, BCL Limited, BRST Limited and Botswana Diamond Valuing Company (Proprietary) Limited.

SERWALO S G TUMELO BA Econ., Advanced Dip. (Econ. Dev.) (Manchester) (50) *(Motswana)*
A director of DBCM since March 1999 and DBCAG since May 1999. He is Permanent Secretary, Ministry of Finance and Development Planning, Botswana and a director of Debswana Diamond Company (Proprietary) Limited. He is also a director of the Bank of Botswana and the Botswana Development Corporation.

 # Following the appointments of Messrs Iita and Ngidi as directors of DBCM, the directors have proposed that they be elected as additional members of the board of directors of DBCAG by shareholders at that company's annual general meeting to be held in Luzern on 8 May 2001.

Combined income statement

attributable to De Beers linked units

for the year 2000

R millions 1999	R millions 2000		US$ millions 2000	US$ millions 1999
		Diamond account		
33 548	**40 043**	Natural and industrial division sales	**5 918**	5 512
2 821	**3 105**	Trade investment income	**459**	466
2 025	**2 665**	Other income	**394**	366
38 394	**45 813**		**6 771**	6 344
33 363	**36 867**	***Deduct:***	**5 449**	5 513
21 158	**23 500**	Purchases	**3 473**	3 495
481	**778**	Depreciation and amortisation	**115**	79
2 946	**3 002**	Production costs	**444**	487
5 214	**5 733**	Decrease in stocks	**847**	861
388		Royalty payable		64
1 127	**1 157**	Marketing expenditure	**171**	187
1 328	**1 592**	Sorting and selling costs	**235**	220
460	**463**	Exploration	**69**	76
261	**642**	Research and new business development	**95**	44
5 031	**8 946**	**Net diamond account**	**1 322**	831
		Add:		
811	**1 779**	Investment income	**263**	134
218	**872**	Interest income	**129**	36
499	**448**	Surplus on realisation of fixed assets and investments	**66**	82
6 559	**12 045**		**1 780**	1 083
677	**685**	***Deduct:***	**101**	111
426	**406**	Interest payable	**60**	70
229	**279**	Corporate overhead	**41**	38
22		Provisions against investments and loans		3
5 882	**11 360**	**Net income before taxation**	**1 679**	972
1 409	**2 506**	Taxation	**370**	233
4 473	**8 854**	**Net income after taxation**	**1 309**	739
238	**138**	***Deduct:***	**20**	39
236	**136**	Attributable to outside shareholders in subsidiaries	**20**	39
2	**2**	Dividends on preference shares		
4 235	**8 716**	**Own earnings**	**1 289**	700
		Add:		
		Retained earnings of associated companies and joint ventures		
584	**3 057**	Current trading	**451**	97
214	**1 125**	Exceptional and non-trading	**166**	35
5 033	**12 898**	**Total net earnings**	**1 906**	832
676	**1 349**	***Deduct:***	**199**	112
462	**224**	Net after tax surplus on realisation of fixed assets and investments less amortisation and provisions	**33**	77
214	**1 125**	Exceptional and non-trading items of associated companies	**166**	35
4 357	**11 549**	**Headline earnings**	**1 707**	720
393	***400***	***Weighted average number of linked units in issue (millions)***	***400***	*393*
		Earnings per linked unit		
1 078c	**2 179c**	Own	**322c**	178c
1 281c	**3 225c**	Total net	**477c**	212c
1 109c	**2 888c**	Headline	**427c**	183c

Combined balance sheet

attributable to De Beers linked units

31 December 2000

R millions 1999	R millions 2000		US$ millions 2000	US$ millions 1999
		Capital employed:		
54 455	**73 656**	Linked unit holders' interests	**9 734**	8 853
465	**588**	Preferred and outside shareholders' interests	**78**	75
54 920	**74 244**		**9 812**	8 928
850	**740**	Deferred taxation	**98**	139
731	**849**	Provisions for liabilities and charges	**112**	119
3 781	**4 310**	Long- and medium-term liabilities	**570**	615
60 282	**80 143**		**10 592**	9 801
		Represented by:		
4 794	**7 679**	Fixed assets – tangible	**1 016**	779
	3 800	– intangible	**502**	
422	**876**	Deferred taxation	**116**	69
27 663	**32 025**	Investments	**4 232**	4 497
24 538	**23 194**	Diamond stocks	**3 065**	3 989
2 715	**1 081**	Mining	**143**	441
21 823	**22 113**	Trading	**2 922**	3 548
434	**451**	Stores and materials	**60**	71
2 431	**12 118**	Net current assets	**1 601**	396
8 055	**17 644**	Current assets	**2 332**	1 309
2 580	**2 626**	Debtors	**347**	419
5 475	**15 018**	Cash	**1 985**	890
5 624	**5 526**	Current liabilities	**731**	913
715	**2 040**	Taxation	**270**	116
1 918	**1**	Dividends†		311
2 972	**3 413**	Creditors	**451**	483
19	**72**	Bank borrowings	**10**	3
60 282	**80 143**		**10 592**	9 801
400	***400***	*Total number of linked units in issue (millions)*	***400***	*400*
62 059	**61 615**	**Market value of listed investments**	**8 143**	10 088
13 542	**21 423**	**Directors' valuation of unlisted investments**	**2 830**	2 202
1 329	**1 846**	**Commitments and contingent liabilities**	**244**	216
101 763	**123 494**	**Net asset value**	**16 320**	16 543
25 461c	**30 879c**	Net asset value per linked unit	**4 081c**	4 139c

† Refer to Note 2 in the notes to the combined financial statements

Combined cash flow statement

attributable to De Beers linked units

for the year 2000

R millions 1999	R millions 2000		US$ millions 2000	US$ millions 1999
		Operating activities		
5 882	**11 360**	Net income before taxation	**1 679**	972
865	**1 990**	Non cash items	**114**	132
(3 422)	**(5 345)**	Dividends and interest	**(790)**	(566)
4 752	**5 401**	Decrease in diamond stocks	**714**	771
(63)	**16**	Decrease (increase) in stores and materials	**2**	(10)
1 804	**51**	Decrease in working capital	**7**	287
9 818	**13 473**	**Cash generated by operations**	**1 726**	1 586
3 924	**4 849**	Dividends received	**716**	648
(175)	**348**	Net interest received (paid)	**52**	(29)
(1 055)	**(1 737)**	Taxation (paid)	**(257)**	(174)
12 512	**16 933**	**Cash generated by operating activities**	**2 237**	2 031
		Investing activities		
547	**2 465**	Property, plant and equipment	**326**	88
718	**2 746**	Investments	**363**	117
1 265	**5 211**	**Cash utilised in investing activities**	**689**	205
		Financing activities		
(6)	**(24)**	Share capital (raised)	**(3)**	(1)
4 607	**28**	Decrease in long- and medium-term liabilities	**4**	749
2 108	**3 292**	Dividends paid	**432**	342
6 709	**3 296**	**Cash utilised in financing activities**	**433**	1 090
4 538	**8 426**	**Increase in cash**	**1 115**	736
3 187c	**4 236c**	**Operating cash flow per linked unit**	**560c**	517c

Note The flow of funds between the DBCM group and the DBCAG group is restricted by South African exchange control regulations

Combined dividends

attributable to De Beers linked units

for the year 2000

R millions 1999	R millions 2000		US$ millions 2000	US$ millions 1999
643	**1 127**	Interim	**149**	105
1 917	**3 108**	Final †	**400**	312
2 560	**4 235**	Total	**549**	417
166,7c	**282,0c**	Interim	**37,3c**	27,1c
479,6c	**777,1c**	Final †	**100,0c**	78,0c
646,3c	**1 059,1c**	Per linked unit	**137,3c**	105,1c
431,0c	**705,0c**	Per linked deferred share *[Interim: 195,0 SA cents (96,0); Final: 510,0 SA cents (335,0)]*	**91,4c**	70,1c
215,3c	**354,1c**	Per depositary receipt *[Interim: 11,5 US cents (11,5); Final: 34,4 US cents (23,5)]*	**45,9c**	35,0c
646,3c	**1 059,1c**	Per linked unit	**137,3c**	105,1c

† Refer to Note 2 in the notes to the combined financial statements

Combined statement of changes in linked unit holders' interests

for the year 2000

R millions 2000 Total		US$ millions 2000 Total	Ordinary share capital and premium	Non-distri-butable reserves	Distri-butable reserves
51 914	Balance at 1 January 1999 as previously reported	**8 856**	782	3 323	4 751
	Changes to accounting policies:				
1 944	Book value of mining assets previously appropriated for	**332**			332
(494)	Provision for deferred taxation required	**(84)**			(84)
	Fixed assets and investment reserve reclassified			(37)	37
53 364	**Balance at 1 January 1999 as restated**	**9 104**	782	3 286	5 036
1 239	Adjustments thereto arising from changes in currency exchange rates	**(240)**	(7)	(137)	(96)
(176)	Adjustments in respect of changes in the groups' shareholdings in subsidiaries and associated companies	**(29)**		(42)	13
6	Linked units issued in terms of the DBCM Incentive Scheme	**1**	1		
447	Linked units issued in part payment for the remaining minority interests in the CSO companies	**73**	73		
254	Unrealised gains arising from changes in currency exchange rates	**41**		41	
(3 152)	Excess of the cost of shares in subsidiary and associated companies over the attributable value of net assets at acquisition	**(512)**			(512)
4 235	Own earnings	**700**			700
798	Retained earnings of associated companies and joint ventures	**132**		132	
	Transfers			31	(31)
(2 560)	Dividends on linked units	**(417)**			(417)
54 455	**Balance at 31 December 1999**	**8 853**	849	3 311	4 693
7 276	Adjustments thereto arising from changes in currency exchange rates	**(897)**	(38)	(569)	(290)
(34)	Adjustments in respect of changes in the groups' shareholdings in subsidiaries and associated companies	**(4)**		(4)	
24	Linked units issued in terms of the DBCM Incentive Scheme	**3**	3		
164	Unrealised gains arising from changes in currency exchange rates	**22**		22	
8 716	Own earnings	**1 289**			1 289
4 182	Retained earnings of associated companies and joint ventures	**617**		617	
	Transfers			29	(29)
(1 127)	Dividends on linked units†	**(149)**			(149)
73 656	**BALANCE AT 31 DECEMBER 2000**	**9 734**	814	3 406	5 514

† Refer to Note 2 in the notes to the combined financial statements

Combined segmental analysis

31 December 2000

US$ millions 1999 Invest-ments	US$ millions 1999 Industrial Division	US$ millions 1999 Natural	US$ millions 1999 Total		**US$ millions 2000 Total**	**US$ millions 2000 Natural**	**US$ millions 2000 Industrial Division**	**US$ millions 2000 Invest-ments**
				Income Statement				
	272	5 240	5 512	Sales	**5 918**	**5 670**	**248**	
	60	771	831	Diamond account	**1 322**	**1 303**	**19**	
205	38	457	700	Own earnings	**1 289**	**980**	**7**	**302**
470	38	324	832	Total net earnings	**1 906**	**1 038**	**7**	**861**
364	38	318	720	Headline earnings	**1 707**	**1 044**	**7**	**656**
				Balance Sheet				
	109	670	779	Fixed assets	**1 518**	**1 412**	**106**	
	60	3 929	3 989	Diamond stocks	**3 065**	**2 984**	**81**	
4 498	418	5 798	10 714	Total assets	**11 323**	**6 706**	**387**	**4 230**
10 129	197	6 217	16 543	Net asset value	**16 320**	**7 979**	**195**	**8 146**
				Cash flow				
178	17	1 836	2 031	Operating cash flow	**2 237**	**1 937**	**33**	**267**

Notes to the combined financial statements

1. The combined financial statements have been prepared in accordance with South African Generally Accepted Accounting Practice, using accounting policies consistent with those used in the previous year, except as detailed below:
   - tangible and intangible mining assets have been capitalised and depreciated over the lesser of their expected useful life, the life of mine or 20 years. The previous policy was to appropriate from profits amounts expended on establishing or expanding a mining facility, and to charge against revenue, in the year in which it was incurred, expenditure required to maintain an existing facility or capacity;
   - deferred taxation has been provided on taxable and deductible temporary differences between the carrying amount of an asset or liability and its tax base, as required by AC 102 (Income Taxes);
   - the present value of environmental liabilities for rehabilitation of mining areas has been brought onto the balance sheet as required by AC 130 (Provisions, Contingent Liabilities and Contingent assets); and
   - the provision for the cost of post-retirement medical aid benefits has been reclassified from current liabilities to provisions for liabilities and charges as required by AC 101 (Presentation of Financial Statements).

   Comparative figures have been restated to reflect these changes.

   The impact of these changes on equity has been disclosed in the combined statement of changes in linked unit holders' interests.
2. In accordance with AC 107 (Events after the Balance Sheet Date), the final dividend in respect of 2000 has not been brought to account in the combined financial statements. This amounts to US$1,00 (R7,77 at the fixing rate) per linked unit, totalling US$400 million (R3 108 million).
3. The combined financial statements have been compiled by adding the relevant figures for the DBCM group to those for the DBCAG group.

   The following eliminations have been made:
   - the DBCM group's investment in the DBCAG group;
   - that portion of the DBCAG group's earnings and dividends attributable to the DBCM group;
   - inter-group current assets and liabilities.
4. The conversions from US Dollars to Rand and vice versa have been effected as follows:
   - combined results and operating cash flows for the year at the average rate ruling during the year;
   - all other amounts at the year end rate.
5. Net asset values have been calculated using market values for all listed investments and directors' valuations for all unlisted investments.
6. A De Beers linked unit comprises one deferred share in DBCM and one depositary receipt issued by Centenary Depositary AG. There were 399 925 795 linked units in issue at 31 December 2000 compared with 399 687 695 at 31 December 1999. The difference comprises 238 100 linked units issued in terms of the DBCM Incentive Scheme.

Approval of combined financial statements

The combined financial statements, which appear on pages 18 to 22 have been approved by the respective boards of directors and are signed on their behalf by:

N F OPPENHEIMER
Chairman

27 February 2001

G M RALFE
Managing Director

27 February 2001

Report of the independent auditors

To the holders of
De Beers linked units

We have examined the combined financial statements for the year ended 31 December 2000 set out on pages 18 to 22.

These statements are an aggregation of the audited consolidated annual financial statements of the De Beers Consolidated Mines Limited group and the De Beers Centenary AG group and have been prepared on the basis set out in the notes on page 22.

In our opinion these statements fairly present the combined results for the year ended 31 December 2000 and the combined financial position at that date of the two groups in accordance with the accounting policies disclosed in their respective annual financial statements and as set out in the notes on page 22.

Deloitte Pim Goldby
Johannesburg

27 February 2001

Deloitte Pim Goldby GmbH
Zug

27 February 2001

Combined financial statistics*

	2000	1999	1998	1997
Diamond stocks				
$ millions	**3 065**	3 989	4 816	4 439
R millions	**23 194**	24 538	28 231	21 599
Investments outside the diamond industry				
Listed at market value				
$ millions	**8 143**	10 088	4 253	5 644
R millions	**61 615**	62 059	24 933	27 468
Unlisted at directors' valuation				
$ millions	**3**	40	481	716
R millions	**21**	243	2 821	3 486
Net current assets (liabilities)				
$ millions	**1 601**	396	72	(3)
R millions	**12 118**	2 431	423	(14)
Net asset values †				
Amount				
$ millions	**16 320**	16 543	10 729	13 759
R millions	**123 494**	101 763	62 894	66 968
Per linked unit				
US cents	**4 081**	4 139	2 782	3 619
RSA cents	**30 879**	25 461	16 309	17 614
Earnings				
Own				
$ millions	**1 289**	700	374	619
R millions	**8 716**	4 235	2 070	2 819
Per linked unit				
US cents	**322**	178	97	163
RSA cents	**2 179**	1 078	539	742
Total net				
$ millions	**1 906**	832	617	1 229
R millions	**12 898**	5 033	3 413	5 607
Per linked unit				
US cents	**477**	212	161	323
RSA cents	**3 225**	1 281	889	1 476
Headline				
$ millions	**1 707**	720	639	1 044
R millions	**11 549**	4 357	3 529	4 758
Per linked unit				
US cents	**427**	183	166	275
RSA cents	**2 888**	1 109	919	1 252
Operating cash flow				
Amount				
$ millions	**2 237**	2 031	70	
R millions	**16 933**	12 512	430	
Per linked unit				
US cents	**560**	517	18	
RSA cents	**4 236**	3 187	112	
Dividends				
Amount				
$ millions	**549**	417	309	391
R millions	**4 235**	2 560	1 812	1 901
Per linked unit				
US cents	**137**	105	80	103
RSA cents	**1 059**	646	470	500
Exchange rates $1 = R				
Year end	**7,57**	6,15	5,86	4,87
Average	**6,77**	6,05	5,53	4,56

* Statistics from 1994 reflect the change by DBCM to the "first in first out" method of valuing diamond stocks.
* Statistics from 1999 reflect the change to the depreciation method of accounting for mining assets.
The conversions from US Dollars to Rand and vice versa have been effected as detailed in note 4 on page 22.
† Net asset values have been calculated as detailed in note 5 on page 22.

Combined financial statistics*

1996	1995	1994	1993	1992	1991
4 703	4 673	4 439	4 124	3 765	3 034
22 002	17 058	15 753	14 020	11 502	8 324
7 491	8 768	8 170	6 863	2 615	4 984
35 041	32 005	33 210	29 458	12 944	15 973
874	830	793	529	741	910
4 088	3 030	3 224	2 271	3 669	2 917
(285)	46	262	71	179	557
(1 332)	168	931	243	546	1 527
15 029	16 240	15 323	13 270	8 759	11 791
70 298	59 275	60 320	53 725	37 023	36 218
3 953	4 271	4 030	3 490	2 304	3 102
18 489	15 590	15 865	14 131	9 738	9 528
828	624	560	595	491	759
3 508	2 256	1 975	1 955	1 413	2 120
218	164	147	157	129	200
923	594	520	514	372	558
1 344	986	833	873	757	1 068
5 696	3 564	2 939	2 867	2 178	2 983
354	259	219	230	199	281
1 499	938	773	754	573	785
1 029					
4 360					
271					
1 147					
390	353	321	321	301	426
1 827	1 289	1 139	1 090	918	1 169
103	93	84	84	79	112
481	339	300	287	242	308
4,68	3,65	3,55	3,40	3,06	2,74
4,24	3,62	3,53	3,28	2,88	2,79

Extract: De Beers Annual Report 2000

Group Finance

Paddy Kell
Director – Group Finance

"Supporting the group drive towards value creation"

2000 highlights

Progress on many fronts

- Improved disclosure
- Move to full depreciation accounting
- Implementation of value based management reporting
- Corporate restructuring underway

Progress on the reporting and disclosure front, as initiated in the 1999 annual report, has not gone unnoticed. Our efforts were recognised during the course of the year by the Investment Analysts' Society of South Africa who awarded De Beers top honours in the most improved corporate report category. Further highlights in the year under review have been a move from appropriation accounting for mining fixed assets to full depreciation accounting and compliance with various new Accounting Standards.

In support of the implementation of the new business strategy, Group Finance has sponsored and guided the implementation of value based management techniques and reporting across the De Beers group. In particular, we have guided the development and implementation of an accountability model together with related performance measures (scorecards) for the executive team. Allied to this has been the approval granted to proceed with the implementation of a new group-wide management accounting and reporting system (MARS project). The MARS reporting system is expected to go live during the course of 2001.

The Corporate Finance team has had a particularly demanding year with a number of acquisition and disposal transactions having been successfully concluded. These are covered in the section entitled Investments. Considerable progress can also be reported with regard to a detailed structural review of the De Beers group. Proposals to simplify and streamline the internal corporate structure have been made and in the case of the DBCM group largely implemented. Proposals regarding the DBCAG group have for the moment been put on hold pending the outcome of the proposed offer by the DBI consortium.

Combined financial results

Earnings

Combined own earnings for the year ended 31 December 2000 at US$1 289 million, or 322 US cents per linked unit, were 84 per cent higher than that of the previous year.

Total net earnings, which includes retained earnings of associated companies were 129 per cent higher at $1 906 million, or 477 US cents per linked unit. Retained earnings of associated companies comprise earnings from current trading of $451 million and exceptional and non-trading earnings of $166 million.

After adjusting for our share of the after tax net surplus on the realisation of fixed assets and investments, provisions made against investments and loans, amortisation of intangibles and the exceptional and non-trading items of associated companies, headline earnings amounted to $1 707 million, or 427 US cents per linked unit.

Dividends

Combined final dividends declared by DBCM and DBCAG increased to 100 US cents per linked unit, resulting in increased full year's dividends to 137,3 US cents per linked unit. The combined total dividend cover as calculated on own earnings has increased to 2,4 times from 1,7 times in 1999.

In Rand terms, at the exchange rate prevailing on 26 February 2001, combined dividends for the year increased by 64 per cent to 1 059,1 SA cents per linked unit.

Diamond account

The combined net diamond account shows a 59 per cent increase to $1 322 million with an improvement in margin from 16 per cent last year to 23 per cent. This result was achieved on the back of record sales by the DTC of $5 670 million. The significant run down of stocks towards working stock levels (including the sale of most of the longer held, higher margin stocks), the positive pricing trends during the year, and the bringing to account of full earnings from Venetia, with effect from 1 January 2000, have all contributed to these higher margins and the exceptional overall performance.

Marketing expenditure was $16 million lower at $171 million, while sorting and selling costs were $15 million higher at $235 million.

Exploration expenditure at $69 million was $7 million lower than last year. Research and new business development expenditure at $95 million was $51 million higher due to expenditure associated with new acquisitions and start up expenditure on the LVMH branding initiative.

Investment income

With the resumption of normal dividend receipts from Anglo American plc following the timing changes caused by the change in that company's year end, investment income increased by $129 million to $263 million. Interest income increased by $93 million to $129 million as a result of the substantial increase in cash holdings.

Income before taxation

Net income before taxation was 73 per cent higher at $1 679 million. The overall tax charge increased by 59 per cent to $370 million in 2000, resulting in net income after tax of $1 309 million compared with $739 million in 1999. The effective tax rate declined from 24 per cent last year to 22 per cent.

Diamond stocks

Further progress was made during the year in running down stocks towards working stock levels. Diamond stocks at 31 December 2000 decreased by 23 per cent to $3 065 million.

Fixed assets

Tangible and intangible fixed assets increased by $739 million to $1 518 million. This is primarily due to the acquisition of the Saturn Partnerships' 50 per cent royalty interest in the Venetia mine as well as the acquisition of a 67,76 per cent interest, through the takeover of Winspear Diamonds Inc, in the Snap Lake project located in the Northwest Territories of Canada.

Liabilities and current assets

Long and medium- term liabilities decreased by $45 million to $570 million, and net current assets increased by $1 205 million to $1 601 million.

Investments

The market value of listed investments decreased to $8 143 million from $10 088 million last year mainly reflecting the decrease in the US Dollar share price of Anglo American plc. The directors' valuation of unlisted investments including unlisted trade investments increased to $2 830 million from $2 202 million. Net asset value per linked unit at 31 December decreased to $40,81 (1999: $41,39).

Cash flow

The operating cash flow per linked unit for the year ended 31 December 2000 was 560 US cents, compared with 517 US cents for the year ended 31 December 1999.

Major assets

DE BEERS
A DIAMOND IS FOREVER

At 31 December 2000 the major assets of De Beers comprised the following:

	De Beers Consolidated Mines Limited	De Beers Centenary AG
Diamond mining operations	**South Africa:** De Beers Marine Finsch Koffiefontein Kimberley mines Marsfontein (31%)* Namaqualand mines Premier The Oaks Venetia	**Botswana:** Debswana (50%) Jwaneng, Orapa & Lethlakane **Namibia:** Namdeb (50%) Mining Area No.1, Orange River Mines, Elizabeth Bay & marine concessions **Tanzania:** Williamson Diamonds (75%): **Canada:** Snap Lake joint venture project (68%)#
Diamond trading and marketing	Companies comprising the South African elements of The Diamond Trading Company	Companies comprising the non-South African elements of The Diamond Trading Company. Companies which contract to purchase diamonds from other producers
Industrial diamonds	Companies which manufacture synthetic diamond and abrasive products in South Africa (50%)	Companies which manufacture synthetic diamond and abrasive products outside South Africa (50%)
Material investments	AA plc (28,7%) DBCAG (11,3%) FIRSTRAND (3,1%)# ANGLOGOLD (3,7%)	AA plc (6,7%)

* Effective economic interest
# Refer to section entitled Investments beginning on page 79

De Beers Pipeline

De Beers pipeline from exploration to marketing:

1 January 2000

A laser light was beamed onto the De Beers Millennium Star diamond during the official ***opening of the Millennium Dome*** at Greenwich

March

Venetia mine achieves ***ISO 14001 Certification,*** the top internationally recognised environmental award

May

De Beers Geology achieves 5 star rating (Kimberley, Centurion and field operations in South Africa)

20 June

De Beers half year sales of rough diamonds ***up by 44%*** from 1999

24 July

Joint venture agreement with Rex mining

19 August

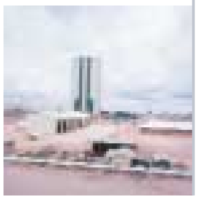
Harry Oppenheimer, former chairman of De Beers dies. HFO served on the Board for 60 years – 27 years as chairman. He retired in 1994

HFO: 1908-2000

3 March

De Beers ***acquires Avmin Shares*** in Finsch and Venetia mines

20 May



Orapa No.2 plant:
Orapa 2000 Project completed

14 June

De Beers calls for strict action on conflict diamonds

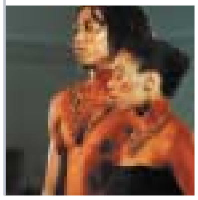
12 July

DTC

A DIAMOND IS FOREVER

Launch of Supplier of Choice announced

2-6 August



The Diamonds International Awards collection in South Africa as part of a world tour

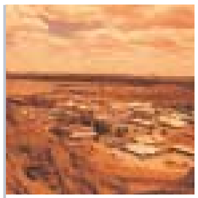
August

Premier mine becomes first De Beers' underground operation to receive ***ISO 14001 Certification***

Timeline 2000

August

Combined Treatment Plant given approval for Kimberley



7 November

Attempted Millennium Dome robbery foiled

November

De Beers initiates its ***e-Business*** programme

29 November

De Beers and Namibia sign joint venture agreement to forge stronger partnership

December

Debswana Jwaneng becomes first Botswana company to achieve ***ISO 14001 Certification***

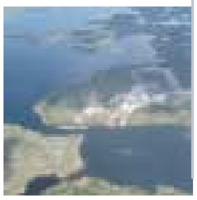
14 December

De Beers announces ***all time high*** rough diamond sales

2-4 October

Debcon 2000
De Beers strategic business conference

14 November



De Beers acquires Canadian company ***Winspear***

24 November

Renewal of Debswana Diamond Sales Agreement

30 November

De Beers acknowledged as ***'business media's favourite topic for 2000'*** by SA-based Business Report

December

HIV/Aids day
De Beers highlights numerous projects to combat Aids

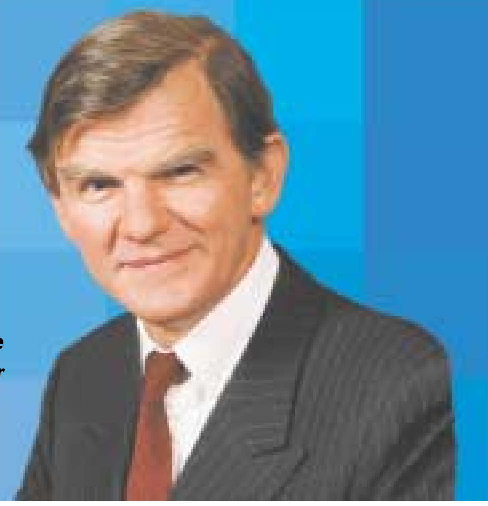
16 January 2001

De Beers announces a groundbreaking initiative with ***luxury goods company LVMH***

DE BEERS
A DIAMOND IS FOREVER

Extract: De Beers Annual Report 2000

Managing Director's Review



Gary Ralfe
Managing Director

The year 2000 was an "*annus mirabilis*" for De Beers with record turnover and earnings. More important for the longer-term, it was a year of transformation for De Beers, of the implementation of our strategic plan and of the bedding-down of our new organisational structure. Through our new strategies and our clearer, more accountable organisation, we seek to fulfil our mission to create and enhance shareholder value.

As Is Plus

This strategy is focussed at driving efficiency and economy in De Beers with management committed to achieving a reduction in real costs of 15 per cent between 2000 and 2003. Dollar cash costs of our exploration, mining operations in SA, sorting, sales and marketing reduced by 5 per cent from $970 million to $919 million. The Rand/Dollar exchange rate was an important factor. However, our mines in South Africa are now operating at optimum capacity, particularly Venetia, and the cost per ton treated fell by 12 per cent. For the second year running stocks decreased by about $900 million, thereby leading to a more efficient use of capital.

Supplier of Choice

The launching in July 2000 and the formal introduction in July this year of *Supplier of Choice* create a watershed in the Company's history as it moves to driving incremental demand and creating proprietary channels for the distribution of DTC's diamonds.

Supplier of Choice has four defined pillars:

- formalising relationships with our sightholders;
- applying fair and objective criteria in our dealings with them;
- Best Practice Principles, a code of ethical behaviour and principles, such as the prohibition against dealing in Conflict Diamonds;
- DTC's vibrant new identity and icon, the Forevermark.

Growing demand for diamond jewellery

We have defined the goal for the growth of diamond jewellery first to match and then to outperform GDP growth in the consumer countries. Unfortunately, we did not achieve that goal in 2000; diamond jewellery grew by 4 per cent in local currencies and GDP in the consumer countries by 7 per cent. We intend that *Supplier of Choice* and the refocusing of the whole industry on marketing should lead us, in due course, to achieve our goal.

Disappointing growth in diamond jewellery consumption contrasts with our own record sales of rough diamonds. They were particularly exuberant in the first half following a record Christmas season in the USA in 1999. Christmas last year was not up to expectations and so there is excess inventory in the consumer countries, notably America.

Exploiting the De Beers' brand

We made good progress in our stated goal of exploiting the De Beers' brand name in the retail market. The development of a business model and negotiations with LVMH culminated in an exciting initiative being agreed and announced in January of this year. This is a marriage made in heaven uniting De Beers' name and authority in diamonds with LVMH's brand management and retail experience. Although the core business of our Company will remain the mining and marketing of rough gem diamonds, we believe that in the longer term the new business should make a significant contribution to our earnings.

Other corporate developments

There have been other important measures taken to create shareholder value:

- We purchased the Saturn royalty, representing half of the after-tax profits of our largest South African mine, Venetia, for R4 billion. The return on this acquisition has been enhanced by the depreciation of the Rand against the Dollar.

- We sought to diversify the Company's production to countries outside Africa. Although we failed in our bid for Ashton Mining of Australia, we succeeded with Winspear Diamonds of Canada. Winspear, now renamed De Beers Canada Mining, has a two-thirds interest in the Snap Lake project in the Northwest Territories. Since then we have acquired the remaining one-third interest in Snap Lake from Aber Resources. Snap Lake, therefore, represents an investment of C$500 million.
- New five year sales agreements were signed with both our associates Debswana and Namdeb.
- The four mining vessels of De Beers Marine, which operate on contract for Namdeb, have been transferred to De Beers Marine Namibia in which Namdeb has acquired a 30 per cent interest. In return, De Beers Marine Namibia will be the exclusive marine contractor of Namdeb until 2020.
- With new senior management, De Beers Industrial Diamond Division undertook a strategic review which should lead to rationalisation and an improvement in returns.

Operations

Total carat production of the De Beers Group increased by 13 per cent to 36,5 million carats. This was due, in particular, to the Orapa 2000 expansion project. Construction started on the new Combined Treatment Plant in Kimberley which is scheduled to start in 2001. At $3,2 billion, De Beers Group production was 43 per cent of estimated world production of $7,5 billion.

Measured by the standard lost-time-injury frequency rate, the entire De Beers group enjoyed a record year in safety. However, this achievement was sadly marred by four fatalities in our group. With more deaths from HIV-related illnesses, HIV/Aids has become a strategic imperative for our entire group and urgent attention is being given to defining a comprehensive corporate policy.

We have committed De Beers in South Africa to Employment Equity and look forward to all levels of the company reflecting the race and gender make-up of South African society.

Performance culture

In addition to various other Human Resources' initiatives, a performance-based executive compensation system became effective in 2000. This follows the refining of our organisational structure in order to define division of responsibility, to identify accountability and to measure performance by a scorecard of key performance indicators. This is vital for De Beers to meet its strategic goals and accomplish its transformation.

Delivering shareholder value

The financial highlights of the Company for the year 2000 are well covered elsewhere in this report. I would like, however, to underline the following which are so important for delivering shareholder value:

- Diamond margin increased to 23 per cent from 16 per cent.
- Diamond stocks reduced by $924 million to $3 065 million, which is some $500 million above minimum working stock levels.
- Strong operational cash-flow of $2 billion for the second successive year.
- Overall return on equity much improved from 8,6 per cent to 17,2 per cent even if 2000 was an exceptional year.

Outlook for 2001

The deteriorating perspectives of the world economy, notably the American economy, will impact negatively on consumer confidence and upon the consumption of diamond jewellery. This, together with the stock overhang

Managing Director's Review

continued

in the retail pipeline, has persuaded us to lower our sales target for 2001 to $4,8 billion. That level of sales should be broadly in line with Group production and purchases from third parties.

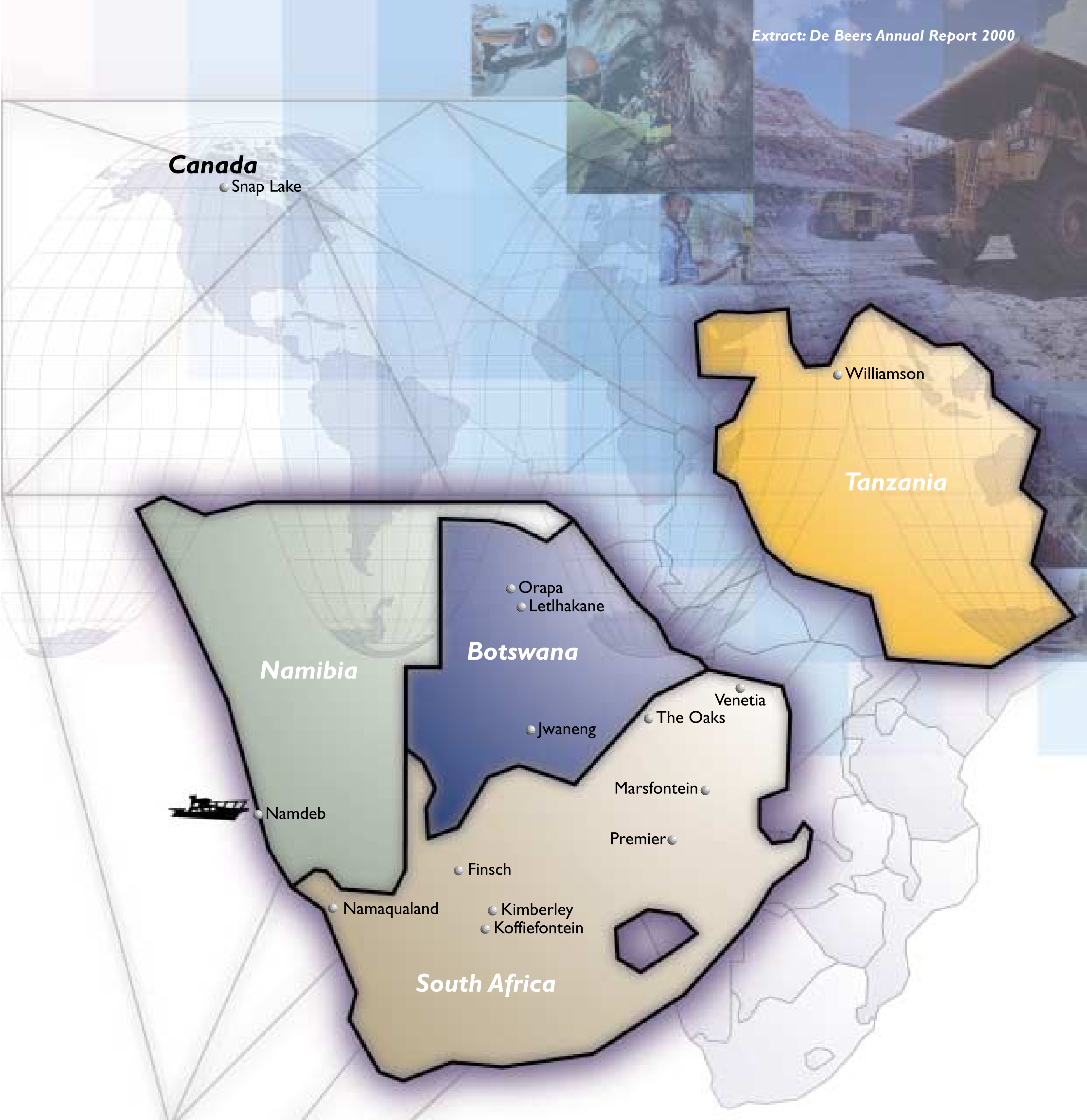
DB Investments' offer

Management has long realised that the shareholder value of De Beers will not be fully realised by our new operational strategies alone. We had, therefore, begun considering the recognised structural inhibitors to shareholder value:

- The cross-holding with Anglo American plc.
- The complicated dual structure of De Beers.
- The place of De Beers' primary listing.

In November, I and the other non-conflicted members of the De Beers' board were informed of the interest of a consortium, owning nearly 40 per cent of our equity, now known as DB Investments, in acquiring the outstanding 60 per cent equity. An Independent Committee was set up to negotiate with the consortium. Since then, their offer has recently been made firm. A circular to shareholders will soon be published which will set out in detail why we, the Independent Directors of De Beers, and our investment advisers, N M Rothschild & Sons, believe the offer is fair and reasonable to independent shareholders. That circular will contain a recommendation to shareholders to accept the offer because it realises shareholder value in a sure and full way that we do not believe would otherwise be available to shareholders for a long time to come.

GARY RALFE
29 March 2001


Canada
Snap Lake
Williamson
Tanzania
Orapa
Letlhakane
Botswana
Namibia
Venetia
The Oaks
Jwaneng
Marsfontein
Namdeb
Premier
Finsch
Namaqualand
Kimberley
Koffiefontein
South Africa

Mining Operations and Exploration

Gavin Beevers
Operations Director

Exciting times in the Operations and Exploration Division

2000 was a year of excitement and activity. We repositioned ourselves as an outward looking, value driven organisation. This repositioning culminated in the setting of our strategic goal to achieve:

"A leading share of world production, by value, to be produced by De Beers and its partners by 2004"

Growth, margins, people!

In our efforts to move closer to our goal, we applied our energies to and will continue to apply them to three key areas – growth, operating margins and people:

- Growth – expanding our own rough diamond supply capability (including geographically diversifying the supply);
- Operating margins – improving the profit margins of our operations by driving out inefficiencies and by diamond value management, asset management and supply chain management;
- People – the continued empowerment of and investment in our people, our 'human gems'.

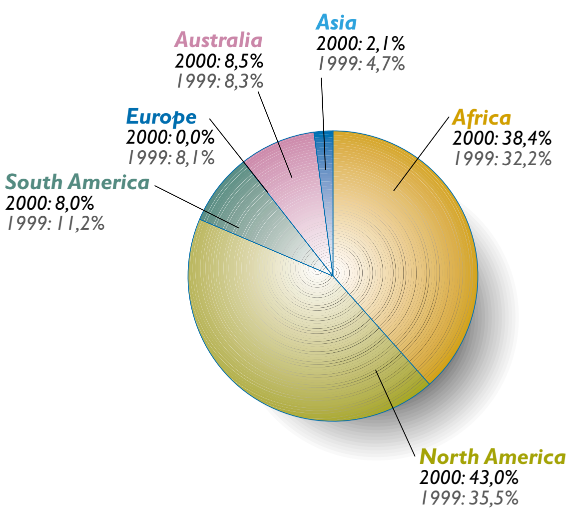
2000 highlights

Total carat production increased by 13 per cent to 36,5 million carats from 32,3 million carats in 1999.

- The Snap Lake acquisition and development will be De Beers' first mine in Canada.
- Aggregate dollar costs per ton treated declined by approximately 12 per cent.
- De Beers was one of the founding shareholders of Quadrem, the internet-based mining, minerals and metals e-Marketplace.
- Namdeb's Orange River mines achieved NOSCAR status for the first time, whilst Venetia and Elizabeth Bay retained their NOSCAR status. All other major operations were awarded five-star NOSA status.
- In addition to De Beers Marine, four more operations, namely Premier, Venetia, Debswana's Jwaneng (first organisation in Botswana) and Namdeb's Mining Area No.1 achieved ISO 14001 certification.
- Excellent progress was made in the drive towards a globally integrated human resources capability and the formalisation of performance-oriented work practices.

Exploration

EXPLORATION EXPENDITURE PER CONTINENT



Highlights

Progress on all fronts

- Encouraging results from Canada
- Joint ventures go well
- Greater laboratory capacity

Advanced projects in Canada made good progress with encouraging results from northern Ontario whilst we sold our interest in the Lomonosov project in Russia.

Grass roots exploration and joint ventures with other companies were successful in bringing interesting projects into our portfolio. A total of 55 new kimberlite discoveries were made worldwide during 2000 and most of those tested to date reported positive for microdiamonds.

Laboratory capacities have been increased to allow more rapid turn-around of exploration samples. In Kimberley, a new microdiamond recovery facility trebled our capacity to rapidly assess the diamond content of new kimberlite discoveries, whilst at the De Beers Geoscience Centre in Johannesburg further increases in analytical throughput were achieved.

The introduction of secure on-site treatment and modular X-ray diamond recovery plants at projects in Canada and Brazil had a positive impact on result turnaround by freeing laboratory capacity for other projects.

Exploration Expenditure

De Beers invested a total of US$ 69 million on exploration in 2000, with 20 per cent of this money being directed at progression of advanced projects mainly in Canada.

Advanced projects

CANADA

Gahcho Kué

Study shows another sampling programme needed

De Beers Canada Exploration Inc (formerly Monopros) operates the Gahcho Kué project (formerly known as Kennady Lake) in the Northwest Territories of Canada in joint venture with Mountain Province Diamonds Inc and Camphor Ventures Inc. A desk-top study based on the mineral resource identified from the 1999 drilling programme was completed during 2000 and De Beers earned a 51per cent interest in the project. The desk-top study concluded that the internal rate of return for the project is below the required hurdle rate based on the defined resource. No significant additions to the resource inventory were made during 2000. A further bulk sampling programme is planned early in 2001 to obtain an additional 2 000 carats from the Hearne and 5034 pipes. This will increase confidence in the diamond revenue model for the project.

Victor

Sampling programme completed, more drilling for 2001

Encouraging progress was reported from northern Ontario where De Beers Canada holds exclusive claims over 16 kimberlite pipes situated to the west of the settlement of Attawapiskat. A bulk sampling

Exploration

continued

programme was completed on the Victor pipe during 2000, with 2 944 carats recovered from 6 262 tonnes of kimberlite treated through the treatment and recovery plant erected on site. Further large diameter drill sampling will be carried out in early 2001 together with mini-bulk sampling of other pipes in this cluster.

Fort à la Corne

Drilling results out soon

De Beers Canada manages the Fort à la Corne project in Saskatchewan in joint venture with Kensington Resources and Cameco Corporation. A large diameter drill programme over two kimberlite pipes was completed and results are expected in the first quarter of 2001.

RUSSIA

Lomonosov

27 per cent stake sold to Alrosa

Results of the investigation undertaken by De Beers on kimberlites in the Lomonosov licence area were assessed in the first half of the year and the findings reported to the Board of Severalmaz, the Russian company which holds the licence for the Lomonosov deposit. Discussions between the parties and Alrosa, the major diamond mining company in Russia, led to the conclusion that Alrosa was best placed to take forward the possible development of the Lomonosov deposit and accordingly De Beers' 27 per cent shareholding in Severalmaz was sold to Alrosa.

BRAZIL

Canastra

Decision on next steps will be taken in 2001

De Beers has rights to mineral claims over the small diamondiferous Canastra kimberlite in Minais Gerais State. A desk-top economic review of the project was completed and a decision on next steps for the project will be taken in 2001.

Preliminary assessment projects

CANADA

Northern Territories and Nunavut

19 known kimberlite bodies identified

De Beers Canada holds licences in the Hardy Lake area of the Northwest Territories. Further kimberlite discoveries during 2000 brought the total number of known bodies in the area to 19 and two of these are to be tested by mini-bulk sampling during 2001.

New kimberlite discoveries were made on the Knife Lake project with our joint venture partner Rhonda Corporation, on the Hood River project optioned from Inmet Mining Corporation, and in De Beers' Lake Providence project.

ANGOLA

17 new kimberlite pipes discovered

Prospecting continued in association with Endiama, the Angolan State diamond mining company, in the provinces of Lunda Norte and Lunda Sul. Seventeen new kimberlite pipes were discovered during 2000. New drilling equipment was purchased for the project and more quantitative sampling commenced towards the end of 2000.

No work was carried out in the Quela and Mavinga concession areas owing to the poor security situation.

Early stage prospecting

Activity in 12 countries, including Brazil and India

Reconnaissance and early stage follow-up prospecting was carried out in various parts of Canada, South Africa, Botswana, Zimbabwe, Zambia, Gabon, Guinea, Mali, Brazil, Venezuela, Australia and the People's Republic of China. A joint venture was signed with Rex Diamonds for prospecting in the Akchar licence area in Mauritania and new licences were granted in the state of Karnataka in India, where reconnaissance exploration will commence in early 2001.

New Projects

Canada

DE BEERS ACQUIRES 100% OF WINSPEAR

Winspear's Snap Lake project makes headway

Underground samples completed, sort house upgraded and permit process under way

The Snap Lake project consists of a shallow-dipping kimberlite dyke and contains an inferred resource of approximately 21 million tonnes of kimberlite at a mining grade of approximately 175 carats per hundred tons.

The advanced exploration programme under way at the time of the De Beers acquisition was continued, the sort house was upgraded to De Beers diamond control standards and encouraging results were obtained from a 500 ton sample.

The full feasibility study has started and underground and surface exploratory drilling, metallurgical test work, and geotechnical studies will continue.

Of critical importance to the project is the permit approval process and negotiation of socio-economic and participation agreements with the government of the Northwest Territories and First Nation communities. The relevant documentation has been submitted.

South Africa

PREMIER MINE C-CUT

New C-Cut project will add 13 years to Premier's life

Premier mine is currently investigating the feasibility of extending its operations, through a project named the C-Cut, to a depth of 1 100 metres from the existing 732 and 630 metre levels.

The project, which will be presented to the De Beers board in May 2001, will provide a means of replacing the current reserves (which will be depleted in 2012)

New Projects

continued

and extending the life of the mine by about 13 years. In November, the board approved capital for the start of some up-front design and development work for the sub-vertical shaft.

The C-Cut, which will employ a mechanised block cave mining method, is effectively a replacement mine with new production, service and ventilation shafts, a new ore treatment facility and the necessary associated surface infrastructure. The replacement infrastructure will be capable of treating nine million tons per annum – a marked increase over the existing four million tons of installed capacity.

If board approval is obtained, shaft sinking will start early in 2002 and under-cutting operations will begin at the end of 2005. Full production is expected by the end of 2009. The construction of the treatment facility will start in 2003.

KIMBERLEY MINES CTP

New recovery plant for Kimberley

High-tech project will incorporate world-beating technology

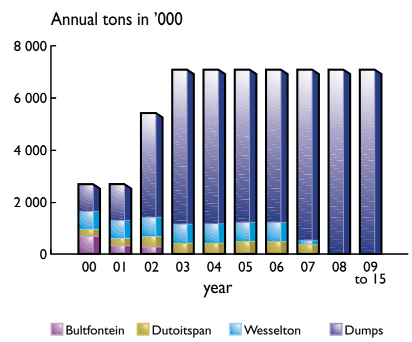
The new combined treatment plant (CTP) at Kimberley mines will have a significantly positive impact on the life of the three remaining Kimberley mines and the continued mining presence of De Beers in the Kimberley area.

The CTP, which will incorporate the most technologically advanced diamond recovery processes, has been designed to treat efficiently either underground ore or surface dump material, or a combination of both, with a high recovery rate.

Hitherto marginal or unpayable resources, now have the potential to become realistic mining opportunities, extending the life of these operations to 2018. Without the CTP, Kimberley would have faced the prospect of scaling down its mining activities and ending operations completely by 2003.

The project is progressing according to plan and will reach full production by the middle of 2002. The first part of the plant structures, the 70 metre recovery tower, was successfully completed on schedule in December.

How the new CTP plant will extend mine production in Kimberley



JAGERSFONTEIN

Dump sampling at Jagersfontein commences

R36 million project will determine diamond content of mine dumps

A R36 million dump sampling facility has been set up at Jagersfontein mine in the Free State to determine the diamond content of the mine dumps created during the life of the mine, which ceased operation in 1971.

Botswana

Retention licence granted

The Gope Exploration Company, a 50/50 joint venture between Falconbridge Exploration and De Beers, was granted a retention licence covering the GO25 kimberlite in the Central Kalahari District.

Mining and Recovery

Production statistics

	Ore treated (metric tons – 000's)		Diamonds recovered (carats)		Grade (carats/100 metric tons)	
	2000	1999	**2000**	1999	**2000**	1999
SOUTH AFRICA – DBCM						
Finsch	**4 204**	3 650	**1 925 059**	1 736 656	**45,8**	47,6
Kimberley	**3 508**	3 311	**568 639**	563 290	**16,2**	17,0
Koffiefontein	**2 199**	1 761	**151 498**	127 414	**6,9**	7,2
Marsfontein	**531**	429	**436 191**	882 412	**82,2**	205,7
Namaqualand	**6 141**	5 835	**809 928**	736 473	**13,2**	12,6
The Oaks	**212**	186	**116 048**	106 721	**54,7**	57,5
Premier	**2 846**	2 493	**1 782 420**	1 574 489	**62,6**	63,2
Venetia	**3 686**	3 378	**4 497 756**	3 738 616	**122,0**	110,7
TOTAL	**23 327**	21 043	**10 287 539**	9 466 071		
BOTSWANA – DEBSWANA						
Orapa	**14 682**	9 546	**12 171 887**	9 070 410	**82,9**	95,0
Letlhakane	**3 511**	3 430	**958 715**	877 973	**27,3**	25,6
Jwaneng	**9 237**	9 060	**11 520 253**	11 399 660	**124,7**	125,8
TOTAL	**27 430**	22 036	**24 650 855**	21 348 043		
NAMIBIA – NAMDEB						
Diamond Area No. 1*	23 457	24 406	**652 746**	716 100	**2,8**	2,9
Beach and marine contractors			**91 092**	59 366		
Atlantic 1			**576 470**	514 310		
TOTAL	**23 457**	24 406	**1 320 308**	1 289 776		
TANZANIA – WILLIAMSON						
Williamson	**2 958**	2 269	**317 478**	232 388	**10,7**	10,2
GRAND TOTAL	**77 172**	69 754	**36 576 180**	32 336 278		

** Diamond Area No. 1 includes Mining Area No. 1, Orange River Mines and Elizabeth Bay.*

De Beers Consolidated Mines Limited

FINSCH

Higher production maintained

Development of Block 4 accelerated to maintain higher production rate.

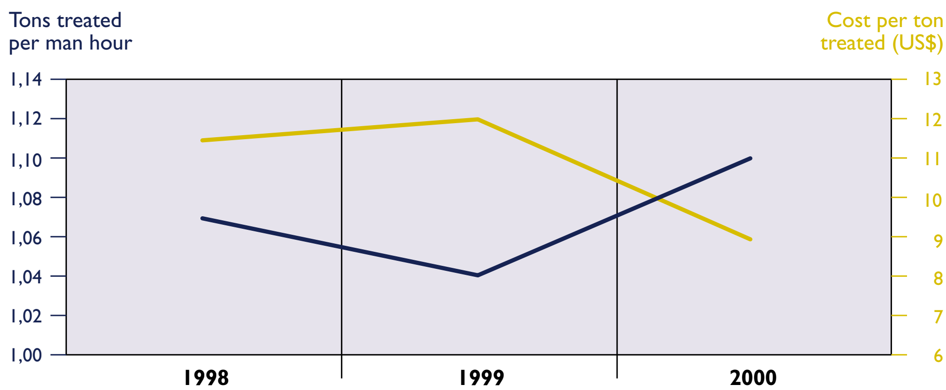
Location: *165 km west of Kimberley, Northern Cape*

Established: *1961*

Current life of mine: *27 years to the final depletion of Block 5.*

Production during 2000

Ore treated (million tons)	4,20
Diamonds recovered (million carats)	1,93
Recovered grade (carats per 100 metric tons – cpht)	45,8



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	25,4	11	43,3
Indicated resources	28,4	15	52,8
Inferred resources	51,5	19	36,9
Total reserves and resources*	**105,3**	**45**	**42,7**

* *At a bottom cut-off size of 1,4 mm, a planning revenue of US$50 per carat and to a depth of 830 m.*

2000 Highlights

Higher production, greater productivity, better safety

- Tons treated and carats recovered increased following the introduction of a third shift.
- Load Haul Dumper fleet replaced with fewer, larger, more productive units.
- Balanced Scorecard, a technique which drives performance through identified key performance areas, introduced to make strategy operational.
- One million fatality-free shifts attained.
- A rolling forecast methodology introduced (a forward looking, key performance parameter-driven forecast of future results) to manage financial performance.
- Strategy to manage the impact of HIV/Aids introduced following prevalence testing.

Mining and Recovery

continued

KIMBERLEY

Production up, costs down

Construction of the new combined treatment plant (CTP) started.

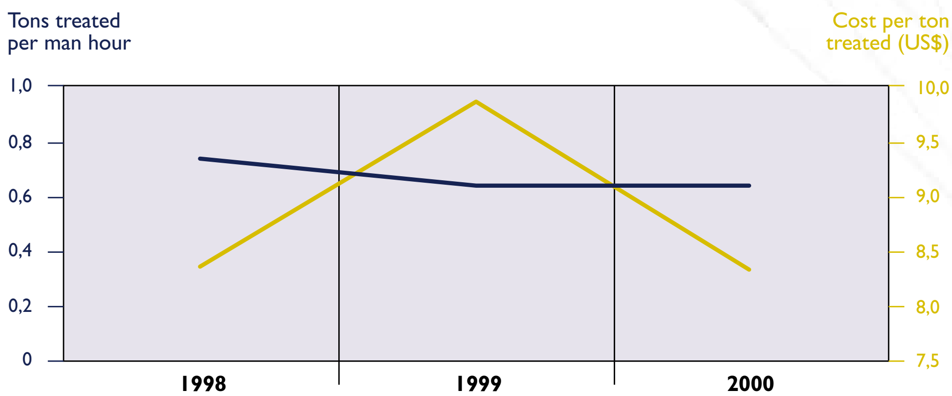
Location: *Kimberley, Northern Cape*

Established: *1871*

Current life of mine: *17 years – the decision to construct the new CTP increases the potential life of mine to 2018.*

Production during 2000

Ore treated (million tons)	3,51
Diamonds recovered (million carats)	0,57
Recovered grade (carats per 100 metric tons – cpht)	16,2



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	8	1,5	18,8
Indicated resources	88	16,0	18,2
Inferred resources	188	14,0	7,4
Total reserves and resources*	**284**	**31,5**	**11,1**

* *At a bottom cut-off size of 0,5 mm, a planning revenue of US$76 per carat and to a depth of 995 m.*

2000 Highlights

New treatment plant, new block cave and exploratory drilling

- Development and undercutting of a new block cave got underway on the 870 metre level of the DuToitspan mine.
- Treatment of dump material by Dumpco, a job creation initiative established jointly with the National Union of Mineworkers, continued. A further small mining empowerment operation has been established.
- Exploratory drilling started on the DuToitspan mine in order to determine the potential of further ore resources.
- The CTP, due to start operating in 2002, will boost production to 1,9 million carats by 2003, and reduce working costs to under US$6 per ton treated.

De Beers Consolidated Mines Limited

continued

Koffiefontein

Safety awards aplenty

Excellence in Mining Environment Management Award *for the Free State region; a lost-time-injury free calendar year and the* De Beers Chairman's Safety Shield *competition won.*

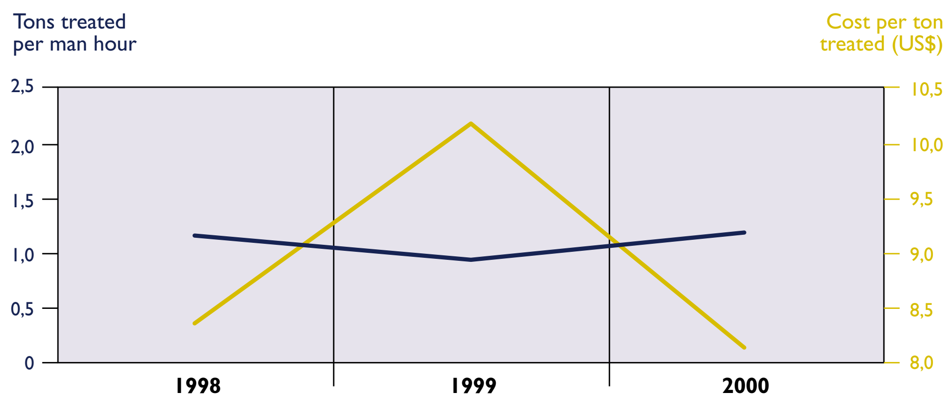
Location: *Koffiefontein, southern Free State*

Established: *1870*

Current life of mine: *12 years until 2013 based on current resources.*

Production during 2000

Ore treated (million tons)	2,20
Diamonds recovered (million carats)	0,15
Recovered grade (carats per 100 metric tons – cpht)	6,9



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	21	1,8	8,6
Indicated resources	10	0,5	5,0
Inferred resources	130	4,0	3,1
Total reserves and resources*	**161**	**6,3**	**3,9**

* *At a bottom cut-off size of 2 mm, a planning revenue of US$228 per carat and to a depth of 490 m.*
* *In 1999, Jagersfontein dumps were quoted separately. This year they have been included in the Koffiefontein inventory.*

2000 Highlights

Full production at front cave, but grade slightly down

- The front cave operation – a first for De Beers and the diamond mining industry – reached full production early in 2000.
- The mine secured a consistent water supply through the completion of a water pipeline to the Orange/Riet canal system.
- Recovered grade was four per cent below that of the previous year as a result of increased dilution, prompting a change in mining method on the upper levels from blasthole open stoping to sub-level caving.

Investigation into upgraded treatment plant

While the development of the eastern portion of the pipe to maintain production rates will commence in 2001, the concept of an upgraded treatment plant to treat surface tailings material and underground material simultaneously is being investigated.

Mining and Recovery

continued

MARSFONTEIN

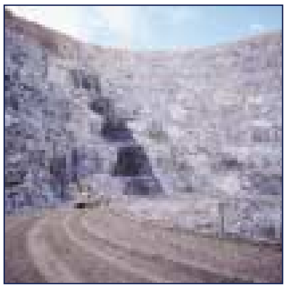
Expanded empowerment venture

Negotiations in progress to increase scope of black empowerment and lengthen life of operations.

Location: *35 km east of Potgietersrus, Northern Province*

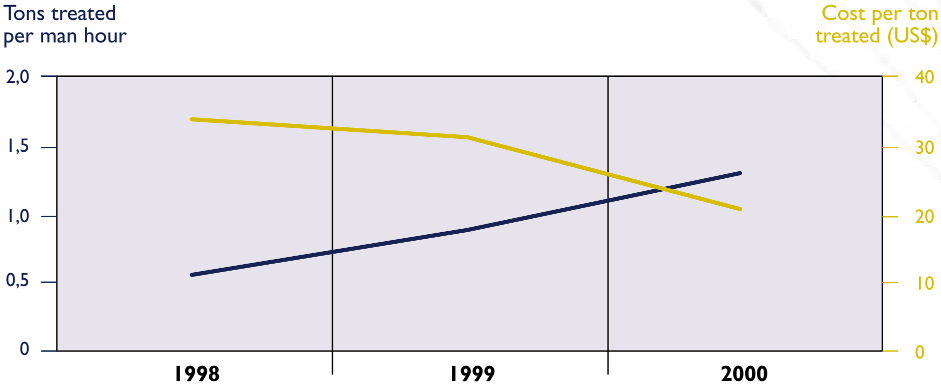
Established: *1998*

Current life of mine: *one year – open pit mining complete: production from existing diamondiferous stockpiles will continue into early 2002.*



Production during 2000

Ore treated (million tons)	0,53
Diamonds recovered (million carats)	0,44
Recovered grade (carats per 100 metric tons – cpht)	82,2



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Inferred resources	0,3	0,04	12,1

* *At a bottom cut-off size of 1,5 mm, a planning revenue of US$165 per carat and to a depth of 150 m.*

2000 Highlights

Good production progress and an expanded empowerment venture

- M1 open pit completed in November at a final depth of 150 metres below original ground level.
- One million tons of ore treated by late October (from project start-up).
- M1 kimberlite treatment completed in December.
- Over 1,8 million carats recovered from project start-up to end 2000.
- Exploration drilling of the M8 fissure completed.
- Negotiations opened to increase scope of existing joint venture between DBCM, Southern Era and black economic empowerment partners.

De Beers Consolidated Mines Limited

continued

NAMAQUALAND

Production up, new diamond finds

Diamond production up 10 per cent on 1999. Just over three million carats of new resources delineated.

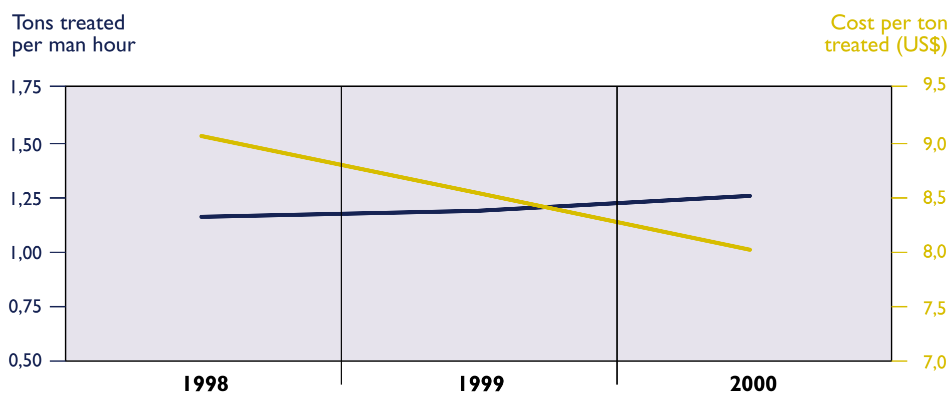
Location: *northwest coast of South Africa*

Established: *1928*

Current life of mine: *nine years to the end of 2010.*

Production during 2000

Tons treated (million tons)	6,14
Area swept (million m^2)	1,15
Carats recovered (million carats)	0,81
Recovered grade (carats per 100 metric tons – cpht)	13,17
Recovered grade (carats/square metre)	0,63
Total waste stripped (million tons)	28,45



	Area (metric tons – m^2 millions)	Diamonds (carats – millions)	Grade (c/m^2)
Probable reserves	17,4	6,4	0,37
Indicated resources	18,2	1,1	0,06
Inferred resources	16,1	5,4	0,34
Total reserves and resources*	**51,7**	**12,9**	**0,25**

* *At a bottom cut-off size up to 2 mm, a planning revenue of US$159 per carat.*
* *Inferred and Indicated resource categories have been reported separately from last year's combined inventory.*

2000 Highlights

New diamond finds, awards for safety and environmental management

- Environmental management programme approved in May.
- Koingnaas mine awarded a regional certificate of rating for *Excellence in Mining Environmental Management* by the Northern Cape government.
- Buffels inland complex won the *Northern Cape Mines Safety Competition* for mines with less than 200 workers.
- Buffels inland complex reached five years of operation without a lost-time injury and Koingnaas mine reached one year of operation without a lost-time injury.

Mining and Recovery

continued

The Oaks

Greater throughput, increased efficiencies

Continued progress on greater throughput and increased recovery efficiencies.

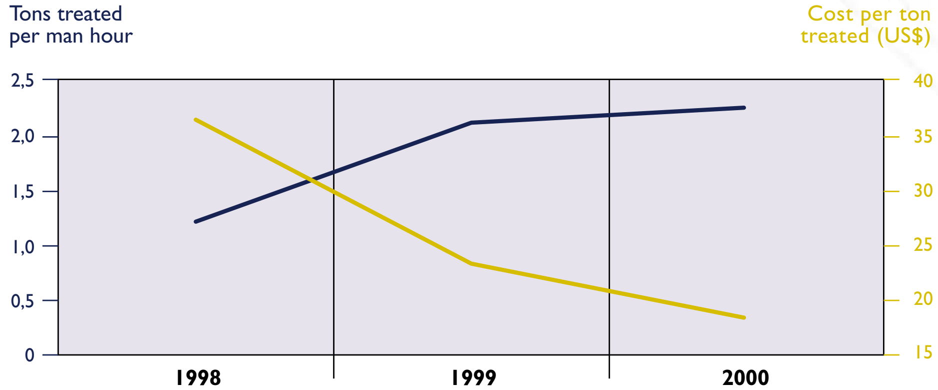
Location: *20 km from Swartwater, Northern Province*

Established: *1998*

Current life of mine: *Eight years down to 100 metres.*

Production during 2000

Ore treated (million tons)	0,21
Diamonds recovered (million carats)	0,12
Recovered grade (carats per 100 metric tons – cpht)	54,7
Total waste stripped (million tons)	1,11



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Inferred resources	2,6	1,4	53,8

* At a bottom cut-off size of 1 mm, a planning revenue of US$127 per carat and to a depth of 200 m.

2000 Highlights

Increased production, better safety, exploratory drilling started

- Zero disabling injuries recorded.
- Carat production up by nine per cent owing to increased tons treated.
- Water consumption reduced by 50 per cent.
- Plant improvements lead to diamond recovery efficiency.
- Partial co-disposal of slimes into waste paddocks proves successful.
- Exploratory drilling commenced to confirm resources below 100 metres.

De Beers Consolidated Mines Limited

continued

Premier

C-Cut study makes progress

Production up, and good progress was made with the C-Cut feasibility study.

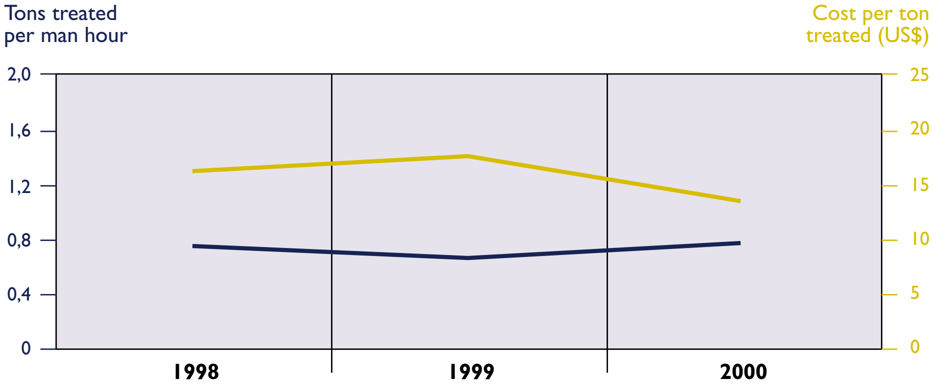
Location: *40 km east of Pretoria, Gauteng Province*

Established: *1902*

Current life of mine: *11 years: should the project to extend mining reserves (the C-Cut) be approved in 2001, the life would extend to 2025.*

Production during 2000

Ore treated (million tons)	2,85
Diamonds recovered (million carats)	1,78
Recovered grade (carats per 100 metric tons – cpht)	62,6



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	39	21	53,8
Indicated resources	180	122	67,8
Inferred resources	117	11	9,4
Total reserves and resources*	**336**	**154**	**45,8**

* *At a bottom cut-off size of 1 mm, a planning revenue of US$46 per carat and to a depth of 1 000 m.*

2000 Highlights

Increased production, better safety, ISO 14001 certification

- Carat production up by 12 per cent owing to increased tons treated.
- Increased market demand resulted in the introduction of a third production shift.
- ISO 14001 certification achieved.
- NOSA five-star safety rating retained.
- The ore body sampling exercise indicated a C-Cut resource in excess of 160 million tons. If approved, the mine would commence with this project in 2001. Assuming production starting in 2006, the steady state production rate would be nine million tons, or approximately six million carats per annum.

Mining and Recovery

continued

VENETIA

Carat production up on 1999

Carat production 20 per cent ahead of 1999, ISO 14001 certification achieved.

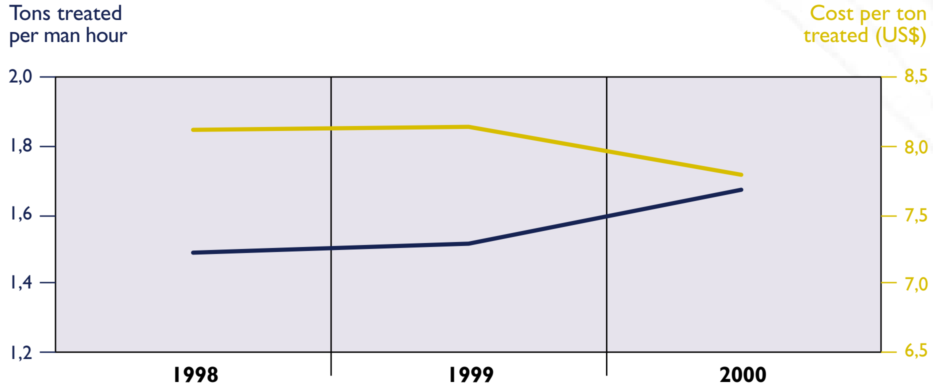
Location: *80 km west of Messina, Northern Province*

Established: *1992*

Current life of mine: *17 years – at current production levels the expected life of cut 3 is to 2011 and cut 4 is to 2018, whereafter an underground mining operation is planned.*

Production during 2000

Ore treated (million tons)	3,69
Diamonds recovered (million carats)	4,50
Recovered grade (carats per 100 metric tons – cpht)	122,0
Total waste stripped (million tons)	16,12



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	43,6	53,0	121,6
Indicated resources	9,8	13,2	134,7
Inferred resources	64,0	49,5	77,3
Total reserves and resources*	**117,4**	**115,7**	**98,6**

* *At a bottom cut-off size of 1 mm, a planning revenue of US$55 per carat and to a depth of 420 m.*

2000 Highlights

Higher grade, ISO 14001 certification and stepped-up Aids programme

- Carat production better than expected as a result of the introduction of continuous operations in the treatment plant and the better-than-anticipated grade.
- High safety standards maintained during 2000 and the mine retained its NOSCAR status for the fifth consecutive year.
- A total of 1 874 000 fatality-free man shifts achieved by 31 December 2000.
- ISO 14001 environmental management system certification achieved and retained.
- The Venetia Aids programme focussed mainly on an awareness campaign. This programme was driven with close involvement of the community and included Venda University student projects, peer education, Aids knowledge competitions and industrial theatre.

Debswana Diamond Company (Proprietary) Limited

Louis Nchindo
Managing Director –
Debswana Diamond Company

Renewal of the Debswana/De Beers Sales Agreement: 2001 – 2005

Debswana, a 50/50 partnership between the government of the Republic of Botswana and De Beers renewed its five year sales agreement with The Diamond Trading Company, the marketing arm of De Beers. Since inception Debswana has sold its entire diamond production to the market in terms of five-yearly sales agreements with De Beers.

In return for the exclusive entitlement to purchase Debswana's diamonds, De Beers contractually commits to buy all of Debswana's production regardless of variations in volume or quality.

In addition to receiving consistent prices for its annual production, Debswana derives the following benefits from the arrangements:

- Access to De Beers' world-wide marketing network, which includes contacts with the cutting centres, rough and polished diamond dealers and retailers as well as the international banks that specialise in providing credit to the diamond business;
- The benefits of De Beers' US$170 million advertising and promotion programme (to which Debswana contributes) designed to expand international consumer demand for diamond jewellery.

Debswana is the largest single source of income for the Botswana government and both the government and De Beers in their capacity as shareholders in Debswana have committed themselves to continuing co-operation in adding value to diamonds in Botswana.

ORAPA

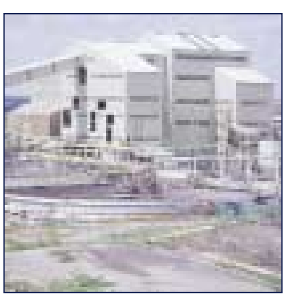
Orapa 2000 opened by President

Orapa 2000 expansion project was opened by President Mogae in May.

Location: *240 km west of Francistown, Botswana*

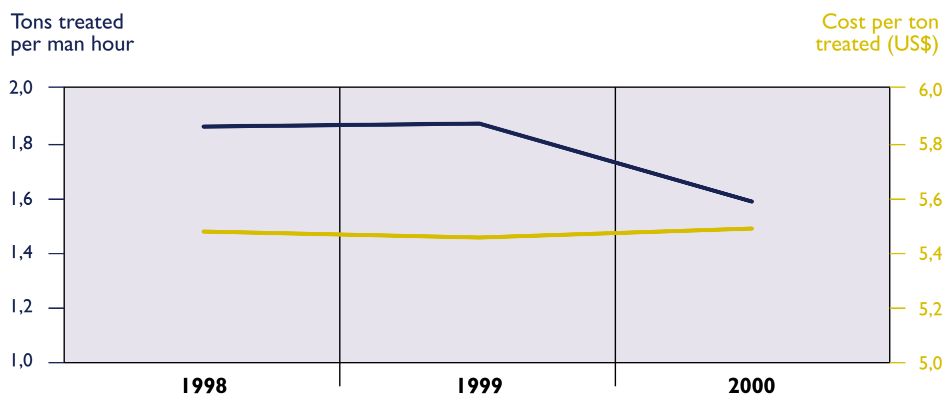
Established: *1971*

Current life of mine: *29 years at current production levels as an open pit.*



Production during 2000

Ore treated (million tons)	14,68
Diamonds recovered (million carats)	12,17
Recovered grade (carats per 100 metric tons – cpht)	82,9



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	274,0	158,5	57,8
Indicated resources	105,9	36,5	34,5
Inferred resources	273,0	125,0	45,8
Total reserves and resources*	**652,9**	**320,0**	**49,0**

* *At a bottom cut-off size of 1,65 mm, a planning revenue of US$47 per carat and to a depth of 660 m.*
* *The above table incorporates the BK kimberlites (K9, K1, K12 and K15) at an average mining feasibility revenue of US$120 per carat.*

Mining and Recovery

continued

Strategic review

Debswana has completed its strategic review, which process has resulted in the following:

Vision
To be the global benchmark diamond producer

Mission
To mine, sort and value diamonds optimally and responsibly

Strategic goal
To produce 30 million carats worth US$2,5 billion (at current prices) annually by 2004, through efficiency improvements using working capital.

Development diamonds campaign

Debswana welcomes the Botswana government's initiative in engaging the services of a reputable international consulting firm to work with and support Botswana locally and abroad in presenting Botswana's untainted diamond industry record to the world and the impact on Botswana's economy of the indiscriminate linking of diamonds to civil conflicts in Africa.

Debswana is disappointed that its development diamonds, whose role in Botswana's economic development is second to none, could be abused by other countries and misunderstood by some NGO's. Debswana is proud that good management of this natural resource, by Botswana, has continued to improve the qualities of the lives of all Batswana.

2000 Highlights

New plant opened, injuries down, ISO 14001 certification due shortly

- The No. 2 plant was opened by the State President, His Excellency, Mr Festus Mogae, in May and reached its full rated capacity during the third quarter of the year.
- The new recovery plant and slurry disposal system now fully operational.
- Mining of the BK 9 group of Kimberlite pipes approved.
- The South African Bureau of Standards conducted a pre-assessment environmental audit based on the ISO 14001 environmental management system, and will recommend full certification in March 2001 subject to the clearing of outstanding findings.
- A 50 per cent reduction in the number of lost-time injuries.
- Ore treated at both No. 1 and No. 2 plants was 14,68 million tons which was a significant increase on 1999 throughput; of this 26 per cent was from surface stockpiles.

New mine to start production in 2002

A revalidation exercise on the BK kimberlites project near Orapa was completed during the year to update the 1998 feasibility study. A decision to go ahead with the construction of the new small mine was made by the Debswana board in the fourth quarter following the granting of a mining licence. Construction will commence in 2001, with the first diamonds scheduled to be produced during the last quarter of 2002.

Better utilisation of water

The year saw the commissioning of the No. 2 plant slurry dam, which improved the recycling of return water. This together with the increased usage of run-off water stored during the heavy rains, resulted in a reduction in abstraction from the wellfields.

There was an increase in the amount of water stored in the reservoirs from 0,4 months of the mine's requirements in January to 1,3 months at year end. This greatly reduced the risk of lost production due to water shortages.

The challenge for 2001 is to reduce the consumption within the plants and the township. A number of initiatives will be undertaken during the year in order to meet this objective.

Debswana Diamond Company (Proprietary) Limited

continued

LETLHAKANE

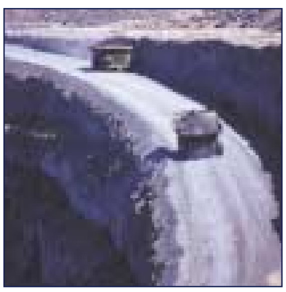
Record manpower productivity

Although heavy rains hindered production, record productivity levels were achieved.

Location: *190 km west of Francistown, Botswana*

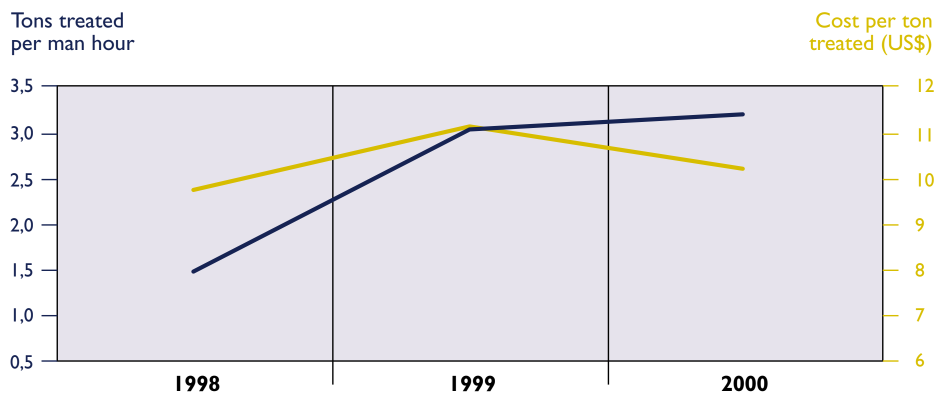
Established: *1977*

Current life of mine: *13 years.*



Production during 2000

Ore treated (million tons)	3,51
Carats recovered (million carats)	0,96
Recovered grade (carats per 100 metric tons – cpht)	27,3
Total waste stripped (million tons)	16,37



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	9,0	1,9	21,1
Indicated resources	6,2	1,9	30,6
Inferred resources	47,4	12,5	26,4
Total reserves and resources*	**62,6**	**16,3**	**26,0**

* *At a bottom cut-off size of 1,65 mm, a planning revenue of US$191 per carat and to a depth of 480 m.*

2000 Highlights

Heavy rains and technical problems dampen production

- A vehicle monitoring system was installed, the benefits of which will be quantified early in 2001.
- The waste shovels underwent major repairs in the third quarter after a period of poor performance. An additional front end loader and haul truck were added to the waste fleet to ensure stripping objectives are met from 2001 onwards.
- Record manpower productivity levels achieved.

Ore treated amounted to 3,51 million tons, of which 29 per cent was derived from the stockpiles. The treatment plant exceeded last year's tonnage by two per cent, but was still three per cent below target for the year. This was mainly as a result of wet ore due to heavy rains in the first quarter, and problems with primary crusher liners and unscheduled replacement of the crusher motor shaft.

The flocculent plant and slimes disposal upgrade projects scheduled for 2001 will make it possible to improve water consumption in future years.

Mining and Recovery

continued

JWANENG

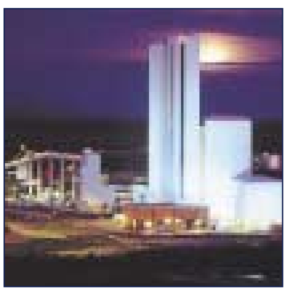
"Aquarium" commissioned, ISO 14001 achieved

New high-tech diamond recovery and sorting facility commissioned, ISO 14001 certification obtained.

Location: *120 km west of Gaborone, Botswana*

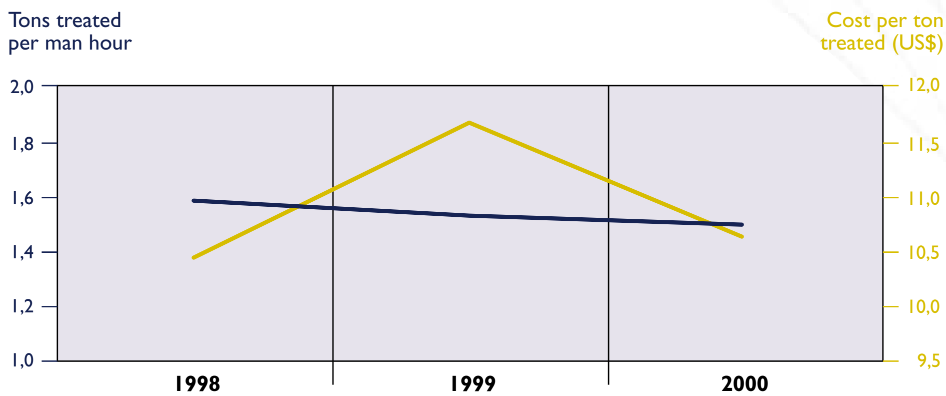
Established: *1982*

Current life of mine: *29 years as an open pit at current production levels.*



Production during 2000

Ore treated (million tons)	9,24
Diamonds recovered (million carats)	11,52
Recovered grade (carats per 100 metric tons – cpht)	124,7
Total waste stripped (million tons)	29,66



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Probable reserves	44,0	40	90,9
Indicated resources	14,0	4	28,6
Inferred resources	229,6	369	160,7
Total reserves and resources*	**287,6**	**413**	**143,6**

* *At a bottom cut-off size of 1,65 mm, a planning revenue of US$108 per carat and to a depth of 720 m.*
* *As for last year, all Jwaneng figures reflect the 1996 reserve classification. The valuation drilling is continuing with the purpose of upgrading to the 1999 reserve classification.*

2000 Highlights

Flooding problem resolved, new P360 m plant commissioned and ISO 14001 certification obtained

- Carat production was marginally higher than in 1999 despite the flooding of the pit bottom after the heavy rains of the first quarter of the year. All of the flood water was pumped out by mid-year, allowing access to the bottom benches for mining. Remedial work has been done in order to prevent the pit from being flooded again.
- The completely automated recovery plant and fully integrated sort house, which uses the latest X-ray machines and sorting technology, were commissioned during the year at a cost of P360 million. The plant is not yet operating at full optimum capacity due to certain technical and operational issues, which are still being addressed.

  The plant has processed all the concentrate produced by Jwaneng mine since May, and the sort house will handle all diamonds produced by both Jwaneng and Orapa mines.
- The formalised environmental management system adopted in 1999 led to ISO 14001 certification at the end of the year.

Namdeb Diamond Corporation (Proprietary) Limited

Inga Zaamwani
Managing Director – Namdeb

Record financial results

The year 2000 was a record for Namdeb Diamond Corporation in recent times. The company's financial performance for the year was significantly ahead of budget due to the inclusion of an extra diamond sale as a result of a pipeline reduction by the DTC, a favourable foreign exchange rate and a favourable variance in interest earnings owing to the swing from debt into surplus. In recognition of the fact that diamonds are a strategic resource for Namibia, one of Namdeb's strategic objectives is to responsibly deplete the reserve to ensure long-term sustained revenue generation and growth.

Strategic vision and mission

The year 2000 witnessed the start of Namdeb's Strategic Review process. The objective is to refine the strategic direction of the company by developing competitive

NAMDEB

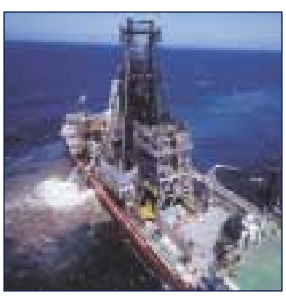
New plant; marine production up 12 per cent

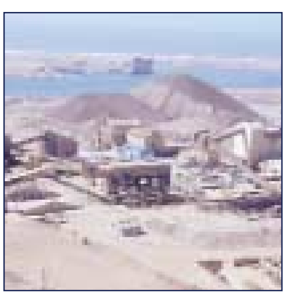
Construction of Daberas Plant completed in December, De Beers Marine production up 12 per cent.

Location: *southwest coast of Namibia*

Established: *1920*

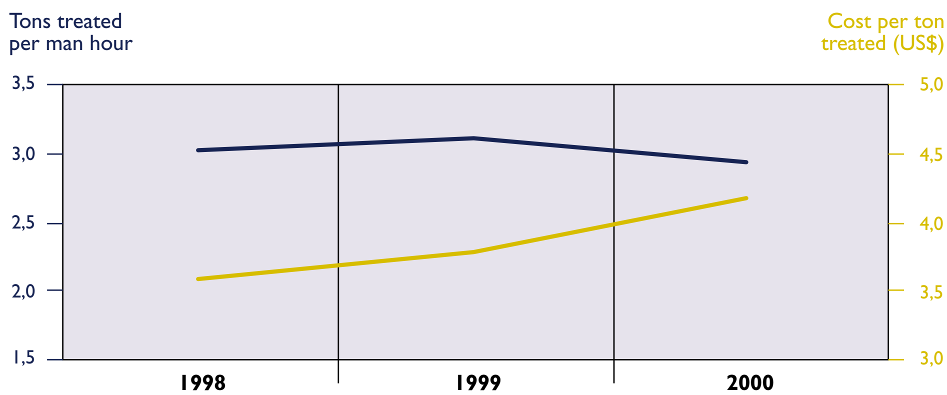
Current life of mine: *20 years at current production rates.*





Production during 2000

Ore treated (million tons)	23,46
Square metres mined (land-based only)	1,50
Carats recovered (million carats)	1,32
Recovered grade (carats per 100 metric tons – cpht) (land-based only)	2,8
Recovered grade (carats/square metre) (marine only)	0,2
Total waste stripped (million tons)	24,82



Namdeb and Debmarine	**Ore** (metric tons – millions)	**Area** (square metre – millions)	**Diamonds** (carats – millions)	**Grade** (cpht)	(c/m^2)
Probable reserves (land, marine)	59,4	6,8	2,2	1,5	0,19
Indicated resources (land, marine)	73,6	18,8	5,4	2,3	0,20
Inferred resources (land, marine)	301,7	23,9	8,6	1,5	0,17
Total reserves and resources* (land, marine)	**434,7**	**49,5**	**16,2**	**1,7**	**0,18**

* *At bottom cut-off sizes of up to 3 mm, a planning revenue of US$322 per carat. Mining at Atlantic 1 has a bottom cut-off size of 2 mm and a planning revenue of US$298 per carat. Marine resources and reserves are based on a cut-off grade of 0,1 c/m^2. Namdeb is still in the process of fully implementing the SAMREC code. At the end of 1999, Namdeb had plans to mine deposits and resources (overburden dumps) which were believed to be payable, but now at best, are regarded as inferred resources, because more sampling is required. Since they are only estimated at inferred and deposit levels, they have been, in accordance with the SAMREC code, removed from probable reserves, and where applicable, added to inferred resources.*

Mining and Recovery

continued

strategies and a performance management framework for Namdeb. The overall corporate objective is that of profitable and sustainable growth of the business to create value for the shareholders.

Given the ever-increasing competitive global environment we operate in, complicated further by threats of boycotts due to the "conflict diamonds" issue, strategic positioning of Namdeb preoccupies its directors and management.

1994 Agreements Reviewed

Year 2000 also witnessed the completion of the first five-year review of the 1994 agreements, which created Namdeb. The review resulted in the formation of a new entity, De Beers Marine Namibia as an exclusive contractor to Namdeb to replace De Beers Marine. Namdeb has a 30 per cent stake in the new localised company.

2000 Highlights

Good progress in prospecting, sampling and mining of new reserves

- The Daberas Plant was completed by December. Full production is planned for 2001.
- Sampling of the 12 pocket beaches to the north of Chameis continued throughout the year. The sampling of the remainder of the sites will continue in 2001.
- No 2 Plant, which was due to cease run-of-mine treatment in mid-2000, was given an extension to its life of approximately 12 months after further payable ore was added to the reserve. It is now due to change to dump retreatment in mid-2001.
- Sampling and geophysical surveying programmes were undertaken in Namdeb's marine inshore area. Results are being interpreted.
- Considerable progress was made in the design, development and testing of innovative methods and equipment needed to prospect and eventually mine in these difficult areas.
- The results of the sampling programme conducted at Sendelingsdrif in 1999 were evaluated and the geology of the deposit modelled. It is likely that a resource similar to those already identified at Auchas and Daberas is present in this deposit. Evaluation work is continuing.
- The primary and contiguous marine exploration programmes undertaken by De Beers Marine in the Exclusive Prospecting Licences and in the Atlantic 1 Mining Licence area continued throughout the year.
- During the year, 11 new shallow-water marine contract areas were awarded by Namdeb to promote black empowerment.
- De Beers Marine increased deep-sea production by 12 per cent to 576 470 carats. This was mainly as a result of technical improvements to the drill ships. The area of sea floor mined (some 2,6 square kilometres) increased by 24 per cent.
- A new company, De Beers Marine Namibia, was formed.

Mining and Recovery

continued

Williamson Diamonds Limited

WILLIAMSON

Diamonds recovered up by 16 per cent due to increased ore treated.

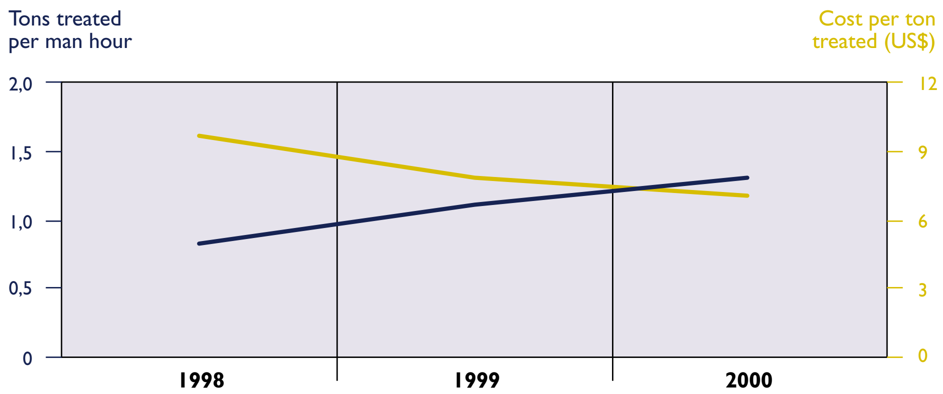
Location: *Mwadui, Tanzania*

Established: *1940*

Current life of mine: *five years.*

Production during 2000

Ore treated (million tons)	3,0
Diamonds recovered (million carats)	0,32
Recovered grade (carats per metric 100 tons – cpht)	10,7



	Ore (metric tons – millions)	Diamonds (carats – millions)	Grade (cpht)
Inferred resources*	114	6,5	5,7

* *At a bottom cut-off size of 1,5 mm, a planning revenue of US$106 per carat and to a depth of 70 m.*

2000 Highlights

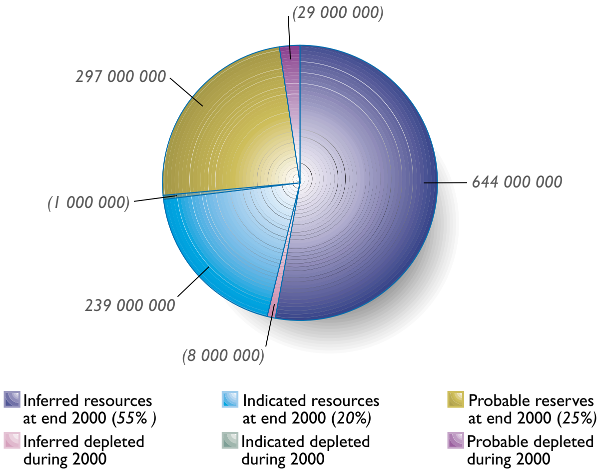
Excellent tonnages and diamonds recovered

- During the year Williamson achieved excellent production, both in terms of tonnages mined and diamonds recovered. Exploitation of pre-1960 recovery tailings provided the boon and dump mining by a contractor using a pan plant contributed 9,8 per cent of production. A revision of the geological model led to improved understanding of the ore body, and clarified the constrained long term potential of the low-grade local resources.

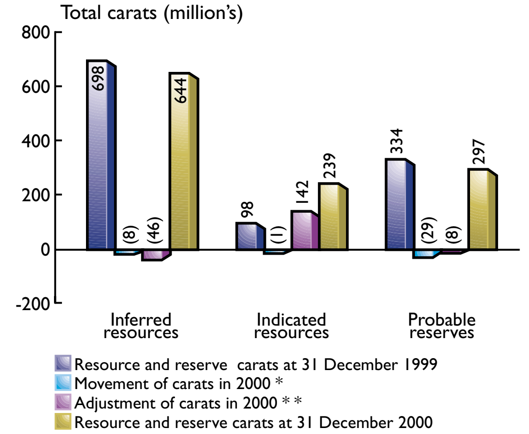
Consultations continue with the Tanzanian government regarding the reduction of artificially high national-grid electricity tariffs, to bring them in line with comparable neighbouring countries in order to improve operating margins and reduce debt.

Mineral Resources and Reserves

Resources and reserves at end December 2000 reflecting total carats depleted in year 2000



Resources and reserves at end December 2000 reflecting total adjustments and movements in year 2000



* *Movements: reflects relocations and depletions from resources and/or reserves*
* * *Adjustments: reflects increases or decreases between resources and/or reserves*

Mineral Resources and Reserves

continued

	Ore (metric tons) (millions)	Area (square metres – (millions)	Diamonds (carats – millions) 1999	2000	Grade (cpht)	(c/m^2)
Probable reserves* (land, marine) [2, 3]	523	24	334	297	55	0,32
Indicated resources (land, marine) [1, 2, 3]	528	37	98	239	44	0,13
Inferred resources (land, marine) [1, 2, 3]	1 528	40	698	644	42	0,24
Total resources and reserves (land, marine)**	**2 579**	**101**	**1 130**	**1 180**	**45**	**0,22**

Notes:
1 Usually transformed as a result of improved exploration activities.
2 Resource to reserve amendments reflecting the aspects of improved mining, treatment, revenue per carat, Rand/US$ exchange rates and reduction in working costs.
3 Reflects exploitation and depletion undertaken during the year 2000.
* Probable reserves are reported exclusively from indicated resources.
** At bottom cut-off sizes and to depths (where appropriate) as stated for each mine.

Total resources and reserves include Snap Lake (inferred resources of 9,3 million tons and 18,3 million carats; and indicated resources of 12 million tons and 23,7 million carats).

Mineral resources and reserves are classified according to the rules for public reporting in each country where we operate

SA rules defined by SAMREC code

Our resources and reserves have been classified according to the rules for public reporting in South Africa, as defined by the South African Mineral Resource Committee (SAMREC).

The SAMREC code has been compiled along the lines of the Australian JORC code, which is being used as a guideline for codes drafted in the United Kingdom, Canada, the USA and possibly also other countries.

Classification applies as of 1 January 2000

The SAMREC code requires that a competent person be responsible for the declaration of the resources and reserves in its defined sub-categories in all public reporting, which includes the company annual report. Dr W J Kleingeld, Group Manager, Mineral Resources, has been appointed as the responsible person.

Definitions of key terms used

inferred resource

That part of a resource for which tonnage, grade and diamond value can be estimated with a low level of confidence. It is inferred from geological evidence, and assumed but not verified by geological and/or grade continuity. A sufficiently large diamond parcel is not available to ensure a reasonable representation of the diamond assortment. It is based on information that may be limited or of uncertain quality and reliability.

indicated resource

That part of a resource for which tonnage, densities, shape, physical characteristics, grade and diamond value can be estimated with a reasonable level of confidence. It is based on information at locations that are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. Sufficient diamonds have been recovered to allow a confident estimate of average diamond value.

probable reserve

The economically mineable material derived from a measured or indicated resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

resource reconciliation

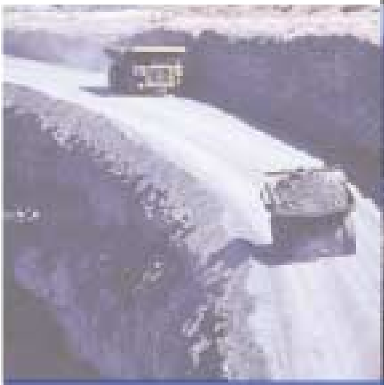
The resource pie chart and graph on page 57 have been provided to reflect the way in which resources and reserves transformed and/or were depleted in the year 2000.

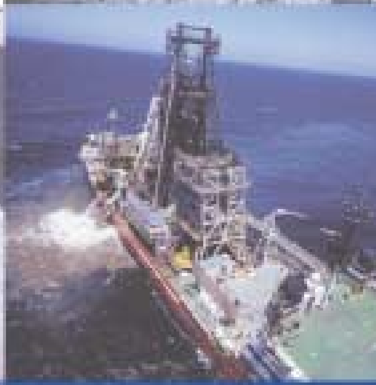
planning revenue

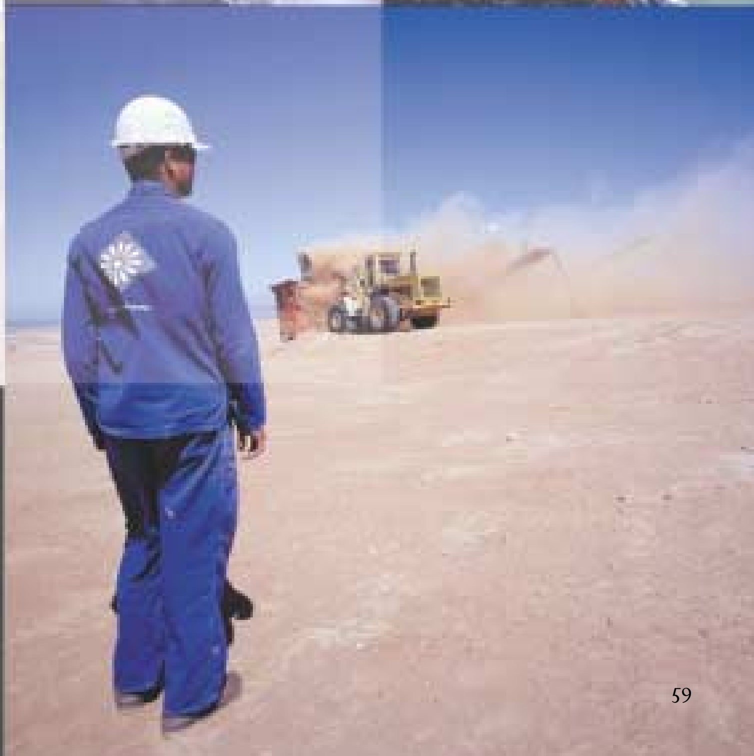
Planning revenue per carat is an estimate derived from the mix of diamond categories recovered and projected to be recovered from the material included in the mining plan. The parameter is not applicable to the entire resource and, among other things, is sensitive to changes in depletion and recovery factors.

Assessment criteria used

The assessment criteria used for the classification of the resources and reserves are data availability, sampling technique, geological interpretation and estimation technique. The reserves are in the category of probable, since sampling at De Beers has been done to achieve the indicated resource category. Only in cases where external funding may require a minimised risk profile will it be feasible for sampling to be done with the aim of achieving a measured resource, and thereby a proved reserve.







Producer Relations Purchasing and Sorting

Peter Somner
Director –
Producer Relations, Purchasing and Sorting

This new unit negotiates and maintains contracts with producers to obtain a wide and sophisticated assortment of rough diamonds. It enables the DTC to meet its clients' demand for these diamonds by sorting them for sale. It employs 1 000 people

Formed as a result of strategic review

In 1999, following the conclusion of the strategic review, De Beers outlined proposals to increase shareholder and stakeholder value through corporate restructuring, the formation of business units and a reduction in group operating costs – accompanied by initiatives to drive demand.

The new Producer Relations, Purchasing and Sorting business unit has become a key element in the DTC's operations and manages a complex logistical task using new technology and the talent of its high-level staff.

On track to cut costs by 15 per cent before 2003

The unit has embraced the challenges set out in the strategic review and implemented measures that have not only reduced costs across its own activities, but has also aligned itself to help other business units carry out their own strategic initiatives. It is now well placed to fulfil De Beers' stated objective of achieving a 15 per cent reduction in costs by 2003.

Renewed key sales agreements

In addition to its own mines, De Beers also has contractual arrangements to purchase diamond production from group companies including Debswana and Namdeb and from Alrosa (the Russian diamond mining company) and BHP's Ekati mine in Canada's Northwest Territories.

In each case, the unit aims to promote the company as 'buyer of choice', demonstrating the additional value provided through the DTC's wealth of experience and expertise in the sorting and marketing of rough diamonds.

It successfully renewed five-year sales agreements with both Debswana and Namdeb, continued to purchase rough supplies from Alrosa and completed the first year of the three-year contract to purchase 35 per cent of production from Ekati.

Flexible pricing introduced

In London, Gaborone, Kimberley, Windhoek and Luzern skilled and experienced staff sort and value the diamonds into more than 16 000 categories of weight, shape, quality and colour. These categories are then 'blended' into assortments containing the world's widest variety of rough diamond productions and tailored to the requirements of the DTC's 120 clients, or Sightholders. The selling assortments tend to change rarely, but in 2000 a major assortment change was carried out in the +2 carat range of rough diamonds in response to developments in manufacturing techniques in the world's major cutting centres. This made the DTC's sales boxes more desirable to its clients and also reflected developments in purchase prices in the world market.

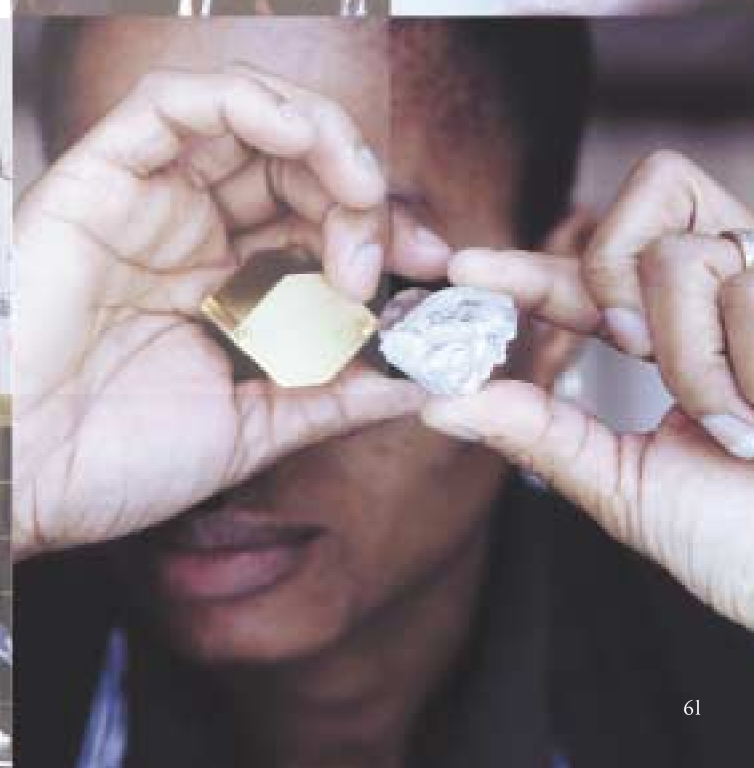
Another important development was the introduction of flexible pricing to DTC price books to allow the DTC to react more quickly to trends in the outside market.

Pipeline stocks reduced

An important achievement in 2000 was the significant reduction in the time production takes to flow through the 'diamond pipeline'; i.e. from receipt through to availability for sale. This was due to greater efficiencies from improved process management, better productivity and enhanced technology. Overall, a 40 per cent reduction in processing time was achieved across the sorting operations worldwide, thus realising an annualised saving of over US$50 million in the cost of financing pipeline stocks.

These trends are set to continue as the company implements a new diamond stock management system that will exploit information technology to drive further sustainable efficiencies in the diamond pipeline.

In addition, the empowerment of staff through increased responsibility and accountability provides the stimulus to demonstrate iniative and innovation, and sustains the DTC's reputation as the leading rough diamond handling organisation in the world.



Sales and Marketing

Diamond Trading Company

Nigel Wisden
Director –
Sales and Marketing

A new business unit is launched to maximise Sales and Marketing capabilities. *Supplier of Choice* initiative gets off to a good start

The new Sales and Marketing Business Unit aims to meet the rough diamond requirements of the world's leading diamantaires. With improved customer focus we will work to:

- drive consumer demand for diamond jewellery;
- create value in the diamond category for the DTC and its clients;
- maintain the image of diamonds.

New unit to increase diamond demand

The primary task is to implement a crucial element of the De Beers strategic plan – accelerate diamond demand by moving the DTC from being a seller of last resort to a supplier of first choice. It is a long-term strategy that will transform the DTC into a more focused, marketing-oriented organisation that will be responsive to the needs of the diamond market, and better placed to withstand its volatility.

Structure of new unit takes shape

We've moved quickly to merge the sales, marketing and information departments, and have designed a new and sharper management organisation that will be fully functioning in 2001. Client relations will be managed primarily through key account executives who will co-ordinate customer relationship management, client support services and distribution.

Supplier of Choice initiative launched

The DTC announced its *Supplier of Choice* initiative in London on 12 July 2000. *Supplier of Choice* features:

- a detailed policy statement for conducting business
- transparent and objective client criteria
- a code of best practice principles to ensure that the diamond industry is run ethically and professionally
- the DTC's powerful new identity and icon, the Forevermark.

The key objectives for *Supplier of Choice*

The *Supplier of Choice* initiative has been designed to:

- encourage growth in the retail market;
- increase marketing spend throughout the pipeline;
- promote multiple and competing brands;
- protect the consumer and the image of the product.

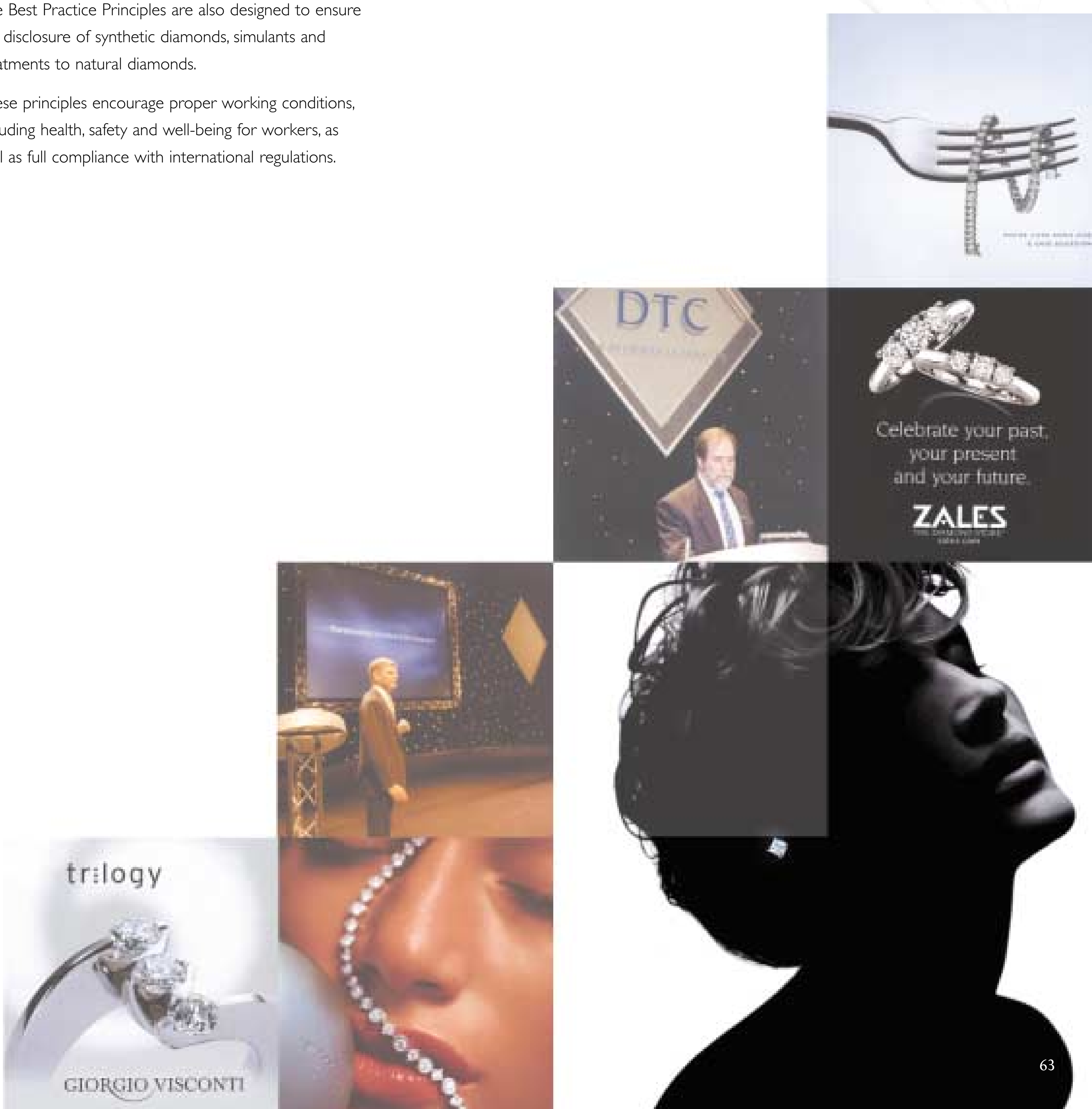
Best practice principles will drive ethics . . .

It is important that all consumers of diamond jewellery understand the ethical standards and professionalism of the Diamond Trading Company and its clients. We believe the DTC's code of Best Practice Principles will help to achieve this. The principles which all Sightholders have to adhere to, and promote all the way down the supply chain, include a commitment not to engage in practices that encourage or support conflict or human suffering.

. . . and give continued consumer confidence in the mystique of diamonds

The Best Practice Principles are also designed to ensure the disclosure of synthetic diamonds, simulants and treatments to natural diamonds.

These principles encourage proper working conditions, including health, safety and well-being for workers, as well as full compliance with international regulations.



Sales and Marketing

Consumer Marketing

A year of record sales, thanks to continued US demand and good growth in Europe, Arabia, India and Asia-Pacific

US sales boost figures

Sales of rough gem diamonds in 2000 rose eight per cent over the previous year to US$5,67 billion, mainly on the back of continued expansion of American polished demand. There was also encouraging growth in polished diamond sales in Europe, Arabia, India and the Asia-Pacific region.

Good start to 1st half of 2000

The momentum from 1999's millennium diamond-marketing programmes continued into the first half of 2000, with strong polished restocking demand from America and global retail sales growth of 10 per cent in US dollars compared to 1999 levels. The DTC responded by increasing rough sales to clients. Sales reached unprecedented levels during the first five sights in 2000, boosted by surging demand. The DTC's prices were re-aligned in February to reflect the strong demand for lower quality goods and increased in June to reflect general market conditions.

Sales ease during 2nd half

As consumer demand led by the US began to slow in the second half of 2000, the DTC eased back on sales. The pace of wholesale polished demand slackened and the industry's global bank indebtedness increased in the third quarter. In Japan, consumer confidence remained subdued. By the fourth quarter, it became apparent that the holiday season in America would not reach earlier high expectations. The DTC reduced sales in the light of decreased demand due to worsening market sentiment and inventory accumulation in the supply chain.

Retail sales up five per cent for the year

For the year as a whole, retail diamond sales increased by some five per cent in dollar terms, a solid achievement set against the millennium-assisted retail sales performance of 1999. European sales increased by around five per cent for the year, Asia-Pacific was up eight per cent, Arabia increased by seven per cent, while India showed double-digit growth. Japanese demand was flat in US dollars.

Sales for 2001 below last year's peak

DTC sales in the first half of 2001 are tracking some 15 per cent below the peak levels seen during the first half of 2000. Wholesale polished demand is slower and excess product inventories in the supply chain are adjusting in the light of more subdued retail markets, particularly in the United States. Better market conditions are expected in the second half, though much will depend on world economic and financial trends. A target of $4,8 billion has been set for 2001 in light of these conditions.

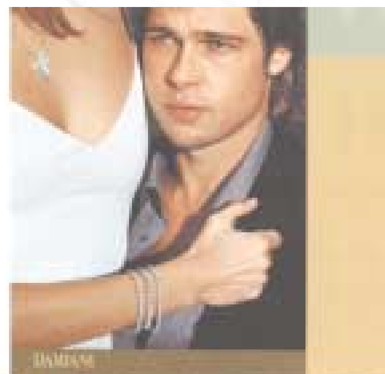
Advertising and marketing boost demand

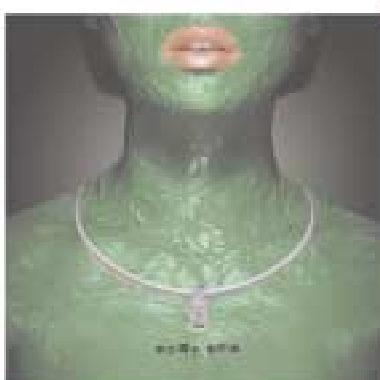
A number of DTC advertising, publicity and trade programmes helped to drive growth in retail demand growth during 2000. In addition, industry players rode this wave of creativity with supportive marketing programmes of their own, for example:

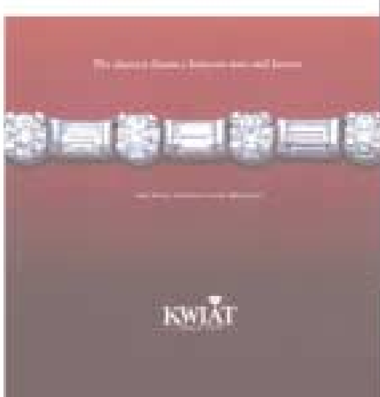
- The Three Stone Ring in the US, a new product initiative targeting the anniversary segment and leveraging the powerful Past, Present, Future concept;
- the Nakshatra project in India, undertaken in collaboration with a number of local sightholders.

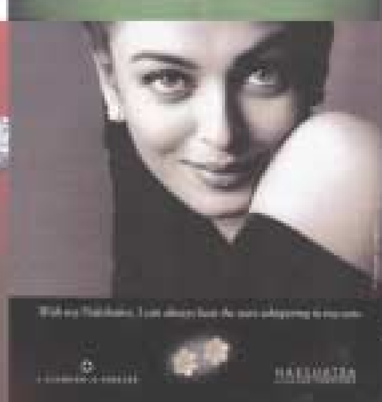
More dynamic marketing in 2001

The DTC will invest approximately US$180 million in consumer marketing campaigns in 2001 using the world famous strapline 'A Diamond is Forever'. As part of the *Supplier of Choice* focus on boosting demand, new marketing opportunities in diamond jewellery will be encouraged which embrace global, national and local brands.









Industrial Diamonds

A good year marked by sales growth in new applications and a clear strategy for the future

Greater usage of industrial diamonds

Diamond, the hardest-known material, is also the most transparent and heat-conductive material known to man. Up to now, industrial diamonds have been successfully applied in industrial abrasive applications. But the year 2000 was a breakthrough year for them, with greater usage in non-abrasive applications such as heat sinks and optical windows.

Strong sales in cutting and drilling

In the abrasives business segment, we saw a strong increase in sales of polycrystalline diamond for cutting-tool and drilling applications. Technological advances have increased delivery capabilities and quality of products in this area.

Grit business unit grows in volume

The demand for cubic boron nitride and diamond grit products continues to grow as lower prices make it affordable for more and more varying applications in grinding and sawing. The combination of declining prices and volume growth resulted in stable sales for this sector during 2000.

Growth into new market segments

The number of non-abrasive applications for synthetic diamonds have increased strongly during recent years. We were able to capitalise on this market development and build a strong business during the year. The key new markets we penetrated were in the telecommunications, medical, optical and electronic industries.

Strategic redirection

A strategic review was carried out during the latter part of the year which resulted in a clear picture on the way forward for our different businesses. With a new organisational structure and strategic direction in place, we can now focus on our key objective of retaining our market leadership position, improving customer focus and increasing returns to shareholders.

Research and Development

DebTech, Johannesburg

DebTech provides diamond-winning technologies to the Mining Operations and Exploration Division through R&D and delivery of products and services

Research & Development widens product range

We improved the performance of marine mining systems through advanced computer simulation and scale model experiments and continued research on the fundamental properties of diamond and mineral physics in order to improve electronic sorting technologies. The net result was a better range of products in the field of diamond recovery.

Kimberley gets containerised recovery plants

Containerised recovery plants were manufactured and delivered to Kimberley for the Central Mines dump sampling facility, and for the Daberas mine in Namibia.

New security systems and diamond sorting machines

Three new X-ray-based personnel security units were installed and commissioned at Premier mine and Namdeb.

We also delivered diamond sorting machines and process control systems for a number of diamond recovery plants including The Oaks mine, Premier and Finsch mines.

Upgraded technologies and new support systems

New and upgraded technologies introduced over the year included the non-nuclear dense medium controller, the DockLock secure canister system for diamond transport and the novel expert-system based integrated process controller, ProMax.

Wide-area network-based remote process and equipment monitoring, diagnostics and support systems were extended to the completely automated recovery plants at Orapa and Jwaneng mines.

Range of studies, audits and tests conducted

Ore dressing studies, plant and process audits, system analyses and various sampling and test work programmes were conducted for most group operations and projects in order to acquire and apply knowledge for improved production, as well as for feasibility studies and process design.

Top rankings maintained

Debtech retained its NOSA five-star safety rating, and ISO 9001 certification, and was ranked among the South African National Technology Top 100 companies.

DTC Research Centre, Maidenhead

The intellectual force behind De Beers' lead in diamond technology

We provide world-class gem diamond research for De Beers as well as development and equipment manufacture

The DTC Research Centre is a unique facility providing a world-class gem diamond research capability for the De Beers group.

The laboratory has a breadth of expertise spanning fundamental research through to applied research and development and equipment manufacture.

Research and Development

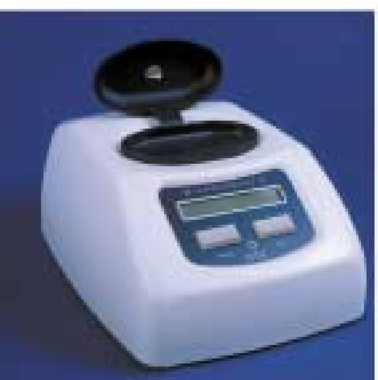
continued

It is responsible for the scientific aspects of the gem defensive programme, for the development of sorting and valuing equipment for rough gem diamonds, for technologies for cutting and polishing and for various branding technologies.

Steps to maintain integrity of diamonds

The integrity of natural, untreated diamonds and consumer confidence in our product is of paramount importance. Accordingly, our highest priorities are:

- researching the discrimination characteristics of synthetic diamonds and diamond treatments
- developing detection techniques and instruments
- ensuring that the diamond trade and gem grading laboratories worldwide are briefed on issues that affect consumer confidence in natural diamonds.



We made substantial progress in developing new generations of discrimination instruments to identify synthetic diamonds, simulants and diamonds artificially treated to change their appearance. These instruments can be rapidly deployed to traders and retailers to maintain consumer confidence should the need arise.

Technology developed for "invisibly" branding diamonds

We continued to develop new technologies for "invisibly" inscribing polished diamonds for branding purposes. These technologies will support the recently announced De Beers/LVMH joint venture and also *Supplier of Choice* initiatives with DTC clients. Research also continued into new generations of branding viewers to allow the microscopic brands to be revealed and displayed to retailers and consumers.

New generation sorting/weighing machines installed

At the DTC sorting operations, we have started to install production versions of a new generation of rough diamond sorting machine capable of high-speed sorting of small diamonds for quality and colour.

New technology equipment for more accurately sorting and valuing larger diamonds has been successfully developed and production design has started.

Weighing machines for sizing diamonds above 0,5 carats continued to be manufactured, and increased numbers of advanced sorting and weighing machines were deployed in the sorting offices in southern Africa.

Human Resources

DBCM

HR function better and more global

- The human gems strategic leverage area, comprising a range of people projects and initiatives, continued to impact on the business.
- Global best practice in the human resources function was established in 2000. Its main features are service excellence, development of capability and change management.
- The drive towards a global HR function continued apace.

Performance-based compensation

- In support of the transformation process, and in line with meeting De Beers' strategic goals, a performance-based executive compensation system became effective from 1 January 2000.
- Clearly established roles, responsibilities and outcomes in support of these strategic goals have been developed to ensure that all top management teams contribute toward and participate in the value creation process. The implementation of performance measures in relation to strategic goals and incentive reward schemes have been effected. This system will remain in place for the duration of the process ending 31 December 2004.
- The DBCM Incentive Scheme was extended to include selected employees of all South African operations outside of the senior and middle management levels. Participants in the scheme are required to meet certain criteria of which performance is an important feature.
- Performance management criteria and market factor information were important determinants in the 2000 salary review.

War for talent stepped up

- A strategic intervention – "The War for Talent" – was launched with the primary purpose of enhancing De Beers' competitive edge in attracting and retaining talent to meet its operational and strategic objectives.
- This strategy focuses on dynamic and aggressive approaches to attract and retain skilled people, and on less orthodox recruitment methods such as internal talent scouting exercises, referral systems and the Internet.
- Leveraging recognition and reward systems within the performance culture to retain top talent.

More succession planning and training

- Progress has been made in implementing group succession planning and development strategies. Continued emphasis was placed on transfers, secondments and reciprocal exchanges as an important feature across the operations, regions and countries where De Beers operates.
- Targeted employees participated in a variety of development programmes – both tailored and public – to better prepare prospective achievers and current leaders for the transformational challenges that lie ahead.
- The *De Beers Achiever Programme* has begun to reflect high levels of diversity and talent. DBCM, Debswana and Namdeb participation in middle management development programmes at the University of Stellenbosch Business School and the Gordon Institute of Business Science (GIBS) has been timeous and necessary in developing business competencies at this level. Executives representing DBCM, Debswana, Namdeb, De Beers Canada and the DTC completed the GIBS Global Executive Programme.
- DBCM has actively supported and met the requirements of skills development legislation. In meeting these requirements, DBCM is able to transform skills profiles, and in the process to recover monies from the levies that have been imposed.

The quest for a participative climate

- Strategies are being increasingly informed, shared and shaped through participatory processes.
- Relationships with employee representative bodies continued to support business needs.

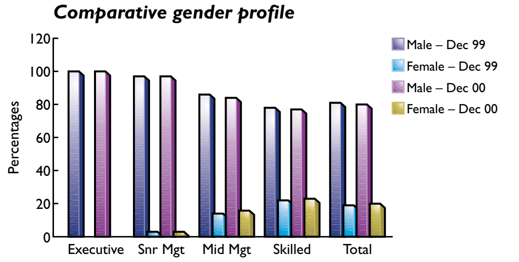
Human Resources

continued

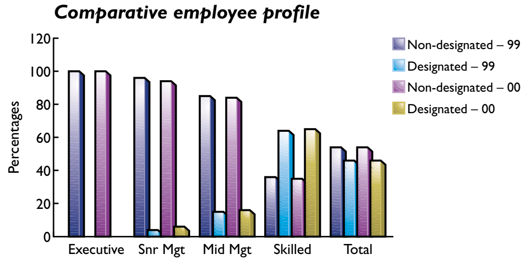
Employment equity

The tables below outline comparative DBCM employee and gender profiles during 1999 and 2000.

Comparative gender profile



Comparative employee profile



Report submitted to government

The DBCM employment equity (EE) policy and strategy was launched in August 1999. Internal workshops were conducted during February 2000 which provided the framework for workplace EE plans.The development of these plans took place during the period February to April 2000. A consolidated report was submitted to the Department of Labour at the end of May 2000.

Moving beyond compliance with Act

The EE policy has been further revised and highlights the Company's commitment to seeking opportunities that go beyond legislative compliance. A recruitment, selection and promotion policy has been developed to provide further stimulus to EE initiatives within the Company.

Diversity strategies addressed

Diversity management strategies are being explored. An information system is being developed to address reporting processes to meet EE statutory requirements. In addition, issues and barriers are being identified for appropriate action at operational and corporate levels.

Striving for practical measures in 2001

More work lies ahead to ensure that our EE policy is translated into practical implementation strategies. Steps will be taken to meet or exceed targets, and to address issues around culture and climate.

Namdeb

- Becoming and employer of choice is a primary focus.
- HR strategies aligned with those of DBCM where appropriate.
- Synergies between DBCM and Namdeb continue to be exploited.

Debswana

The Strategic Review completed in 2000 resulted in the establishment of the 'PEOPLE' strategic area which reconfirmed the importance of the company's employees in the attainment of its strategic goal.

The Human Resources initiatives maximise the synergies between Debswana and its shareholders' strategic plans. The focus is on performance management, development and succession planning as well as the establishment of Debswana as a preferred employer.

Of major concern to the company is the impact of the HIV/Aids pandemic and in this regard Debswana identified HIV/Aids as a stand alone strategic issue. Previously this was dealt with as part of the Safety, Health and Environment strategy.

Debswana also continued with extensive consultations to develop its existing policies on HIV/Aids so that they included initiatives to extend the productive lives of those employees living with HIV/Aids through the provision of anti-retroviral therapy.

Corporate Citizenship

Health and Safety

DBCM

SAFETY ACHIEVEMENTS AND STATISTICS

Spectacular improvements in safety statistics

DBCM's operations achieved an average lost-time-injury frequency rate (LTIFR) of 0,33, bettering the all time record of 0,35 recorded during 1999. The South African Geology division, The Oaks and Koffiefontein mines ended the year with a zero LTIFR, a feat never before achieved by any DBCM operation. Seven of the 14 operations improved their LTIFR and one had the same figure as for 1999.

All operations received five-star ratings in the National Occupational Safety Association (NOSA) safety programme, with the exception of The Oaks mine, which will be graded during 2001 and Marsfontein, which did not partake in the NOSA safety programme. Venetia mine maintained its NOSCAR status (NOSA's top health and safety award). All De Beers Marine vessels were awarded five stars according to the NOSA Sea Safe System.

A health and safety representative from Venetia mine won the NOSA health and safety representative competition for all mines on the NOSA programme. Members of the Safety, Health and Environment Committee visited Finsch mine during the year.

Significant achievements

Finsch mine
- 2 000 fatality-free production shifts
- one million fatality-free worker shifts

Kimberley mines
- 3 000 fatality-free production shifts

Koffiefontein mine
- over three million accident-free hours
- 18 months with no lost-time injuries

Namaqualand mines
- 6,6 million fatality-free worker shifts prior to one unfortunate, fatal accident

Premier mine
- 1,6 million fatality-free worker shifts

Venetia mine
- one million accident-free hours
- two million fatality-free worker shifts

De Beers Marine
- 2,5 million fatality-free worker shifts

The Oaks mine
- more than 17 months without a lost-time injury

DebTech
- 4 000 fatality-free production shifts

Geology division
- more than 15 months without a lost-time injury

Lost-time-injury frequency rates

	2000	1999	1998	1997	1996
South African mines					
Finsch	**0,58**	0,34	0,64	0,28	0,33
Kimberley	**0,33**	0,49	0,67	0,59	0,56
Koffiefontein	**0**	0,21	0,35	0,28	0,49
Namaqualand	**0,14**	0,14	0,47	0,38	0,19
Premier	**0,41**	0,47	0,62	0,47	0,46
Venetia	**0,38**	0,53	0,37	0,23	0,08
De Beers Marine	**0,20**	0,19	0,28	0,24	0,41
Marsfontein	**2,11**	0,71	–	–	–
The Oaks	**0**	1,64	–	–	–
Total	**0,32**	**0,34**	**0,49**	**0,37**	**0,36**
Other South African operations					
Corporate Headquarters	**0,29**	1,51	–	–	–
DebTech	**0,18**	0	–	–	–
Geology division	**0**	0,98	–	–	–
Depot – Cape Town	**5,15**	2,51	–	–	–
Depot – Isando	**2,23**	0	–	–	–
Total	**0,37**	**0,51**	**–**	**–**	**–**
Total South Africa	**0,33**	**0,35**	**0,49**	**0,37**	**0,36**

Corporate Citizenship

Health and Safety

continued

OCCUPATIONAL HEALTH

Health surveillance programmes continue

Four of the six DBCM mining operations are underground mines, one alluvial and one open pit. Primary, and in some cases secondary, healthcare facilities are provided on all sites.

All operations have active medical assessment and health surveillance programmes to monitor employees exposed to risks in their work environment. These include chest radiography, lung function testing, audiometry, visual acuity, physical strength, radiation dosimetry and biological surveillance where appropriate. Nurses and doctors trained in occupational health supervise the programmes, which comply fully with the requirements of the Mine Health and Safety Act.

Outside of acute physical injury, the chief risks to which our employees are exposed relate primarily to noise and dust. A small number of employees work with radiation sources and various chemicals such as hydrofluoric acid and bromoform.

Reductions in incidence of occupational diseases

During the course of the year, 78 per cent of the mines' total combined workforce, underwent either a periodical, re-deployment or exit medical examination. The certification and compensation of noise-induced hearing loss saw a significant drop – from 115 cases compensated in 1999 to 64 cases in 2000. Four cases of pneumoconiosis (non-parenchymal asbestos plaques) were compensated during the year, well down on the 14 and 13 cases for 1998 and 1999 respectively. Measurements of respirable asbestos fibres on all De Beers operations remain well below recommended occupational exposure limits. There were no significant trends in the incidence of other occupational diseases.

The fight to find and retain doctors

With the departure of medical personnel away from South Africa, it has become noticeably more difficult to source doctors for our operations who possess adequate levels of training, competence and experience. We will have to maintain a competitive edge in the market place to find and retain medical personnel.

HIV/Aids

The average number of employees dying in service from HIV related illnesses saw a jump from an average of six for the years 1998 and 1999 to 11 for the year 2000. This pattern can be expected to continue over the next few years as increasing numbers of HIV-positive employees begin to develop compromised immune systems.

A strategic imperative

All the DBCM mining operations have had active HIV/Aids programmes for several years. In 2000, the potential impact of the pandemic was formally recognised and a task force was established to examine its effect on our staff, and to limit the impact on the functioning of the Company. Six projects were identified to develop corporate best practice guidelines, prevention and management of the disease. These were:

- Communicating the HIV/Aids message both inside and outside the Company
- Saving the lives of people who are HIV-negative by encouraging them to remain so through information, education and empowerment
- Minimising the financial impact of HIV/Aids
- Helping people living with HIV/Aids through a holistic approach to health and wellness
- Tracking the progress of our HIV/Aids initiatives
- Engaging other stakeholders such as NGO's and governments.

Already, anonymous/unlinked salivary sero-prevalence tests have been undertaken at Premier and Finsch mines, Corporate Headquarters and De Beers Marine. Similar studies planned for other sites will be completed early in 2001. A corporate HIV/Aids policy, which will ensure that HIV sufferers are treated timeously, fairly and equitably, is being finalised.

Continued urgency on HIV/Aids

With the impact of HIV/Aids expected to continue to increase over the next few years, determined measures to reduce further infections among the workforce will be implemented. More sensitive means of measuring the impact and other effects of the HIV epidemic on the Company's workforce and operations will also be implemented during 2001.

Diamond mines have a relatively low incidence of cardio-respiratory and silico-tuberculosis. Nevertheless, we are obliged to provide a safe working environment for all employees. HIV and tuberculosis are of concern because of the high risk of HIV-infected persons contracting TB and spreading it among their colleagues. This would affect compensation payouts and insurance premiums. In keeping with new guidelines, prophylaxis against TB will be offered to all HIV-positive employees.

De Beers' commitment to fighting HIV/Aids

- The fight against HIV/Aids enjoys absolute management support and commitment to minimising its impact
- We are committed to non-discrimination on the basis of HIV/Aids status
- Absolute confidentiality will be ensured in dealing with personal Aids-related matters
- Through decisive and aggressive action, the spread of HIV can be prevented and is our first prize
- People who are HIV-negative must remain so. We actively encourage people to know their status
- We already have a well-established voluntary counselling and testing programme that guarantees complete anonymity
- If an employee tests HIV-positive, we are committed to a holistic approach to management and treatment
- In addition to employees, families and communities are critical to the success of our strategy
- Our strategy includes, amongst other features, both educational and "wellness" programmes
- The "wellness" programme will focus on healthy living and includes a defined provisioning of the appropriate drug regimens including anti-retrovirals
- We are committed to engaging all relevant stakeholders including organised labour, governments and NGO's in combating Aids
- "There are few things more precious than diamonds – one is our Human Gems".

New health monitoring system modified

The introduction in 1998 of a corporate wide electronic Occupational Health monitoring system to capture and integrate health, hygiene and safety measurements, has not been without problems. The system software was extensively modified, but is not yet fully functional. The proposed introduction of an upgraded version in 2001 will be carefully assessed before being implemented at DBCM operations.

'Wellness' programme on the cards

We aim to develop and implement "A Corporate Wellness Initiative" that will extend to all employees. It is intended to actively promote and support concepts of wellness.

Debswana

New safety record and top ratings despite three deaths

The Debswana mines recorded their lowest lost-time-injury frequency rate (LTIFR) during 2000 of 0,30, better than the previous record of 0,33 recorded in 1999.

All operations received five-star ratings in the NOSA safety programme during the year. Members of the Safety, Health and Environment Committee of DBCAG visited Jwaneng mine during the year.

Despite three deaths, which occurred during the year, the mines showed a reduction in the number of lost-time injuries over the previous three years. The safety initiative which was launched in 1999 continued to raise the level of safety awareness amongst the employees.

Significant achievements

- Orapa and Letlhakane mines achieved one million accident-free hours on two separate occasions during the year.

Corporate Citizenship

Health and Safety

continued

Lost-time-injury frequency rates

	2000	1999	1998	1997	1996
Jwaneng	**0,35**	0,18	0,48	0,39	0,38
Orapa/Letlhakane	**0,27**	0,51	0,91	0,73	0,34
Total	**0,30**	**0,33**	**0,77**	**0,59**	**0,36**

New health facility on mine

An occupational health facility has been built on the Orapa mine and a nursing sister has been employed to run the facility. During the year a senior medical officer was trained in South Africa in occupational health. An occupational health policy and the associated procedures were put in place.

Namdeb

Namdeb recorded its lowest ever lost-time-injury frequency rate (LTIFR) of 0,20 during 2000. This is a 13 per cent improvement on the previous record of 0,23 in 1999.

Namdeb retained its five-star rating in the NOSA safety programme. Elizabeth Bay mine maintained its NOSCAR status (NOSA's top safety award) while the Orange River mines were awarded NOSCAR status for the first time.

Members of the DBCAG Safety, Health and Environment Committee visited Namdeb operations during the year.

Significant achievements

- Namdeb achieved 1000 fatality-free production shifts and one million accident-free hours during the year.

Lost-time-injury frequency rates

	2000	1999	1998	1997	1996
Namdeb	**0,20**	0,23	0,32	0,58	0,36

Williamson

Huge improvement in safety

Williamson recorded its lowest lost-time-injury frequency rate (LTIFR) of 0,54 during 2000. This is a 66,5 per cent improvement on the 1,61 achieved in 1999.

The introduction of the NOSA safety programme at Williamson is planned for 2001.

An internal safety audit was conducted during 2000 and action plans have been put in place to rectify unsafe actions and unsafe conditions observed during the audit.

Two employees from Williamson attended and passed the NOSA safety training course.

Lost-time-injury frequency rates

	2000	1999
Williamson	**0,54**	1,61

Fatalities spur even greater emphasis on safety

Regrettably four employees lost their lives as a direct result of their employment : three at the Debswana operations (two at Orapa mine and one at Jwaneng mine), and one at Namaqualand mines.

The causes of all accidents that occurred during the year were fully investigated and appropriate measures were taken to prevent their recurrence. As most of the accidents that occurred were due to human error, safety and health programmes have been emphasised to measure and address the human factor.

In general, programmes are in place to ensure that risks to the health and safety of employees and all contractors are identified and eliminated or controlled. Employees and contractors receive continuous training in health and safety principles to ensure understanding and compliance with applicable legislation.

Corporate Citizenship

Environment

Improving performance – ensuring a safe and healthy environment

DBCM

All divisions on track for ISO 14000 certification

In caring for the environment and for the communities in which we operate, we require all our mining divisions to meet the international ISO 14001 environmental management system standard. Towards this goal, Premier and Venetia mines were certified ISO 14001 compliant, and De Beers Marine retained its certification for its mining vessels and shore facilities for the third consecutive year.

Other major mines and the Geology division, which covers evaluation and prospecting operations, have completed stage one audits and certification should be achieved in 2001. Koffiefontein and Premier mines both achieved first place in the inaugural *Excellence in Mining Environmental Management* (EMEM) awards for underground mines in the Free State and Gauteng regions respectively.

Environmental management plans updated

Environmental management plans have been amended to include the new Combined Treatment Plant at Kimberley, the C-Cut Project at Premier, revised dump development at Venetia mine and mining extensions in Namaqualand. We have given special attention to streaming of waste and improving reuse and recycling of materials. At Kimberley, former waste dumps have been rehabilitated and closed, and at Premier mine a new monitoring system was introduced to eliminate fuel spillage and increase recovery of lubricating oils.

Mining areas rehabilitated

The rehabilitation of mining areas remains a priority, with the shaping and topsoiling of the Eskom Dump at Koffiefontein mine and the rock dump at Finsch mine. At Kimberley, vegetation has been established on the slopes of the slimes dam and redundant concrete structures have been removed. At Venetia mine, topsoil stripping was undertaken and topdressing of final slopes of the Rugen rock dump has started. At Marsfontein, the reprofiling of the M1 rock dump is in progress and site office areas are being rehabilitated. Thanks to a land management programme, alien vegetation was removed at Premier and Kimberley mines, and areas of former artisanal mining at Cullinan were rehabilitated.

Sustainable development – social and environmental investment

At all mining operations, we set aside areas as nature reserves to protect indigenous wildlife, increase environmental awareness through education and provide outdoor recreation. The De Beers Venetia Limpopo Nature Reserve is an important component of the proposed Vhembe Dongola National Park and transfrontier "Peace Park" with Botswana and Zimbabwe. Once established, it will contribute to the regional economy and benefit local communities.

Debswana

Debswana mines ISO 14000 compliant

Internationally recognised environmental standards are fundamental to operations and improved environmental performance. Environmental management systems at all three Debswana mines underwent ISO 14001 certification audits in the last quarter of 2000. Certification at Jwaneng mine has been confirmed and that of Orapa and Letlhakane mines is anticipated early in 2001. Jwaneng mine was the first organisation in Botswana to achieve this milestone.

Impact assessment completed

An independent environmental impact assessment for the mining of the Orapa satellite BK9 kimberlites and slimes dam extension at Jwaneng were completed and submitted to the Department of Mines for approval. Rehabilitation of the final face of the rock dump at Letlhakane was undertaken. Orapa,meanwhile, tackled the efficient use of water and improved waste management.

Corporate Citizenship

Environment

continued

Wildlife conservation continues

Debswana supports a wide variety of national and regional conservation projects and the mines' game reserves contribute significantly to wildlife conservation, environmental education and outdoor recreation for local communities. Surplus animals captured on the mines' game reserves successfully relocated to new nature reserves in Botswana.

Namdeb

Mining Area No 1 ISO 14001 certified

Mining Area No 1 attained certification to the international ISO 14001 standard for environmental management systems. This was a significant achievement given the extent of mining operations in this area north of Oranjemund. Implementation of the management system for Elizabeth Bay and Orange River operations is well advanced and certification is anticipated in 2001.

Environmental assessment gets going

An environmental assessment for the mining of pocket beaches north of Chameis Bay started after consultation with communities at Oranjemund, Luderitz and Windhoek. An environmental assessment for a new fuel storage facility was concluded and the demolition and rehabilitation of the old tank farm has been planned. A programme to bio-remediate the soil contaminated by oil and diesel is underway.

Further undersea monitoring

At De Beers Marine, there was further analysis of video material collected by the *Jago* submersible, which is studying seabed habitats and assessing rehabilitation of previously mined areas. Baseline biological surveys were completed for sampling operations in the Namdeb Inshore concessions. De Beers Marine was the major contributor at a symposium on the Co-management of Marine Resources held at Luderitz aimed at bringing together the fishing and mining industries and government ministries from Namibia.

Environmental awareness stepped up

Procedures designed to improve management of industrial and domestic waste were implemented and the rehabilitation of old waste dumps undertaken. A number of environmental training courses aimed at increasing environmental awareness were developed and offered to all employees. Particular attention was given to reducing littering in Oranjemund and restoring the natural wetland near the town.

Tanzania

Environmental management practices reviewed

Environmental management practices at the Williamson diamond mine were reviewed. Recommendations for the removal of redundant plant, upgrading of waste management procedures and rehabilitation of areas affected by past alluvial and artisanal mining are being addressed.

Canada

Impact of mining projects studied

Environmental work continued with the collection of baseline data at Gahcho Kué in the Northwest Territories and at the Victor pipe near Attawapiskat in Northern Ontario. Consultation with the First Nation community at Attawapiskat was initiated to identify sensitive environmental and social community issues.

The project description for the Snap Lake project, which includes the anticipated impact of mining and how to mitigate it was completed and submitted to the relevant authorities as part of the permitting process. The project description contains environmental data derived from several years of baseline studies carried out and covering a wide range of subjects such as wildlife, water quality, climate and vegetation. Input on environmental issues from the extended consultation programme carried out with First Nation and other communities has also been included, as has studies on areas like socio-economic impact.

Australia

Minimal impact on environment

The environmental management of prospecting and evaluation operations in Western Australia was reviewed and the effectiveness of steps to mitigate it was assessed. By and large, the impact of these activities on the natural environment is minimal, and there is a high level of environmental awareness among field staff.

Corporate Citizenship

Community Investment

De Beers again donates R70 million; over 3,2 per cent of the three-year rolling average of combined dividends

- We subscribe to the concept of the 'triple bottom line' and seek to strike a balance between commercial success, environmental responsibility and social investment. Expenditure on social investment continues to be way ahead of the norm.
- Social investment focussed on projects initiated and driven by communities, with key requirements being sustain-ability and impact.

SOUTH AFRICA

Education in the lead

Hospital maternity wing extended

Tourism supported through crime and malaria prevention

- The De Beers Fund contributed **R22 million to over 600 initiatives** in South Africa. Projects in the Northern Cape and Northern Province, regions traditionally associated with De Beers operations, received almost half of this support.
- **46 per cent of grants went to educational initiatives** that included the support of fledgling pre-schools, the building of 64 classrooms in 27 schools, many of which are in far-flung rural areas, intensive curriculum support and adult education.
- **A further R12 million – the second in as many years – was contributed** to the Business Trust's tourism development, crime and malaria prevention, and capacity development projects nationally. This is part of a R60 million commitment to the Business Trust over five years.
- The Fund **supported the successful work of hundreds of community champions** and their community-based organisations, and leveraged the greater impact off a few broader initiatives, that ranged from juice and brick making projects to community vegetable gardens and drama groups.
- **The Kimsec project was initiated in partnership with the Northern Cape government** in order to help with job creation. It is hoped the project will help to create new practical employment opportunities and improve economic conditions around operations in Kimberley.
- A new **maternity wing was built in the Catherine Booth Hospital** in remote, rural KwaZulu-Natal. This hospital has provided much-needed services for generations, and was identified by former President Mandela as a priority for support.
- The Fund made a commitment to the **restoration and preservation of the Duggan-Cronin historic photographic collection,** a national cultural treasure documenting images of the peoples of Southern Africa.
- Five active local area committees created opportunities for employees to play a direct part in the Fund's activities, and identified hundreds of new initiatives for support.

BOTSWANA

P3 million channelled to deserving projects in 2000

P1 million on centres for the disabled

Debswana spent over P1 million on a wide range of projects for 17 different centres for the disabled and disadvantaged. Typical examples were the purchase of a vehicle for Thuso Lutheran Rehabilitation Centre in Maun and training equipment for Tlamelong Rehabilitation Centre in Tlokweng. These donations have assisted a number of centres such as Pudulogong Rehabilitation and Development Trust for the Blind in Mochudi.

P1 million to community projects

About P1 million went to 20 community projects. This included a P300 000 donation to the Bamalete Tribal Administration for a Kgotla Administration to be used for a kgotla shelter, kitchen, ablution block and funds for childrens homes and cancer association work.

Corporate Citizenship

Community Investment

continued

Over P500 000 for environmental projects

P564 000 went to various environmental/conservation projects. These included a P100 000 donation to the Forestry Association of Botswana nursery upgrading in Kumakwane, a small village just outside Gaborone. It is from this nursery that a large number of tree planting projects are supplied. The other beneficiaries were the Kalahari Conservation Society and Somarelang Tikologo Environmental Action Programme.

HIV/Aids

Debswana donated a property at Jwaneng mine valued at P2 million as a home for children, including those orphaned by or living with HIV/Aids.

All financial assistance monitored

Debswana strives to help Botswana meet its many developmental challenges. To this end, our financial assistance is monitored closely and recipients must be able to justify how the funds were used before further disbursement is authorised.

NAMIBIA

Namdeb supports a wide range of projects

Through the Namdeb Social Fund, the company supports a number of sustainable projects that are designed to ensure that communities become self-sufficient.

During 2000, Namdeb provided support to education, health and welfare, science and culture, youth, community and sport and small business development.

N$1,3 million donated

During the year, N$1,3 million was donated to 50 projects country wide, which included support for :

- **The Aids Care Trust**
  This trust takes care of persons living with HIV/Aids by providing counselling and medical advice.
- **The Marula Oil Project**
  This project consists of 9 000 rural women who process kernel into crude oil that produces cosmetics and nutritional oil. The Marula oil products are also exported to selected European markets for sale.
- **San Girls Child Education Fund**
  This project aims to fund accommodation, fees, tuition and travelling expenses, uniforms and incidental expenses for school girls from the marginalised Khoi San community.

OTHER COUNTRIES

US$3,8 million donated to social investment with emphasis on welfare, health and education of children

The largest single amount donated was the second tranche (US$1,4 million) of De Beers' US$2,3 million donation to the World Health Organisation's polio eradication programme in **Angola**. De Beers also gave US$174 000 to other Angolan projects, including a street children's charity, while maintaining its support for a paediatric hospital near Luanda.

In **Russia,** De Beers donated US$750 000 to the "Children of Sakha-Asia", a charity which provides much-needed support for children's hospitals and orphanages, and blind, disabled, as well as gifted, children.

In the **United Kingdom,** US$100 000 was donated to a wide variety of health and education charities.

In **Switzerland,** De Beers supported a number of charitable and cultural projects in the canton of Luzern amounting to some US$130 000.

At the beginning of 2001, De Beers pledged US$1 million to the Gem and Jewellery National Relief Foundation in **India** as a token of its deep concern at the loss of life and devastation in Gujerat, following a disastrous earthquake.

Wealth and job creation initiatives

SOUTH AFRICA

During 2000 De Beers' South African operations spent R39,7 million with 294 Small and Medium Enterprise suppliers, either wholly owned by black people or in which they have equity stakes equal to or greater than that of their white partners.

The thrust of the initiative has always been that of sustainable development. Business is therefore conducted along sound commercial principles, persuading entrepreneurs to provide quality products at competitive prices.

De Beers will take an even more pro-active role in small business development in 2001.

Investments

Diamond investments

Economic interest in the Venetia mine increased to 100 per cent

During the year, DBCM concluded the agreement with Anglovaal Mining Limited (AVMIN) for the acquisition by DBCM of AVMIN's 87,5 per cent interest in the Saturn Partnership for R3,7 billion cash as well as AVMIN's 20 per cent interest in Finsch Diamonds (Proprietary) Limited for R20 million cash. The Saturn Partnership was entitled to 50 per cent of the pre-tax profits of the Venetia mine through a royalty payment made by DBCM every six months while AVMIN's interest in Finsch effectively equated to an eight per cent profit participation.

DBCM also disposed of its holding of 23 378 955 AVMIN ordinary shares at a price of R46,50 per share (R1,1 billion). The net funding of the entire AVMIN transaction amounted to R2,62 billion.

During the year, DBCM also concluded a scheme of arrangement with Industrial & Commercial Holdings Group Limited (ICH) which resulted in DBCM acquiring the entire issued share capital of ICH, with effect from 1 January 2000, at a cost of R523 million. ICH held the minority interest of 12,5 per cent in the Saturn Partnership.

Following the above transactions, DBCM acquired 100 per cent of the economic interest in the Venetia mine thereby adding value to the De Beers group by increasing its focus on diamond assets. The Saturn Partnership was dissolved.

Acquisition of Snap Lake project in Canada completed

Following the takeover process initiated in June 2000, De Beers acquired 100 per cent of the shares in Winspear Diamonds Inc. (Winspear) in November 2000. Winspear was owner and operator of a 67,76 per cent interest in the Snap Lake project located on the Camsell Lake property in the Northwest Territories of Canada. The all cash offer for Winspear of C$5,00 per share effectively valued Winspear at C$305 million.

In December 2000, agreement was reached with Aber Diamond Corporation (Aber) for the purchase of Aber's remaining 32,24 per cent interest in the Snap Lake project, a deal which was concluded on 1 February 2001. This C$173 million purchase resulted in De Beers acquiring 100 per cent ownership of Snap Lake.

Investments

continued

DEBSWANA DIAMOND COMPANY (PROPRIETARY) LIMITED (DEBSWANA) AND NAMDEB DIAMOND CORPORATION (PROPRIETARY) LIMITED (NAMDEB)

The group's share of certain income statement, balance sheet and cash flow items in respect of Debswana and Namdeb is as follows:

INCOME STATEMENT	**2000 $ million**	1999 $ million
Income	**885**	644
Expenses	**(181)**	(195)
Profit before tax	**704**	449
Taxation	**(190)**	(146)
Profit after tax	**514**	303
BALANCE SHEET		
Fixed assets	**371**	422
Net current assets (liabilities)	**(15)**	(22)
Long-term liabilities		(1)
Deferred tax	**(6)**	(7)
	350	392
Adjustments for transactions with related parties	**(238)**	(324)
Carrying value	**112**	68
CASH FLOW		
Cash generated by operating activities	**720**	461
Cash utilised in investing activities	**(18)**	(69)
Cash utilised in financing activities	**(601)**	(582)

Non-diamond investments

Total value of these investments worth $8 146 million

At 31 December 2000, De Beers' non-diamond investments and loans, including its share of retained earnings of associates, had a carrying value of $4 232 million compared with $4 497 million in 1999. At market value for listed investments, and directors' valuation for unlisted investments and loans, these investments and loans were worth $8 146 million ($10 128 million) or 92 per cent above the carrying value. Total income from these investments amounted to $263 million ($134 million).

Disposal of 1,8 per cent in FirstRand for shares in Billiton plc

Further to the rationalisation of De Beers' investment portfolio, DBCM announced in December 2000 that it had reached agreement in principle for the disposal of 1,8 per cent (98 491 733 shares) of the issued share capital in FirstRand Limited to Remgro Limited in consideration for 1,1 per cent (24 726 874 shares) of the issued share capital in Billiton Plc. The transaction was completed on 1 February 2001 and accordingly, DBCM's holding in FirstRand has been reduced from 3,1 per cent (167 543 133 shares) of the issued share capital to 1,3 per cent (69 051 400 shares).

$38 million surplus on further disposals of non-core, non-diamond interests

During 2000, we again disposed of a number of further holdings in non-core, non-diamond assets, realising a surplus of $38 million. Details of DBCM's and DBCAG's listed investments at 31 December 1999 and 2000 are set out on pages 114 and 145 respectively.

ANGLO AMERICAN plc (AA plc)

DBCM and DBCAG have a combined holding in AA plc of 144 283 905 shares or 35,4 per cent of this company.

It is one of the world's largest mining and natural resource groups. With its subsidiaries, associates and joint ventures, it is a global leader in gold, platinum group metals and diamonds, and has significant interests in coal, base and ferrous metals, industrial minerals and forest products. The group is geographically diverse, with operations and interests in southern Africa, Europe, South and North America and Australia.

For the six months ended 30 June 2000, AA plc's total operating profit before exceptional items was $1 608 million, profit stood at $1 207 million, while headline profit was $951 million.

Currently, there are seven 'core' divisions – Gold, Platinum, Coal, Base metals, Industrial minerals, Ferrous metals and Forest products – while Anglo American has a substantial investment (32,2 per cent) in the world's diamond industry though its major associate De Beers. A disposal exercise is under way in respect of the remaining industrial and financial services interests.

Gold

AngloGold, the group's 53,4 per cent owned and independently managed listed subsidiary, is the world's leading gold producer. In the first half of 2000, AngloGold's output reached almost 3,6 million ounces from its operations in South Africa, elsewhere in Africa, North and South America and Australia.

Platinum

Anglo Platinum, a 50,2 per cent owned, listed and independently managed subsidiary, is the world's leading primary producer of platinum and accounts for around 37 per cent of global supply. The company is currently undertaking a $1,6 billion expansion programme to raise platinum output from the present level of some 2 million ounces annually to 3,5 million ounces by 2006.

Coal

Anglo Coal is one of the world's largest private sector coal producers and exporters. In the first half of 2000, Anglo Coal's combined domestic and international coal sales were 30 million tonnes. In recent years, the company has expanded and diversified from its original base in South Africa and now has operations in Australia, Colombia and Venezuela.

Base metals

Anglo Base Metals' main interests are in copper, nickel, zinc and mineral sands. The division has several projects that have been commissioned recently (the Lisheen joint venture zinc/lead mine in Ireland and Loma de NÌquel in Venezuela), are under construction (the Skorpion zinc project in Namibia), or are at the feasibility stage (the Gamsberg zinc/lead deposit in South Africa, the Quellaveco copper project in Peru and the Barro Alto nickel resource in Brazil). Anglo American has become the leading player in the revitalisation of Zambia's copper mines, and is working with Anaconda Nickel, in which it has a 26 per cent shareholding, to exploit the dry laterite nickel deposits of Western Australia.

Industrial minerals

Anglo Industrial Minerals (AIM) produces construction materials, primarily in the United Kingdom, Germany, Spain and France; potash and salt in the UK; and fertiliser in Brazil. The $1,8 billion acquisition of Tarmac plc in March 2000 transformed AIM – now trading as the Tarmac Group – into the UK's largest producer of both aggregates and asphalt, and number two in ready-mixed concrete, and significantly expanded the group's presence in western and central Europe.

Ferrous metals

Anglo Ferrous metals comprises principally chrome, manganese, carbon steel, stainless steel and vanadium operations in South Africa; manganese interests in Australia; a niobium mine and processing facility in Brazil; and chrome operations in Zimbabwe.

Forest products

Anglo Forest products, operating under the Mondi name, is an integrated forest products and packaging group with operations and interests in southern Africa, western, central and eastern Europe, and Brazil. The operations manufacture pulp, graphic papers, packaging papers, board and converted packaging, as well as solid wood products. The company is now a leading player in the corrugated packaging sector in both Europe and South Africa.

Investments

continued

The following additional information is given on De Beers' investment in AA plc:

US$ millions	31 December 2000	31 December 1999
Carrying value of investment	4 169	4 257
Share of retained earnings including exceptional and non-trading items		
Current year	564	266
Cumulative	3 070	3 052

Summarised extracts from AA plc's interim report for the six months to 30 June 2000:

PROFIT AND LOSS ACCOUNT US$ millions	Six months ended 30 June 2000	Year ended 31 December 1999
Profit for the period	1 207	1 552
Headline profit for the period	951	1 308
Earnings per share – (US$)		
– profit for the period	3,09	4,03
– headline profit for the period	2,44	3,40
Dividends per share – cents	60	150

BALANCE SHEET	30 June 2000	31 December 1999
Total shareholders' funds	16 040	16 174
Fixed assets	21 257	19 488
Net current assets	3 941	3 499
Long-term liabilities	(4 912)	(2 538)
Provisions	(1 405)	(1 324)
Equity minority interests	(2 841)	(2 951)
	16 040	16 174

Since the date of this report, AA plc published its results for the year ended 31 December 2000, extracts of which are as follows:

- Headline profit increased by 53 per cent to US$2 000 million and profit for the year increased by 26 per cent to US$1 957 million;
- Total operating profit, excluding operating exceptional items of US$266 million, up by 62 per cent to US$3 480 million;
- Acquisitions announced during the year totalled around US$4 billion;
- Expansionary capital expenditure in 2000 totalled US$841 million;
- Disposal of non-core assets generated cash proceeds of US$1 278 million;*
- Ongoing focus on cost control, annualised cost savings over the last two years exceed US$290 million;
- Final recommended dividend of 130 US cents, giving a total dividend for 2000 of 190 US cents per ordinary share, an increase of 27 per cent on last year.

* excludes disposal of 15,3 per cent stake in FirstRand

De Beers Consolidated Mines Limited

DE BEERS CONSOLIDATED MINES LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. 1888/000007/06

Directors' responsibility in relation to financial statements

The directors are required by the Companies Act, 1973 to prepare annual financial statements which fairly present the state of affairs of the Company and the group as at the end of the financial year and of the results for that period, in conformity with South African Statements of Generally Accepted Accounting Practice. The financial statements are the responsibility of the directors, and it is the responsibility of the independent auditors to review and report on the financial statements in conformity with generally accepted auditing standards. The independent auditors' unqualified report appears below.

N F OPPENHEIMER
Chairman
Kimberley 27 February 2001

The annual financial statements which appear on pages 85 to 116 have been approved by the board of directors and are signed on its behalf by:

G M RALFE
Managing Director
Kimberley 27 February 2001

Certificate by the company secretary

In terms of the Companies Act, 1973, I certify that, to the best of my knowledge, all returns required of a public company have, in respect of the year ended 31 December 2000, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

R W KETLEY
Secretary
Kimberley 27 February 2001

Report of the independent auditors

To the members of
De Beers Consolidated Mines Limited

We have audited the annual financial statements and group annual financial statements set out on pages 85 to 116 for the year ended 31 December 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and group at 31 December 2000 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Deloitte Pim Goldby
Registered Accountants and Auditors
Chartered Accountants (SA)
Johannesburg 27 February 2001

Statutory report of the directors

The directors have pleasure in submitting their report on the activities of the Company and of the group for the year ended 31 December 2000. The business and operations of the group and the companies in which it holds investments are set out in the Review of Operations and the section entitled Investments beginning on pages 35 and 79 respectively.

Governance

The names of the directors of the Company at the date of this report and their particulars are given on page 17, and the name and postal address of the Secretary is given on page 155.

The statement regarding the directors' responsibilities in respect of the financial statements is set out on page 84.

Particulars relating to the group's internal controls and audit approach, embracing the role and function of the Audit Committee, are set out in the Statement of Corporate Governance beginning on page 89.

Compliance with the Code of Corporate Practices and Conduct

In November 1994, the King Committee published its report on corporate governance, including the Code of Corporate Practices and Conduct. The Code is a set of principles which set out best practice for the control and reporting functions of the board of directors.

The board considers that during the year under review, the Company and its operating subsidiaries have adhered to the principles of the Code, and the recommendations and provisions contained therein have been complied with.

This statement of compliance with the Code has been reviewed by the independent auditors. They have reported to the board that they concur with the contents of this statement.

A statement of the Company's application of the principles of the Code is set out on pages 89 to 93.

Directorate

Mr G F H Burne resigned from the board with effect from 8 March 2000. Mr G A Beevers and Mr M Ngidi were appointed to the board on 23 May and 20 November 2000 respectively, while Mr B Marole resigned from the board with effect from the latter date. Mr J S lita was appointed to the board on 26 February 2001.

In terms of the Company's articles of association Messrs Beevers, lita and Ngidi will be retiring at the forthcoming annual general meeting together with Messrs T W H Capon, R M Crawford, G P L Kell and N P Wisden who retire by rotation. They are all eligible and offer themselves for re-election.

Directors' interests

Details of the directors' interests in the linked deferred shares of the Company are given on page 93.

The directors do not hold any preference shares.

Directors who held office on 31 December 2000 were interested in options to acquire 1 321 060 (1999: 1 022 700) deferred shares in the Company at that date in terms of the Incentive Scheme, at an average price of R135,53 per De Beers linked unit. Under the Scheme the directors held 1 118 140 (1999: 1 020 700) automatically convertible debentures at an average price of R137,71 per debenture, the terms of which are linked to the exercise of the above options. Between the year end and the date of this report, the number of shares under option to directors who held office at the date of this report remain unchanged.

Save for the Incentive Scheme, no arrangements to which the Company was a party existed at the end of the financial year, or at any time during the year, which would enable the directors or their families to acquire benefits by means of the acquisition of shares in the Company or any of its subsidiaries.

Share capital

Authorised capital

During the year under review the authorised deferred share capital of the Company was increased from 420 000 000 shares to 470 000 000 shares by the creation of a further 50 000 000 deferred shares of 5 cents each.

There were no other changes during the year ended 31 December 2000 in the authorised capital of the Company, details of which are shown in Note 16 to the financial statements.

Issued capital

During the year the share capital of the Company increased by an allotment of 238 100 linked deferred shares in terms of the Incentive Scheme, resulting in an issued capital at 31 December 2000 of:

800 000 forty per cent cumulative preference shares of R5 each	R 4 000 000
2 866 929 eight per cent cumulative second preference shares of R1 each	R 2 866 929
399 925 795 linked deferred shares of 5 cents each	R19 996 290
	R26 863 219

Statutory report of the directors

continued

Between the year end and the date of this report a further 32 980 linked deferred shares have been issued in terms of the Incentive Scheme.

The 40 per cent preference shares rank as regards capital in priority to the second preference and linked deferred shares for the sum of R40 per share. Of the 40 per cent preference shares, 787 526 are held by 591 registered holders and 12 474 are in bearer form, while the second preference shares are held by 353 registered shareholders.

Of the 399 925 795 linked deferred shares in issue at 31 December 2000, 4 032 900 were in bearer form and the remaining 395 892 895 were in the hands of 14 336 registered shareholders.

Unissued capital

At 31 December 2000, there were 70 074 205 unissued deferred shares in the capital of the Company. At the date of this report there were 70 041 225 unissued deferred shares of which a maximum 10 670 020 are subject to the De Beers Consolidated Mines Limited Incentive Scheme; the balance of the unissued deferred shares (59 371 205) are the subject of a general authority granted to the directors in terms of Section 221(3) of the Companies Act, 1973. This expires at the forthcoming annual general meeting and members will accordingly be asked to renew the authority at that meeting to enable the directors to meet any future contingency, after setting aside so many deferred shares as may be required to be allotted and issued by the Company pursuant to the Incentive Scheme. This ordinary resolution has been incorporated as item No. 3 in the notice of meeting appearing on page 117.

Similarly, at the previous annual general meeting of the Company, members authorised the directors to issue reserve deferred shares held under their control for cash other than by means of a rights offer to members, subject to the Listings Requirements of the JSE Securities Exchange South Africa (JSE). This authority is granted for a period not exceeding 15 months from the date of the last annual general meeting. In order that the directors may continue to be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash without restriction for the benefit of the Company, members will be asked once again to consider an ordinary resolution to this effect at the forthcoming annual general meeting. The necessary resolution has been incorporated as item No. 4 in the notice of meeting appearing on page 117.

Acquisition of own shares

At the previous annual general meeting of the Company, members authorised the directors to approve the purchase by the Company of its own shares, subject to certain conditions. This authority is granted for a period not exceeding 15 months from the date of the annual general meeting. In order to continue to provide the Company with the flexibility to achieve sound commercial objectives and thus permit the optimisation of its capital structures, the directors recommend that approval be granted once again for the Company to acquire its own shares. Accordingly, the directors propose asking members to renew the general authority for the Company (or any of the Company's subsidiaries) to purchase its own shares, subject to the Listings Requirements of the JSE.

The necessary special resolution has been incorporated as item No. 5 in the notice of meeting appearing on page 117.

Major shareholders

According to the records of the Company, the only shareholders registered as holding five per cent or more of the share capital of the Company at 31 December 2000 were the following:

Linked deferred shares

	Number	Percentage
Anglo American plc (and its subsidiaries)	128 846 923	32,2
Standard Bank Nominees (Transvaal) (Proprietary) Limited	118 279 718	29,6
First National Nominees (Proprietary) Limited	26 728 876	6,7
Debswana Diamond Company (Proprietary) Limited	20 000 000	5,0

40 per cent cumulative preference shares

	Number	Percentage
ABSA Nominees (Proprietary) Limited	194 909	24,4
Goudstad Nominees (Proprietary) Limited	94 181	11,8

8 per cent cumulative second preference shares

	Number	Percentage
Nedcor Bank Nominees Limited	425 181	14,8
SFSS Nominees (Proprietary) Limited	316 135	11,0
Fradey Nominees (Proprietary) Limited	202 425	7,1

According to information available to the directors, Anglo American and Debswana Diamond Company are the only shareholders which beneficially hold, directly or indirectly, five per cent or more of the issued linked deferred shares in the capital of the Company: Guardian National Insurance Company, which holds 114 400 (14,3 per cent) of the 40 per cent cumulative preference shares via the holding by ABSA Nominees referred to above, is the only shareholder which beneficially holds five per cent or more of these shares. Of the above holdings by SFSS Nominees and Nedcor Bank Nominees of the 8 per cent cumulative second preference shares, Old Sillery (Proprietary) Limited and Hollandia Reinsurance Company Limited beneficially hold 230 785 (8,0 per cent) and 184 291 (6,4 per cent) respectively. The other nominee companies mentioned above are registered shareholders in the Company, but hold the shares on behalf of other beneficial owners, none of which individually own more than five per cent.

Shareholder spread

According to the records of the Company at 31 December 2000 and information available to the Company after reasonable enquiry, the following is an analysis of the percentages of listed shares of the Company that are held beneficially, directly or indirectly, by the public and non-public shareholders, as defined by the JSE:

Linked deferred shares

	Number of holders	Percentage
Non-public shareholders		
Directors of the Company	6	< 0,1
Associates of directors of the Company	5	2,7
Trustees of Employees' Share Scheme and Pension Fund	2	0,1
Debswana Diamond Company (Proprietary) Limited *(having a right to nominate persons to the board)*	1	5,0
Anglo American plc (and its subsidiaries)	2	32,2
Public shareholders	14 320*	60,0
	14 336*	100,00

40 per cent cumulative preference shares

	Number of holders	Percentage
Non-public shareholders		
Guardian National Insurance Company Limited	1	14,3
Public shareholders	590*	85,7
	591*	100,0

8 per cent cumulative second preference shares

	Number of holders	Percentage
Public shareholders	353	100,0

**Excludes bearer holders*

Dividends

Preference shares

Dividends of 200 cents per share and 8 cents per share were declared on the 40 per cent preference and 8 per cent second preference shares respectively. For the benefit of preference shareholders, dividends for the year 2001 are likely to be declared on 22 May and 20 November 2001 for payment on 1 August 2001 and 30 January 2002, respectively.

Linked deferred shares

An interim dividend of 195 cents per share (96 cents) and a final dividend of 510 cents per share (335 cents) were declared on the linked deferred shares, making a total in respect of the year ended 31 December 2000 of 705 cents (431 cents).

Incentive scheme

The Company operates an incentive scheme for the benefit of group management, including executive directors. Deferred shares offered and taken up in terms of the Incentive Scheme are released in four annual tranches commencing on the second anniversary of an offer/acceptance date and expire after 10 years.

Members have granted specific authority to the directors in terms of which the number of deferred shares subject to the Incentive Scheme shall not exceed 11 000 000 at any one time. At the date of this report, options are held over 7 620 820 deferred shares under the rules of the Incentive Scheme. A summary of the shares under option is as follows:

Statutory report of the directors

continued

	Number	Average price per De Beers linked unit (Rand)
Options under commitment at 31 December 1999	4 929 000	129,67
Granted during the year	3 011 920	179,71
	7 940 920	148,65
Withdrawals	82 000	147,84
Exercised	238 100	101,89
Options outstanding at 31 December 2000	7 620 820	150,12

As at 31 December 2000, participants in the Scheme have accepted a total of 5 572 140 fully paid automatically convertible unsecured debentures at values varying between R133,60 and R218,90 per debenture, details of which are contained in Note 21 to the financial statements. The interest on these debentures is payable monthly in arrears at the official rate of interest per the Seventh Schedule to the Income Tax Act.

At 31 December 2000 the Company's loan to the De Beers Incentive Trust amounted to R833 million. This amount is shown under investment loans.

Subsidiary companies

Details of major subsidiary companies in which the Company has a direct or indirect interest are given on page 113.

Special resolutions

Since the date of the previous directors' report the object clause of the memorandum of association of Steppon Investments (Proprietary) Limited was amended to allow the company to carry on the business of investing in, financing and conducting prospecting and mining ventures in the Republic of South Africa, previously only in the Northern Province of the Republic.

No other special resolutions, of a material nature, requiring disclosure in terms of the Listings Requirements of the JSE were passed by subsidiaries of the Company during the period under review.

Associated companies

Details of associated companies of the group at 31 December 2000 appear on page 116.

Post balance sheet events

Offer for De Beers by DBI

On 15 February 2001, the Company and De Beers Centenary AG (together "De Beers") and DB Investments société anonyme (DBI), a company to be owned by Central Holdings Limited, Anglo American plc and Debswana Diamond Company (Proprietary) Limited, announced that agreement had been reached on the terms of a recommended offer for De Beers.

The offer would, subject to the satisfaction of certain pre-conditions, be implemented, *inter alia,* by way of a scheme of arrangement under section 311 of the South African Companies Act, 1973 and would involve the distribution by De Beers to its linked unit holders of its entire holding of AA plc shares and the acquisition by DBI of all outstanding De Beers linked units.

The posting of the Scheme documentation will be subject to the High Court of South Africa granting an order convening the De Beers scheme meetings, and the documentation being approved by the Securities Regulation Panel and the JSE Securities Exchange South Africa.

FirstRand/Billiton

Further to the rationalisation of De Beers' investment portfolio, the Company announced in December 2000 that it had reached agreement in principle for the disposal of 1,8 per cent of the issued share capital in FirstRand Limited to Remgro Limited in consideration for 1,1 per cent of the issued share capital in Billiton Plc. The transaction was completed on 1 February 2001 and accordingly, the Company's holding in FirstRand has been reduced from 3,1 per cent to 1,3 per cent.

27 February 2001

Statement of corporate governance

The board supports the principles of openness, integrity and accountability. Fundamental to the fulfilment of corporate responsibilities and the achievement of financial objectives is an effective system of corporate governance. In line with the Code of Corporate Practices and Conduct contained in the King Report on corporate governance, the board continuously endeavours to ensure that the Company's policies meet current best practice. These policies relate, among other things, to the duties of the board and to the delegation of its powers, and specify responsibilities and levels of authority.

Board and committee structure

The board is responsible for the group's system of corporate governance and is ultimately accountable for its activities. Currently the board comprises eighteen directors of whom eight serve in an executive capacity. The directors of the Company and their profiles are detailed on page 17. Mr N F Oppenheimer, an executive director, has chaired the board since the separation of management ties from Anglo American in 1998. The board considers it to be in the Company's best interests that Mr N F Oppenheimer be chairman of the board. All directors have unrestricted access to all company information, records, documents and property. Non-executive directors derive no benefits from the Company for their services as directors other than their fees.

The board meets regularly every quarter and more frequently if required: nine additional meetings were held during the year and where a director based in another country such as the United Kingdom is not able to attend personally, video conferencing facilities are used to include that director in the relevant proceedings.

The board determines the Company's policies and supervises their subsequent implementation. It has a formal schedule of matters specifically reserved to it for decision and deals with all executive business of the Company and material matters not specifically delegated to committees, and co-ordinates and monitors the use of resources to achieve the aims of the Company and the group.

In accordance with the Company's articles of association, all directors are subject to retirement by rotation and re-election by shareholders at least once every four years. In terms of the Company's articles of association the directors have the authority to appoint other directors, either to fill a casual vacancy or as an addition to the board. Directors so appointed retain office only until the next annual general meeting of the Company when they retire, but are eligible for re-election by shareholders.

Through a formal induction programme, new board members are issued with formal rules of governance setting out Company governance practices and procedures as well as being advised on directors' responsibilities.

Appointment and removal of the Secretary are matters for the board as a whole. All directors have access to the advice and services of the Secretary who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. With prior agreement of the Chairman, all directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

The board has established a number of committees, on which the non-executive directors play an active role, and which function within specific terms of reference. Remuneration of non-executive directors for their services on the various committees has been determined by the board.

Executive Committee

Mr N F Oppenheimer chairs the Company's Executive Committee which comprises the executive directors of the Company. The Executive Committee, which meets regularly, is responsible to the board for recommending the Company's policies and strategies, and to monitor their implementation according to the board's directives. It deals with all executive business of the Company not specifically reserved for the board, and co-ordinates and monitors the use of resources to achieve the aims of the Company.

The Executive Committee presently comprises G A Beevers, G P L Kell, L G Nchindo, A E Oppenheimer, N F Oppenheimer, G M Ralfe, P A Somner and N P Wisden with M J M Farmiloe as secretary.

Audit Committee

The Company's internal audit function, established by the board, independently appraises the Company's internal controls and reports its findings to the Audit Committee. The internal audit approach entails a thorough comprehension of the Company's financial and accounting objectives, and an analysis of the underlying systems and procedures. The audit plan is determined annually, based on the relative degree of inherent risk of each function.

The Committee meets at least three times a year to monitor the adequacy of the information reported to shareholders, to monitor internal controls, accounting policies and financial reporting, and to provide a forum for communication between the board and the independent and internal auditors. In particular, it reviews

Statement of corporate governance

continued

the half-year and full-year results, the Interim Report, Provisional Annual Financial Statements and the Annual Report prior to their submission to the board and considers any matters raised by the independent auditors. The Committee also approves the fees paid to the independent auditors as well as the internal audit budget. The independent audit partners have unrestricted access to the chairman of the Committee, to whom the head of internal audit also reports.

The members of the Audit Committee, which comprises only non executive directors, are L A Lincoln (Chairman), B Ainsley, R M Crawford and Sir Chips Keswick with R W Ketley as secretary.

Safety, Health and Environment (SHE) Committee

The SHE Committee monitors and reviews the Company's safety, health and environmental policies, guidelines and operating practices, as well as the Company's compliance with appropriate standards and relevant local laws in safety, health and environmental matters.

The group strives to conduct its business with due regard for economic, social, cultural and environmental concerns. The health and safety of the group's employees and the well-being of the communities surrounding its mines are the focus of a comprehensive policy dedicated to this end.

The Company's mining and related activities face complex environmental challenges. Through its environmental policy the group is committed to addressing environmental risks and impacts in a systematic, comprehensive and business-like manner, developing effective management systems and employing the principles of forward planning, efficiency and wise resource utilisation.

These matters are also addressed in the Review of Operations on pages 71 to 76.

The SHE Committee comprises L A Lincoln (Chairman), B Ainsley, Dr J W Campbell, R M Crawford and Sir Chips Keswick with R W Ketley as secretary.

Remuneration Committee

The Remuneration Committee comprises a majority of non-executive directors, including its chairman. It approves remuneration for the executive directors to ensure that rewards and incentives are linked to both individual and group performance.

The executive directors, who are full-time employees, are appointed to the board to bring to the management and direction of the group the skills and experience appropriate to its needs as a major international business. They are, accordingly, remunerated on terms commensurate with market rates that reflect such responsibilities. Executive directors receive salaries and benefits plus performance-linked payments. Each of the elements of remuneration is further detailed below:

- Executive directors receive a salary and benefits that reflect their management responsibilities and appropriate experience, and that reward individual performance. Salaries are reviewed annually by reference to performance and the market.
- Executive directors participate in an incentive plan linked to the performance of the group. The plan is designed to reward executives for achieving sustained increases in earnings.
- Executive directors are entitled to participate in a medical aid scheme and in a contributory pension fund established by the Company to provide post-retirement benefits to all staff on retirement. Executive directors are also entitled to post-retirement medical benefits on the same basis as other retired employees.

Executive directors also participate in the Company's Incentive Scheme which is designed to recognise the contributions of senior staff to the growth in the value of the Company's equity. Executive share options form an essential element of performance incentive related remuneration. Details of the directors' options are given on page 85.

A performance based executive compensation system has been introduced in support of the De Beers strategic transformation process. It is designed to cover a defined period of transformation only, from January 2000 to December 2004. The underlying premise is that extraordinary effort will be required over the transformation period to achieve the aims and goals of the Company, and that such effort will attract commensurate rewards. Thereafter, the implementation of a system suited to a "steady state" environment is envisaged.

Each of the executive and non-executive directors currently receive directors' fees approved by shareholders, currently at the rate of R30 000 per annum. The Chairman receives an additional sum of R30 000 per annum and Deputy Chairman, R20 000 per annum.

Non-executive directors who serve on the Audit, SHE and Remuneration committees each receive fees at the rate of R10 000 per annum. The chairmen of the respective committees receive an additional R10 000 per annum.

The Remuneration Committee comprises Sir Chips Keswick (Chairman), N F Oppenheimer and J Ogilvie Thompson.

Accountability and control

Internal controls

The directors are responsible for the group's system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of business risks that are significant to the fulfilment of De Beers' business objectives with a view of enhancing over time the value of the shareholders' investment and safeguarding the group's assets. Although no system of internal controls can provide absolute assurance that business risks will be fully mitigated, the group's internal control systems have been designed to meet the group's particular needs and the risks to which it is exposed.

To enable the directors to meet their responsibilities, management sets standards and implements systems of internal control designed both to provide reasonable assurance regarding the achievement of objectives and to reduce the risk of error or loss in a cost-effective manner. These controls, which are monitored throughout the Company and the group, include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Your directors are of the opinion, based on the information and explanations given by management and the internal auditors, and on comment by the independent auditors on the results of their audit, that the key internal controls are adequate, so that the records may be reasonably relied on for preparing the annual report to shareholders and for maintaining accountability for assets and liabilities. The directors believe that assets are safeguarded and used as intended with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Supported by reasonable and prudent judgements and estimates, the consolidated financial statements appearing on pages 96 to 112, have been prepared in accordance with South African Generally Accepted Accounting Practice, using accounting policies consistent with those used in the previous year except as set out in the Accounting Policies statement, commencing on page 94. The directors are of the opinion that the financial statements fairly present the financial position of the Company and the group as at 31 December 2000 and the results of the operations and cash flow information for the year then ended.

'Going concern'

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going-concern basis in preparing the annual financial statements.

The independent auditors concur with the opinions of the directors as stated above.

Risk management

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks. These risks encompass such areas as consumer markets, skills and people risks, technology, competition, corporate reputation, compliance with regulation and legislation, professional liability and the general operating, financial and treasury risks referred to below.

Operating risk

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring not only that the appropriate infrastructure, controls, systems and ethics are applied throughout the group but also that such systems are managed within predetermined procedures and constraints. Key policies employed in managing operating risk involve segregation of duties, transaction authorisation, monitoring and financial and managerial reporting.

Financial risk

The management of financial risk is centralised at a group treasury division that acts as the interface between De Beers' operations and counterparty banks. The primary function of the treasury division is to remove financial risk from the operations and to manage such risk on a centralised basis in accordance with policies and procedures set out by the board and the Executive Committee.

Physical risk

The primary objective of De Beers' physical risk management is to minimise its business risk by safeguarding its assets and income

Statement of corporate governance

continued

earning capacity. The group's philosophy is founded on the identification of risk, the introduction of the necessary control measures to reduce the risks identified to the lowest level possible and the procurement of insurance for those events that are severe in nature, although infrequent in occurrence, and which are usually beyond the control of management.

Monitoring process

The effectiveness of the internal control systems, including the potential impact of changes in the operating and business environments, is monitored through regular management reviews, control self-assessment (with a representation letter on compliance being signed annually by the managers of each major business unit), reviews and testing by internal auditors and testing of certain aspects of the internal financial control systems by the independent auditors during the course of their statutory examinations.

Code of ethics

The group is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment is based on the belief that business should be conducted honestly, fairly and legally. To this end, the Company's Code of Business Conduct and Ethics requires employees throughout the group to maintain the highest ethical standards in ensuring that business practices are conducted in a manner which in all reasonable circumstances is beyond reproach.

Employment equity

De Beers is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race, or gender. Employment equity policies emphasise opportunity for all, and seek to identify, develop and reward those employees who demonstrate qualities of individual initiative, enterprise, commitment and application.

The Company's employment equity policy guidelines provide for bursary schemes and academic support programmes, input-based targets, training, development and mentoring programmes, and innovative technical and management career development processes.

Employment equity policies also aim to create an inclusive organisational culture in which all employees feel comfortable and accepted. The implementation of employment equity is overseen by senior management, and is at the core of the Company's strategy to improve its employee profile.

Where appropriate, employment equity is implemented in consultation with employee representative bodies. An employment equity/affirmative action agreement exists between the Company and the National Union of Mineworkers. Employment equity is also addressed in the Review of Operations on page 70.

Employee participation

The Company supports a system of employee participation in addressing issues which affect them and encourages employees and their representatives of all interest groups to participate in communication, and consultative and negotiating structures.

Regular briefing sessions are conducted with all employees as to the progress of the Company's operations and on other matters of interest to employees.

Grievance procedures and other structures are in place with a view to the speedy identification of conflict and its effective resolution.

Communication

The Company subscribes to a policy of open communication with its stakeholders worldwide. Shareholders and members of the investment communities are encouraged to direct their comments on issues concerning the Company and obtain answers to their questions on a one-to-one basis through contact personnel at addresses detailed in all reports published by the Company (see pages 155 and 156). International media briefings are held when the Company's results are announced in February/March and August. The Company also has a website containing up-to-date information (see page 155).

Equally high value is placed on the process of internal communication through the Company's regular publications to employees at corporate offices and the operations.

Release of price sensitive information

Further to the application of "close periods", referred to on the following page, the Company has adopted a policy that company spokespersons and directors may not communicate with the investment community during such periods. However, price sensitive information will continue to be announced in terms of stock exchange requirements during these periods where necessary.

Sharedealing by directors

In line with recommendations contained in the King Report, the Company applies "close periods" before the announcement of interim and final results during which directors and officers of the Company may not deal (including the exercise of options under the Incentive Scheme) in De Beers linked units. The "close periods" applied follow the guidelines of the London Model Code for dealings in securities by directors of listed companies which, although not purporting to apply to companies incorporated outside the United Kingdom, nevertheless has been followed for sometime by the Company as representing an acceptable code of behaviour.

In addition, the board has adopted the practice that where directors buy or sell linked units, the transaction is tabled at the following meeting of directors and a record of all such dealings is retained by the Secretary. In addition, following disclosure of a transaction to the Company the Listings Division of the JSE Securities Exchange South Africa is promptly notified in terms of that exchange's requirements.

Directors' interests

Direct and indirect interests of directors who held office at 31 December 2000 in linked deferred shares of the Company were as follows:

	AS AT 31 DECEMBER 2000		AS AT 31 DECEMBER 1999 (or later date of appointment)	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
N F Oppenheimer [1]	10 548 613	246 950	10 548 613	246 950
J Ogilvie Thompson [2]	–	100	–	100
G M Ralfe	–	100	–	100
B Ainsley	200	–	200	–
G A Beevers	46	100	46	–
Dr J W Campbell	–	100	–	100
T W H Capon	–	100	–	100
R M Crawford	100	–	100	–
G P L Kell	800	–	800	–
Sir Chips Keswick	1 000	100	1 000	–
L A Lincoln	3 725	–	3 725	–
L G Nchindo	–	100	–	100
M Ngidi	–	–	–	–
A E Oppenheimer [3]	8 898	47 766	8 898	47 766
P A Somner	–	100	–	–
S S G Tumelo	–	100	–	100
N P Wisden	–	100	–	100
Total	10 563 382	295 716	10 563 382	295 416

1. N F Oppenheimer's beneficial interest arises as a result of his interest in discretionary trusts that have an indirect economic interest in 84,51 per cent of the 10 548 613 shares held by Centenary Holdings Limited. 246 850 of the shares making-up his non-beneficial interest arises as a result of his position as a trustee of a charitable trust.
2. J Ogilvie Thompson has an interest in discretionary trusts that have an indirect economic interest in 4,59 per cent of the 10 548 613 shares referred to in Note 1.
3. A E Oppenheimer has an interest in discretionary trusts that hold non-voting preference shares in a company that has an indirect interest in 61,9 per cent of the 10 548 613 linked shares referred in Note 1.

There have been no changes in the above interests between 31 December 2000 and the date of this report. Mr J S lita was appointed to the board on 26 February 2001. He has no beneficial or non-beneficial holdings in the Company.

Accounting policies

The financial statements are prepared on the historical cost basis in accordance with South African Generally Accepted Accounting Practice, using accounting policies consistent with those used in the previous year except as detailed below:

- tangible and intangible mining assets have been capitalised and depreciated over the lesser of their expected useful life, the life of mine or 20 years. The previous policy was to appropriate from profits amounts expended on establishing or expanding a mining facility, and to charge against revenue, in the year in which it was incurred, expenditure required to maintain an existing facility or capacity;

- deferred taxation has been provided on taxable and deductible temporary differences between the carrying amount of an asset or liability and its tax base, as required by AC 102 (Income Taxes);

- the present value of environmental liabilities for rehabilitation of mining areas has been brought onto the balance sheet as required by AC 130 (Provisions, Contingent Liabilities and Contingent Assets); and

- the provision for the cost of post-retirement medical aid benefits has been reclassified from current liabilities to provisions for liabilities and charges as required by AC 101 (Presentation of Financial Statements).

Comparative figures have been restated to reflect these changes.

The impact of these changes on equity and earnings has been disclosed in the Statements of changes in shareholders' interests and in note 30.

Basis of consolidation

The group financial statements incorporate the financial statements of the Company and all its subsidiaries. The group income statement includes the results of subsidiaries from their effective dates of acquisition. All significant inter company transactions and balances have been eliminated.

Any excess of the purchase price over the fair value of the attributable assets of a subsidiary at date of acquisition is recognised as goodwill and is included in intangible fixed assets. Goodwill is amortised over the lesser of expected useful life or the life of the mine to which it relates.

The consolidated financial statements include the retained earnings and reserves of certain subsidiaries which, on distribution as dividends, might be subject to withholding taxes and Secondary Tax on Companies. No provision has been made therefor.

Associated companies

The group's interest in associated companies, being companies in which an interest of between 20 and 50 per cent of the voting capital is held as a long-term holding, or in which less than 20 per cent of voting capital is held but in which significant influence is exercised over the financial and operating policy decisions of the company, is accounted for as follows:

The net income is included in the consolidated income statement either by way of investment income in the diamond account in the case of trade investments, or in investment income in the case of other investments, and as the group's share of retained earnings and of extraordinary items of associated companies for the year, based on latest published results, with an amount equivalent to such retained earnings and extraordinary items being transferred to a non-distributable reserve. An adjustment is made for the effect of cross-holdings where an associated company itself deals with its investment in this company by the equity method.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are converted at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the spot rate ruling at the date of the transaction. Hedging costs are included in the cost of the related transactions. Exchange differences are included in the income statement.

The results and operating cash flows of foreign subsidiaries are converted at the average rates ruling during the year. Differences arising on the consolidation of foreign subsidiaries are included in equity.

Accounting policies

Fixed assets and depreciation

Land and investment properties are reflected at cost and are not depreciated.

Other tangible assets are included at cost less depreciation which will reduce their carrying values to estimated residual values over their expected useful lives.

Depreciation is calculated as follows:

- mining assets based on units of production or the straight line basis over the lesser of their expected useful life or 20 years;

- other buildings, plant and equipment on the straight line basis using various rates up to 12 years for plant and equipment and 50 years for buildings.

Investments

Investments other than investments in equity accounted associated companies are stated at cost less amounts written off. Provision is made where, in the opinion of the directors, a permanent diminution in the value of the investment has occurred.

Diamond stocks

Diamond stocks are valued at the lower of cost and net realisable value. Cost in the case of mining companies is the average cost of production, using the "first in first out" method, and in the case of trading companies it is the weighted average cost.

Stores and materials

Stores and materials are valued at cost, using varying methods appropriate to the various types of business.

Exploration and research

Exploration and research expenditure is written off in the year in which it is incurred.

Deferred taxation

Deferred taxation is provided on temporary differences using the balance sheet liability method.

Retirement benefits

Retirement benefits are provided for all eligible employees through either defined benefit or defined contribution funds. The group recognises the costs of providing these benefits, as determined by independent actuaries, over the estimated service lives of the employees concerned.

Post-retirement benefits

The group provides its eligible pensioners with post-retirement medical aid benefits. The group recognises the costs of providing these benefits, as determined by independent actuaries, over the estimated service lives of the employees concerned.

Environmental liabilities

Provision is made for environmental liabilities amounting to the net present value of the estimated future costs of restoration and rehabilitation. The cost is included in mining assets and depreciated accordingly.

Earnings per linked deferred share

Earnings per linked deferred share are calculated using the weighted average number of shares in issue during the year.

The exercising of the options granted or the conversion of the compulsory convertible debentures issued in terms of the Incentive Scheme will result in a dilution of earnings per linked deferred share of less than one per cent.

Income statements

for the year 2000

COMPANY R millions 1999	COMPANY R millions 2000		Notes	GROUP R millions 2000	GROUP R millions 1999
		Diamond account			
3 329	**7 540**	Natural and industrial division sales	2	**39 039**	32 334
414	**99**	Trade investment income	3	**46**	147
55	**(14)**	Other trading income	4	**1 221**	1 169
3 798	**7 625**			**40 306**	33 650
2 785	**4 365**	***Deduct:***		**37 000**	32 097
2 560	**4 086**	Operating expenses	5	**36 390**	31 524
225	**279**	Exploration and research		**610**	573
1 013	**3 260**	**Net diamond account**		**3 306**	1 553
		Add:			
1 061	**1 459**	Investment income	6	**1 445**	711
176	**127**	Interest income		**85**	46
101	**26**	Other income	7	**545**	453
2 351	**4 872**			**5 381**	2 763
289	**340**	***Deduct:***		**312**	301
153	**176**	Interest payable		**84**	105
136	**164**	Other expenditure	8	**228**	196
2 062	**4 532**	**Net income before taxation**		**5 069**	2 462
		Deduct:			
282	**1 188**	Taxation	9	**1 438**	622
1 780	**3 344**	**Net income after taxation**		**3 631**	1 840
48	**87**	***Deduct:***		**51**	33
46	**85**	Share of net income payable to a subsidiary company			
		Attributable to outside shareholders in subsidiaries		**49**	31
2	**2**	Dividends on preference shares		**2**	2
1 732	**3 257**	**Own earnings**		**3 580**	1 807
		Add:			
		Retained earnings of associated companies	11	**3 766**	1 480
1 732	**3 257**	**Total net earnings**		**7 346**	3 287
		Weighted average number of linked deferred shares in issue (millions)		***400***	*393*
		Earnings per linked deferred share			
		Own		**895c**	460c
		Total net		**1 837c**	836c
		Headline	10	**1 519c**	689c
		Dividends per linked deferred share	12		
		Interim paid		**195c**	96c
		Final declared		**510c**	335c

Balance sheets

31 December 2000

COMPANY R millions 1999	COMPANY R millions 2000		Notes	GROUP R millions 2000	GROUP R millions 1999
		Capital employed:			
1 267	**1 291**	Share capital and premium	16	**1 291**	1 267
71	**71**	Non-distributable reserves	17	**21 630**	17 762
3 578	**6 063**	Distributable reserves	18	**10 129**	7 325
4 916	**7 425**			**33 050**	26 354
		Outside shareholders' interests in subsidiary companies		**99**	77
593	**674**	**Deferred taxation**	19	**712**	809
474	**538**	**Provisions for liabilities and charges**	20	**622**	548
623	**833**	**Long- and medium-term liabilities**	21		
6 606	**9 470**			**34 483**	27 788
		Represented by:			
2 317	**2 710**	**Fixed assets – tangible**	22	**4 586**	3 874
	3 800	**– intangible**	22	**3 800**	
134	**201**	**Deferred taxation**	19	**640**	216
1 956	**1 336**	**Investments**	23	**23 875**	21 231
2 707	**1 076**	**Diamond stocks**	24	**2 262**	3 258
59	**49**	**Stores and materials**		**250**	198
(567)	**298**	**Net current assets (liabilities)**		**(930)**	(989)
2 857	**3 204**	**Current assets**		**2 233**	2 304
198	**171**	Debtors		**1 443**	1 706
495	**783**	Cash		**790**	598
2 164	**2 250**	Amounts due by subsidiary companies			
3 424	**2 906**	**Current liabilities**		**3 163**	3 293
212	**1 155**	Taxation		**1 793**	476
1 340	**1**	Dividends		**1**	1 340
716	**316**	Creditors		**1 326**	1 459
4	**26**	Bank borrowings	21	**43**	18
1 152	**1 408**	Amounts due to subsidiary companies			
6 606	**9 470**			**34 483**	27 788

Cash flow statements

for the year 2000

COMPANY R millions 1999	COMPANY R millions 2000		Notes	GROUP R millions 2000	GROUP R millions 1999
		Operating activities			
1 024	**4 183**	Cash generated by operations	25.1	**4 771**	1 353
176	**224**	Interest received		**87**	46
1 729	**2 181**	Dividends received		**1 536**	1 086
2 929	**6 588**			**6 394**	2 485
251	**406**	***Deduct:***		**691**	448
116	**176**	Interest paid		**43**	94
135	**230**	Taxation paid		**648**	354
2 678	**6 182**	**Cash generated by operating activities**		**5 703**	2 037
		Investing activities			
(173)	**(9)**	Property		**14**	3
337	**650**	Plant and equipment		**104**	439
930	**3 170**	Investments	25.2	**3 288**	399
1 094	**3 811**	**Cash utilised in investing activities**		**3 406**	841
		Financing activities			
(6)	**(24)**	Share capital (raised)		**(24)**	(6)
8	**8**	Applied against the provision for the cost of rehabilitating mining areas		**8**	8
1 081	**2 121**	Dividends paid	25.3	**2 146**	1 116
1 083	**2 105**	**Cash utilised in financing activities**		**2 130**	1 118
501	**266**	**Increase in cash**		**167**	78
(10)	**491**	Cash (bank borrowings) at beginning of year	25.4	**580**	488
		Cash of subsidiary companies acquired during the year			14
491	**757**	**Cash at end of year**		**747**	580

Statements of changes in shareholders' interests

for the year 2000

COMPANY R millions					GROUP R millions			
Distri-butable reserves	Non-distributable reserves	Ordinary share capital and premium	Total		Total	Ordinary share capital and premium	Non-distributable reserves	Distri-butable reserves
2 291	194	813	**3 298**	Balance at 1 January 1999 as previously reported	**23 349**	813	16 712	5 824
				Changes to accounting policies:				
1 998			**1 998**	Book value of mining assets previously appropriated for	**1 944**			1 944
(470)			**(470)**	Provision for deferred taxation required	**(441)**			(441)
123	(123)			Fixed assets and investment reserve reclassified			(218)	218
3 942	71	813	**4 826**	**Balance at 1 January 1999 as restated**	**24 852**	813	16 494	7 545
				Adjustments thereto arising from changes in currency exchanges rates	**39**		46	(7)
				Adjustments in respect of changes in the group's shareholdings in subsidiary and associated companies	**(182)**		(258)	76
		6	**6**	Linked deferred shares issued in terms of the DBCM Incentive Scheme	**6**	6		
		448	**448**	Linked deferred shares issued in part payment for the remaining minority interests in the CSO companies	**448**	448		
(387)			**(387)**	Excess of the cost of shares in subsidiary and associated companies over the attributable value of net assets at acquisition	**(387)**			(387)
1 732			**1 732**	Own earnings	**1 807**			1 807
				Retained earnings of associated companies	**1 480**		1 480	
(1 709)			**(1 709)**	Dividends on linked deferred shares	**(1 709)**			(1 709)
3 578	71	1 267	**4 916**	**Balance at 31 December 1999**	**26 354**	1 267	17 762	7 325
				Adjustments thereto arising from changes in currency exchange rates	**96**		81	15
				Adjustments in respect of changes in the group's shareholdings in subsidiary and associated companies	**(6)**		(6)	
				Unrealised gains arising from changes in currency exchange rates	**8**		8	
		24	**24**	Linked deferred shares issued in terms of the DBCM Incentive Scheme	**24**	24		
3 257			**3 257**	Own earnings	**3 580**			3 580
				Retained earnings of associated companies	**3 766**		3 766	
				Transfers			19	(19)
				Dividends on linked deferred shares:				
(780)			**(780)**	Current year interim	**(780)**			(780)
8			**8**	Forfeited	**8**			8
6 063	71	1 291	**7 425**	**BALANCE AT 31 DECEMBER 2000**	**33 050**	1 291	21 630	10 129

Notes to the financial statements

31 December 2000

GROUP R millions 1999					GROUP R millions 2000			

1. Segment information

Invest-ments	Industrial Division	Natural	Total	**Business**	**Total**	**Natural**	**Industrial Division**	**Invest-ments**
				Income Statement				
	151	32 183	32 334	Sales	**39 039**	**38 826**	**213**	
	3	1 550	1 553	Net diamond account	**3 306**	**3 309**	**(3)**	
1 938	2	766	2 706	Headline earnings	**6 076**	**2 470**	**(1)**	**3 607**
				Balance sheet				
21 229	250	9 386	30 865	Segment assets	**37 006**	**13 317**	**281**	**23 408**
	106	3 336	3 442	Segment liabilities	**2 091**	**1 953**	**138**	
21 229	144	6 050	27 423		**34 915**	**11 364**	**143**	**23 408**
			1 069	Net tax liabilities	**1 865**			
			26 354		**33 050**			
				Cash flow				
992	21	1 024	2 037	Operating cash flow	**5 703**	**4 236**	**22**	**1 445**
				Non cash items:				
	11	386	397	Depreciation	**631**	**621**	**10**	
(446)		89	(357)	Other	**808**	**1 074**		**(266)**
(446)	11	475	40	Total non cash items	**1 439**	**1 695**	**10**	**(266)**
(513)	15	1 339	841	Cash utilised in investing activities	**3 406**	**3 719**	**22**	**(335)**

Other	Southern Africa	Europe	Total	**Geographic**	**Total**	**Europe**	**Southern Africa**	**Other**
	2 969	29 365	32 334	Sales	**39 039**	**34 784**	**4 255**	
59	26 892	3 914	30 865	Segment assets	**37 006**	**2 929**	**34 060**	**17**
3	818	20	841	Cash utilised in investing activities	**3 406**	**22**	**3 389**	**(5)**

Notes to the financial statements

31 December 2000

		COMPANY R millions		GROUP R millions	
		2000	1999	**2000**	1999
2. Natural and industrial division sales					
Natural and industrial division sales include:					
Sales to related parties	– natural diamonds			**2**	2
	– industrial division			**198**	169
3. Trade investment income					
Dividends received from	– subsidiary companies	**53**	299		
	– associated companies	**46**	109	**46**	109
	– other		6		38
		99	414	**46**	147
4. Other trading income					
Other trading income includes:					
Currency exchange (losses) gains		**(14)**	55	**(47)**	55
Sundry cost recoveries between related parties				**1 170**	958
5. Operating expenses					
Operating expenses include:					
Purchases from related parties	– natural diamonds			**30 859**	26 411
	– industrial division			**73**	51
	– other	**52**	62	**52**	62
Depreciation and amortisation		**461**	232	**631**	397
Sundry cost recoveries between related parties		**3**	(37)	**293**	350
Surplus (loss) on sale of fixed assets		**13**	(12)	**13**	(12)
6. Investment income					
Listed investments		**1**	17	**1 408**	693
Unlisted investments		**1 458**	1 044	**37**	18
Total investment income		**1 459**	1 061	**1 445**	711
Comprising: Interest		**97**	38	**1**	
Dividends	– normal	**1**	17	**108**	151
	– scrip				4
	– subsidiary companies	**1 361**	1 006		
	– associated companies			**1 336**	556
		1 459	1 061	**1 445**	711
7. Other income					
Surplus on realisation of fixed assets		**26**	101	**285**	8
Surplus on realisation of investments				**260**	445
		26	101	**545**	453
8. Other expenditure					
Provisions against investments and loans		**13**		**2**	4
Corporate overhead		**151**	136	**226**	192
		164	136	**228**	196

Notes to the financial statements

31 December 2000

	COMPANY R millions 2000	COMPANY R millions 1999	GROUP R millions 2000	GROUP R millions 1999
9. Taxation				
Current taxation:				
South African normal taxation	**881**	190	**1 221**	363
Mining lease consideration	**275**	91	**275**	91
Secondary tax on companies			**17**	13
Other indirect taxes	**18**	12	**30**	20
Foreign taxes			**418**	120
Total current taxation	**1 174**	293	**1 961**	607
Deferred taxation:				
South African	**14**	(11)	**(372)**	(21)
Foreign			**(151)**	36
Total deferred taxation	**14**	(11)	**(523)**	15
Total taxation	**1 188**	282	**1 438**	622
The taxation rate reconciliation is as follows:				
	%	%	%	%
Taxation as a percentage of net income before taxation	**26,2**	13,7	**28,4**	25,3
Dividend income	**9,7**	19,3	**8,8**	8,6
Other non-taxable income	**(0,3)**	0,8	**2,9**	5,6
Non-allowable expenditure	**(1,7)**	(0,5)	**(4,2)**	(5,0)
Indirect taxes	**(4,0)**	(3,5)	**(4,5)**	(3,7)
Foreign tax rates differential			**(1,8)**	(2,3)
Other	**0,1**	0,2	**0,4**	1,5
South African normal taxation rate	**30,0**	30,0	**30,0**	30,0

10. Headline earnings	R millions 2000	R millions 1999
Total net earnings	**7 346**	3 287
Adjusted for:		
Net (surplus) loss on realisation of fixed assets	**(238)**	4
(Surplus) loss	**(298)**	4
Taxation and outside shareholders interests	**60**	
Surplus on realisation of investments	**(260)**	(445)
Amortisation of intangible fixed assets	**200**	
Provisions against investments and loans	**2**	4
Exceptional and non-trading items of associated companies	**(974)**	(144)
	6 076	2 706

Notes to the financial statements

31 December 2000

	COMPANY R millions 2000	COMPANY R millions 1999	GROUP R millions 2000	GROUP R millions 1999
11. Retained earnings of associated companies				
Share of earnings				
Current trading			**4 174**	2 001
Exceptional and non-trading			**974**	144
			5 148	2 145
Dividends received			**1 382**	665
Share of retained earnings			**3 766**	1 480
12. Dividends				
On 40 per cent preference shares:				
No. 182 of R1 per share, to shareholders registered on 30 June 2000, paid 1 August 2000	**0,8**	0,8	**0,8**	0,8
No. 183 of R1 per share, to shareholders registered on 22 December 2000, paid on 30 January 2001	**0,8**	0,8	**0,8**	0,8
On 8 per cent second preference shares:				
No. 48 of 4 cents per share, to shareholders registered on 30 June 2000, paid 1 August 2000	**0,1**	0,1	**0,1**	0,1
No. 49 of 4 cents per share, to shareholders registered on 22 December 2000, paid on 30 January 2001	**0,1**	0,1	**0,1**	0,1
On linked deferred shares:				
No. 160 of 335 cents per linked deferred share to shareholders registered on 24 March 2000, paid on 24 May 2000		1 339		1 339
No. 161 (interim) of 195 cents per linked deferred share (1999: 96 cents per linked deferred share) to shareholders registered on 15 September 2000, paid on 18 October 2000	**780**	370	**780**	370
No. 162 (final) of 510 cents per share to shareholders registered on 23 March 2001, payable on 16 May 2001. This dividend was declared on 27 February 2001 and accordingly, in terms of AC 107 (Events after the Balance Sheet Date), has not been brought to account in these financial statements.	**2 040**		**2 040**	
13. Directors' remuneration				
Executive directors				
Fees	**0,3**	0,3		
Salary, benefits and other emoluments	**37,5**	28,4		
Performance related payments	**16,5**	6,2		
	54,3	34,9		
Less: Paid by subsidiary companies	**45,3**	27,6		
Paid by the Company	**9,0**	7,3		
Options exercised	**7,3**	0,9		
Non-executive directors				
Fees	**0,4**	0,4		

Notes to the financial statements

31 December 2000

		COMPANY R millions		GROUP R millions	
		2000	1999	**2000**	1999
14. Auditors' remuneration					
Audit fees		**2,4**	2,3	**6,4**	5,0
Other services		**1,0**	1,0	**1,8**	1,6
15. Remuneration					
Payments made to employees		**1 036**	956	**1 838**	1 730
Average number of group employees during the year 12 467 (1999: 12 520)					
Payments for technical, administrative and secretarial services made to persons other than employees		**97**	24	**75**	7
16. Share capital and premium					
16.1 ***Authorised***					
800 000	40 per cent cumulative preference shares of R5,00 each	**4**	4	**4**	4
2 866 929	8 per cent cumulative second preference shares of R1,00 each	**3**	3	**3**	3
470 000 000	deferred shares of 5 cents each	**24**	21	**24**	21
		31	28	**31**	28
16.2 ***Issued***					
800 000	40 per cent cumulative preference shares of R5,00 each	**4**	4	**4**	4
2 866 929	8 per cent cumulative second preference shares of R1,00 each	**3**	3	**3**	3
399 925 795	deferred shares of 5 cents each	**20**	20	**20**	20
		27	27	**27**	27
Share premium		**1 264**	1 240	**1 264**	1 240
Total issued share capital and premium		**1 291**	1 267	**1 291**	1 267

16.3 Each De Beers Consolidated Mines Limited deferred share in issue is linked to a depositary receipt issued by Centenary Depositary AG.

16.4 By resolution of shareholders the directors have been given general authority, until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem necessary.

16.5 By resolution of the shareholders passed on 23 May 2000, 11 000 000 of the unissued deferred shares are under the control of the directors to allot and issue shares to the De Beers Incentive Trust and/or its nominees in accordance with the terms and conditions of the De Beers Consolidated Mines Limited Incentive Scheme.

Details of deferred shares committed to the scheme, which will be linked to depositary receipts, are set out on page 87 of the Report of the Directors.

Details of deferred shares committed to directors of the Company are set out in the Report of the Directors, on page 85.

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
17. Non-distributable reserves				
Capital reserve	**71**	71	**195**	187
Capital redemption reserve fund			**4**	4
Currency reserve			**89**	62
Legal reserve			**13**	11
Share of retained earnings of associated companies			**21 329**	17 498
	71	71	**21 630**	17 762
18. Distributable reserves				
Retained earnings	**6 063**	3 578	**10 129**	7 325
19. Deferred taxation				
Deferred tax liabilities				
Attributable to temporary differences in respect of:				
Fixed assets	**630**	449	**641**	645
Diamond stocks	**44**	144	**44**	145
Stores, materials and other			**27**	19
	674	593	**712**	809
Deferred tax assets				
Attributable to temporary differences in respect of:				
Diamond stocks			**412**	32
Post retirement medical aid provisions	**133**	114	**148**	121
Other provisions	**68**	20	**80**	63
	201	134	**640**	216
Net deferred tax liability	**473**	459	**72**	593
Reconciliation of net deferred tax liability				
Balance at beginning of the year	**459**	470	**593**	579
Adjustments thereto arising from changes in currency exchange rates			**2**	(1)
Deferred taxation charged (credited) to the income statement	**14**	(11)	**(523)**	15
Balance at end of the year	**473**	459	**72**	593
20. Provisions for liabilities and charges				
Post retirement medical aid benefits	**444**	381	**528**	455
Environmental liabilities for rehabilitation of mining areas	**94**	93	**94**	93
	538	474	**622**	548
Reconciliation of provisions for liabilities and charges				
Balance at beginning of the year	**474**	427	**548**	490
Adjustments thereto arising from changes in currency exchange rates			**7**	(2)
Charged to the income statement	**63**	55	**66**	68
Increase (decrease) in environmental liability	**1**	(8)	**1**	(8)
Balance at end of the year	**538**	474	**622**	548

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
21. Long- and medium-term liabilities and bank borrowings				
21.1 Long- and medium-term liabilities comprise: 5 572 140 (1999: 4 414 700) variable rate automatically convertible debentures bearing interest at the official rate set out in the Seventh Schedule to the Income Tax Act.	**833**	623		
The consideration for these debentures is facilitated by a loan to the De Beers Incentive Trust. The conditions of conversion are contained in the De Beers Consolidated Mines Limited Incentive Scheme Rules which may be inspected at the Company's head office. Details of debentures issued to directors are set out on page 85 of the Report of the Directors.				
21.2 Total borrowings amounted to	**859**	627	**43**	18
21.3 The company and its subsidiaries have the power to borrow up to an aggregate of R66 098 million (1999: R52 707 million).				
22. Fixed assets				
A register of land and buildings owned by the Company (other than those acquired or used for mining and ancillary purposes) is kept at the Company's head office.				
Tangible				
Cost				
Land and buildings	**79**	63	**172**	149
Investment properties	**16**	9	**37**	32
Other properties	**63**	54	**135**	117
Plant, equipment, permanent works and buildings	**4 974**	4 383	**5 830**	5 946
Mining assets	**4 974**	4 383	**5 010**	4 418
Other			**820**	1 528
Total cost	**5 053**	4 446	**6 002**	6 095
Accumulated depreciation				
Land and buildings				
Other properties			**25**	21
Plant, equipment, permanent works and buildings	**2 847**	2 633	**3 481**	3 553
Mining assets	**2 847**	2 633	**2 883**	2 668
Other			**598**	885
Total accumulated depreciation	**2 847**	2 633	**3 506**	3 574

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
22. Fixed assets (continued)				
Net book value				
Land and buildings	**79**	63	**147**	128
Investment properties	**16**	9	**37**	32
Other properties	**63**	54	**110**	96
Plant equipment, permanent works and buildings	**2 127**	1 750	**2 349**	2 393
Mining assets	**2 127**	1 750	**2 127**	1 750
Other			**222**	643
Net book value excluding trade investments	**2 206**	1 813	**2 496**	2 521
Trade investments at cost or valuation				
Unlisted	**504**	504	**2 090**	1 353
Associated companies				
At cost less amounts written off	**247**	247	**247**	247
Add: share of retained earnings			**1 843**	1 106
Total carrying values	**247**	247	**2 090**	1 353
Other				
Subsidiary companies	**257**	257		
Total net book value of tangible fixed assets	**2 710**	2 317	**4 586**	3 874
Open market value on the existing use basis of investment properties	**33**	33	**48**	47
Director's valuations of unlisted trade investments other than subsidiary companies	**4 839**	3 772	**4 839**	3 772
Reconciliation of net book value of tangible fixed assets excluding trade investments				
Balance at beginning of the year	**1 813**	1 697	**2 521**	2 417
Land and buildings	**63**	40	**128**	142
Plant, equipment, permanent works and buildings	**1 750**	1 657	**2 393**	2 275
Adjustments thereto arising from changes in currency exchange rates			**14**	
Land and buildings			**4**	
Plant, equipment, permanent works and buildings			**10**	
Add:				
Additions	**675**	362	**772**	445
Land and buildings	**16**	25	**22**	11
Plant, equipment, permanent works and buildings	**659**	337	**750**	434
Subsidiaries acquired				71
Land and buildings				11
Plant, equipment, permanent works and buildings				60

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
22. Fixed assets (continued)				
Deduct:				
Disposals	**21**	14	**380**	15
Land and buildings		2	**4**	2
Plant, equipment, permanent works and buildings	**21**	12	**376**	13
Depreciation	**261**	232	**431**	397
Land and buildings			**3**	34
Plant, equipment, permanent works and buildings	**261**	232	**428**	363
Balance at end of the year	**2 206**	1 813	**2 496**	2 521
Land and buildings	**79**	63	**147**	128
Plant, equipment, permanent works and buildings	**2 127**	1 750	**2 349**	2 393
Intangible				
Goodwill				
Cost	**4 000**		**4 000**	
Accumulated amortisation	**200**		**200**	
Net book value of intangible fixed assets	**3 800**		**3 800**	
The cost of acquiring the Saturn Partnership's interest in Venetia mine has been included in Goodwill.				
Reconciliation of intangible fixed assets				
Interests acquired	**4 000**		**4 000**	
Amortisation	**200**		**200**	
Balance at end of the year	**3 800**		**3 800**	
23. Investments				
Listed investments				
Associated companies				
At cost less amounts written off			**3 470**	3 468
Add: share of retained earnings			**19 486**	16 361
Total carrying values			**22 956**	19 829
Other	**2**	839	**444**	1 355
Total listed investments	**2**	839	**23 400**	21 184
Unlisted investments				
Associated companies				
At cost less amounts written off				
Add: share of retained earnings				30
Total carrying values				30
Other	**1**	1	**5**	12
Subsidiary companies	**491**	491		
Total unlisted investments	**492**	492	**5**	42
Loans	**842**	625	**470**	5
Total investments	**1 336**	1 956	**23 875**	21 231

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
23. Investments (continued)				
Market value of listed investments	**4**	1 266	**50 272**	50 925
Director's valuations of unlisted investments and loans other than subsidiary companies	**843**	626	**480**	46
A list of the group's material investments is given on pages 114 and 115.				
A list of the Company's material investments is open for inspection at the Company's head office.				
24. Diamond stocks				
Mining companies	**1 076**	2 707	**1 081**	2 714
Trading companies			**1 181**	544
	1 076	2 707	**2 262**	3 258
25. Cash flow statements				
25.1 ***Cash generated by operations***				
Net income before taxation	**4 532**	2 062	**5 069**	2 462
Share of net income payable to a subsidiary company	**(85)**	(46)		
Non cash items	**503**	229	**1 439**	40
Dividends and interest	**(1 509)**	(1 498)	**(1 492)**	(799)
Decrease (increase) in diamond stocks	**1 631**	51	**(274)**	664
Decrease (increase) in stores and materials	**10**	(6)	**(52)**	(32)
(Increase) decrease in working capital	**(899)**	232	**81**	(982)
	4 183	1 024	**4 771**	1 353
25.2 ***Investments***				
Acquisitions	**4 284**	930	**4 744**	969
Proceeds	**1 114**		**1 456**	570
	3 170	930	**3 288**	399
25.3 ***Dividends paid***				
Preference shareholders	**2**	2	**2**	2
Linked deferred shareholders	**2 119**	1 079	**2 119**	1 079
By subsidiaries to outside shareholders			**25**	35
	2 121	1 081	**2 146**	1 116
25.4 ***Cash (bank borrowings) at beginning of the year***				
Cash (bank borrowings) as previously reported	**491**	(10)	**580**	490
Adjustments thereto arising from changes in currency exchange rates				(2)
	491	(10)	**580**	488

Notes to the financial statements

31 December 2000

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
26. Commitments and contingent liabilities				
There are commitments and contingent liabilities in respect of:				
26.1 Loan and performance guarantees given to banks and other third parties on behalf of:				
– associated companies	**11**	14	**11**	14
– other	**12**	11	**51**	26
26.2 Capital expenditure authorised by the directors but not yet incurred, including expenditure contracted for	**1 206**	1 057	**1 331**	1 152
This expenditure will be financed from existing resources, internally generated funds or available loan facilities.				

27. Retirement benefits

The majority of employees employed by the group are based in South Africa and are members of the De Beers Pension Fund which is governed by the Pension Funds Act of 1956. Non-South African employees belong to a number of different funds which are governed by the respective legislation of the country concerned.

The most significant of these funds are defined benefit funds that are actuarially valued every three years on an accrued benefit method and a projected benefit method. The last valuations, undertaken in 1999, certified funds to be in a sound financial position. In arriving at their conclusions the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pensions and returns on investments. The next actuarial valuations of the funds will be undertaken during 2001 and 2002.

The sum of the actuarially determined fair value of the assets of the defined benefit funds at their last valuation was R6 397 million. This exceeded the actuarially determined liabilities of R5 312 million.

As a result of the current uncertainty in South Africa regarding the ownership of surpluses in defined benefit funds, no surplus has been recognised.

The group's pension cost for the year amounted to:

	GROUP **2000**	GROUP 1999
Defined benefit funds, including the current cost of not recognising any increase or decrease in the surplus	**133**	126
Defined contribution funds	**3**	2
	136	128

Notes to the financial statements

31 December 2000

28. Financial instruments and foreign currency exposure

28.1 ***Financial instruments***

The group's non derivative financial instruments consist primarily of cash deposits with banks, investments, loans, debtors and creditors. Derivative financial instruments are only used for hedging purposes to mitigate risk.

28.2 ***Credit Risk***

The group's potential concentration of credit risk consists mainly of cash deposits with banks, investments, loans and debtors. The group's short-term cash surpluses are placed with banks that have investment grade ratings and an appropriate level of provision on investments, loans and debtors is maintained.

28.3 ***Foreign currency risk***

The group enters into transactions denominated in foreign currencies and is therefore exposed to fluctuations in currency exchange rates. The group uses forward currency contracts to mitigate exchange rate risk.

The group's open forward currency position was:

		2000			1999		
		Contract value R millions	**Market value R millions**	**Fair value* R millions**	Contract value R millions	Market value R millions	Fair value* R millions
Sold	– US Dollars	**2 110**	**2 079**	**31**	995	991	4
	– Other currencies				27	27	
		2 110	**2 079**	**31**	1 022	1 018	4
Purchased	– US Dollars	**526**	**523**	**(3)**	340	335	(5)
	– Other currencies	**45**	**46**	**1**	7	7	
		571	**569**	**(2)**	347	342	(5)

	R millions 2000	R millions 1999
Assets in foreign currencies not hedged:		
Pounds Sterling 28 million (1999: R9 million)	**317**	94
Swiss Francs 20 million (1999: R4 million)	**91**	15
	408	109

*The fair value of the foreign currency contracts reflects the profit (loss) that would have arisen if the contracts had been terminated at the balance sheet date.

Notes to the financial statements

31 December 2000

29. Related party transactions

The group, in the ordinary course of business, enters into various transactions with associated and other related parties. These transactions are under terms that are no less favourable than those arranged with third parties. The Diamond Trading Company (Proprietary) Limited only purchases natural diamonds from related parties and always at the same percentage of its anticipated selling price.

29.1 ***Associated companies***

Details of associated companies are found on page 116. Information that is considered material is provided as follows:

- Natural and industrial division sales — Note 2
- Dividends from unlisted trade investments — Note 3
- Other trading income — Note 4
- Operating expenses — Note 5
- Investment income — Note 6
- Trade investments — Note 22
- Investments — Note 23
- Contingent liabilities — Note 26

29.2 ***Interest receivable***

Interest receivable includes R3 million (1999: R15 million) from associated companies.

29.3 ***Interest payable***

Interest payable includes R5 million (1999: R4 million) to related parties.

29.4 ***Amounts due by and to related parties***

Loans includes an amount due by related parties of R459 million.
Debtors includes amounts due by related parties of R1 398 million (1999: R653 million).
Creditors includes amounts due to related parties of R311 million (1999: R130 million).

29.5 ***Subsidiaries***

Details of investments in major subsidiaries are disclosed on page 113.

29.6 ***Retirement benefits***

Information relating to pension fund arrangements is disclosed in Note 27.

29.7 ***Shareholders***

Details of major shareholders and a summary of the non-public shareholders are disclosed on page 87.

29.8 ***Directors***

Directors' remuneration is disclosed in note 13. Details of directors' shareholdings, options and debenture holdings are on pages 85 and 93 of the Report of the Directors.

	COMPANY R millions		GROUP R millions	
	2000	1999	**2000**	1999
30. Changes to accounting policies				
The effect of the changes to accounting policies is to increase (decrease) earnings as follows:				
Net income before taxation	**(91)**	60	**(11)**	70
Taxation	**(14)**	11	**(38)**	13
Own earnings	**(105)**	71	**(49)**	83
Retained earnings of associated companies			**43**	(92)
Total net earnings	**(105)**	71	**(6)**	(9)
Headline adjustments			**18**	12
Headline earnings			**12**	3

Interests in major subsidiary companies

31 December 2000

Company	Issued ordinary share capital unless otherwise stated 2000	1999	Percentage held directly or indirectly 2000	1999	Book value of company's direct interest 2000	1999	Amount owing by or (to) subsidiary company 2000	1999
Incorporated in South Africa	R m	R m			R m	R m	R m	R m
Diamond manufacturing and processing								
Debex (Proprietary) Limited	**–***	–*	**100**	100			**(9)**	(13)
Ultra High Pressure Units (Proprietary) Limited	**18**	18	**50**	50			**(1)**	18
Diamond trading and management								
DTC Valuations (Proprietary) Limited	**–***	–*	**100**	100	**29**	29	**(31)**	(56)
De Beers Industrial Diamond Division (Proprietary) Limited	**5**	5	**100**	100	**5**	5	**(1)**	(5)
The Diamond Corporation (Proprietary) Limited	**44**	44	**100**	100	**87**	87	**(711)**	(682)
The Diamond Development Company (Proprietary) Limited	**–***	–*	**100**	100	**15**	15	**(6)**	3
The Diamond Purchasing and Trading Company (Proprietary) Limited	**5**	5	**100**	100	**11**	11	**1 682**	1 074
The Diamond Trading Company (Proprietary) Limited	**2**	2	**100**	100	**78**	78		
Finance and investment								
De Beers Holdings (Proprietary) Limited	**347**	347	**100**	100	**489**	489	**98**	(132)
De Beers Investments (Proprietary) Limited	**–***	–*	**100**	100			**394**	394
Marine services								
De Beers Marine (Proprietary) Limited	**–***	–*	**100**	100			**(335)**	(52)
Mineral rights holders								
Consolidated Company Bultfontein Mine Limited	**1**	1	**68**	68	**1**	1		
Finsch Diamonds (Proprietary) Limited	**–***	–*	**100**	80	**1**	1	**(93)**	(48)
Griqualand West Diamond Mining Company Dutoitspan Mine Limited	**2**	2	**75**	75	**1**	1		
Steppon Investments (Proprietary) Limited	**–***	–*	**51**	51			**(114)**	(49)
Property								
Premier (Transvaal) Diamond Mining Company (Proprietary) Limited — Deferred	**–***	–*	**100**	100			**(3)**	(3)
Preference	**–***	–*	**100**	100	**2**	2		
Incorporated in Australia	Au$ m	Au$ m						
Prospecting								
De Beers Diamond Services Proprietary Limited	**4**	4	**100**	100				
Incorporated in Botswana	P m	P m						
Prospecting								
De Beers Prospecting Botswana (Proprietary) Limited	**–***	–*	**100**	100				
Tswapong Mining Company (Proprietary) Limited	**–***	–*	**100**	100				
Incorporated in Luxembourg	US$ m	US$ m						
Prospecting								
Monopros (Luxembourg) Limited	**1**	1	**100**	100				
Incorporated in Namibia	N$ m	N$ m						
Administration services								
De Beers Services (Proprietary) Limited	**–***	–*	**100**	100				
Incorporated in Switzerland	Sfr m	Sfr m						
Diamond trading and management								
CSO Valuations AG	**4**	4	**100**	100				
Diamond Trading Company Limited, Lucern	**1**	1	**100**	100				

*Nominal value

The aggregate after-tax earnings and losses attributable to the Company from its subsidiaries are:

	R millions 2000	1999
Earnings	**2 784**	1 844
Losses	**489**	329

List of material investments

31 December 2000

Listed investments of the group		Units held 2000	Units held 1999	Market value R millions 2000	Market value R millions 1999
Mining finance and investment				**47 894**	47 768
Anglo American plc*		**117 086 985**	117 086 985	**47 889**	46 484
Anglovaal Mining Limited			23 378 955		1 253
Consolidated African Mines Limited	– Ordinary	**8 516 802**	8 516 802	**3**	7
	– Options	**1 594 465**	1 594 465		
Industrial and Commercial Holdings Limited			496 200		17
JCI Gold Limited		**223 921**	223 921	**1**	1
Other				**1**	6
Gold mining				**924**	1 322
AngloGold Limited		**3 590 250**	3 590 250	**793**	1 137
Gold Fields Limited		**2 319 185**	3 034 185	**60**	90
Randfontein Estates Limited			190 725		1
Western Areas Gold Mining Company Limited		**4 084 991**	4 084 991	**71**	94
Industrial and commercial				**47**	360
Adcock Ingram Limited			188 198		4
Beverage and Consumer Industry Holdings Limited		**2 233 249**	2 233 249		
Edgars Stores Limited		**215 473**	216 477	**6**	17
Johnnies Industrial Corporation Limited		**221 754**	1 841 732	**18**	133
Metro Cash and Carry Limited		**1 437 555**	1 595 316	**2**	11
South African Breweries plc		**387 075**	3 121 977	**21**	195
The Premier Group Limited		**476 454**	476 454		
Banking				**1 407**	1 474
FirstRand Limited		**167 543 133**	167 543 133	**1 407**	1 474
Property					1
Mawenzi Resources Limited			2 404 846		1
Total market value				**50 272**	50 925

*Associated company

List of material investments

31 December 2000

Unlisted investments of the group		Units held 2000	Units held 1999	Directors' valuation R millions 2000	Directors' valuation R millions 1999
Mining					1
BCL Limited – Preference		**7 250 061**	7 250 061		
Botswana Ash (Proprietary) Limited	– B Shares	**18 410 000**	18 410 000		
Morupule Colliery (Proprietary) Limited			400		
Industrial and commercial					31
Turnstone Holdings (Proprietary) Limited*			46 134		
Banking and general finance				**10**	9
Edesa Société Anonyme Holding AG		**3 566**	3 566		
Business Partners Limited		**5 523 801**	5 523 801		
Trade investments				**4 839**	3 772
De Beers Centenary AG*	– Centenary units	**50**	50		
	– Depositary receipts	**50 816 805**	51 054 905		
Firban Enterprises Limited*	– Ordinary	**1 925 000**	1 925 000		
	– A shares	**5 000**	5 000		
Other					
Total directors' valuation				**4 849**	3 813

*Associated company

Associated companies of the group

31 December 2000

	Percentage held 2000	Percentage held 1999	Financial year	Year for equity accounting
Anglo American plc	**28,7**	28,7	31-12	30-06-00
De Beers Centenary AG	**11,3**	11,3	31-12	31-12-00
Firban Enterprises Limited	**42,3**	42,3	31-12	31-12-00
Turnstone Holdings (Proprietary) Limited		50,0	31-03	31-03-00

Additional information is provided in the section entitled Investments.

Notice of annual general meeting

AGM on 22 May in Kimberley

Notice is hereby given that the one hundred and thirteenth annual general meeting of members of De Beers Consolidated Mines Limited will be held at the Head Office of the Company at 36 Stockdale Street, Kimberley on Tuesday, 22 May 2001 at 14:15.

Business to be considered

At the meeting, the following business will be considered:

1. To receive and consider the annual financial statements of the Company and of the group for the year ended 31 December 2000.
2. To elect directors in accordance with the provisions of the articles of association of the Company.
3. To renew the general authority granted to the directors in terms of which the authorised but unissued deferred share capital of the Company be placed under the control of the directors. Accordingly, to consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

   "That subject to the provisions of the Companies Act, 1973 and the Listings Requirements of the JSE Securities Exchange South Africa, the directors be and are hereby authorised to allot and issue all or any portion of the remaining authorised but unissued deferred shares of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine, after setting aside so many deferred shares as may be required to be allotted and issued by the Company pursuant to the De Beers Consolidated Mines Limited Incentive Scheme."
4. To renew the general authority granted to the directors to allot and issue any deferred shares for cash. Accordingly, to consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

   "That in terms of the Listings Requirements of the JSE Securities Exchange South Africa, the directors are hereby authorised to issue reserve deferred shares of five cents each for cash, without restrictions as to whom the shares will be issued, as and when suitable opportunities arise, subject to the following conditions:

   (a) that this authority shall only be valid until the next annual general meeting but shall not exceed beyond 15 months from the date of this annual general meeting;

   (b) that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within a financial year, five per cent or more of the number of deferred shares in issue prior to that issue;

   (c) that issues in the aggregate in any one financial year will not exceed 15 per cent of the Company's issued deferred share capital;

   (d) that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10 per cent of the weighted average closing price of the shares in question, adjusted for any dividends declared but not yet paid or for any capitalisation award made to shareholders, as determined over the 30 business days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the deferred shares; and

   (e) that any issue of shares made in terms of this authority will be made to public shareholders as defined by the JSE Securities Exchange South Africa."

   The approval of a 75 per cent majority of the votes cast by members present or represented by proxy at the meeting is required for this ordinary resolution to become effective.
5. To consider, and if deemed fit, to pass, with or without modification, the following special resolution to renew the general authority until the forthcoming annual general meeting for the Company to purchase its own shares :

   "That subject to the provisions of the Companies Act, 1973 and the Listings Requirements of the JSE Securities Exchange South Africa, the directors are hereby authorised to approve:

   – *the purchase by the Company of its own shares; or*

   – *an acquisition by any of the Company's subsidiaries of shares in the Company;*

   provided that :

   (a) this general authority shall only be valid until the next annual general meeting but shall not extend beyond 15 months from the date of this resolution;

   (b) this general authority to repurchase be limited to a maximum of 20 per cent of the Company's issued share capital of that class in any one financial year, except in the case where any of the Company's subsidiaries acquire shares in the Company this limit be restricted to a maximum of 10 per cent of the Company's issued share capital of that class in any one financial year;

   (c) the repurchases will be implemented on the open market and may not be made at a price greater than 10 per cent above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchases."

Notice of annual general meeting

Continued

The reason and effect of this special resolution is to enable the directors, up to and including the date of the next annual general meeting, to approve the purchase by the Company of its own shares, or for any of the Company's subsidiaries to acquire shares in the Company, subject to the limitations included in the special resolution.

Notice of the proposal to pass this special resolution should not be construed as an intention by the Company at any time in the near future to give effect to an acquisition of its own shares. It is the intention of the directors that they may use such authority should prevailing circumstances (including the tax dispensation and market conditions) in their opinion warrant it. Were the Company to enter into a transaction to purchase its own shares in terms of and subject to the limitations included in the special resolution, then the directors will ensure that:

(i) the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of this notice of annual general meeting;

(ii) the consolidated assets of the Company, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice, will exceed the consolidated liabilities of the Company;

(iii) the issued share capital of the Company will be adequate for the purpose of the business of the Company and of its subsidiaries for a period of 12 months after the date of this notice of annual general meeting; and

(iv) the working capital available to the Company and its subsidiaries will be sufficient for the group's requirements for the foreseeable future.

Holders of linked deferred share warrants to bearer who desire to attend in person or by proxy or to vote at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is enclosed in this annual report.

Members which are companies, close corporations, or other bodies corporate may, in terms of section 188(1) of the Companies Act, 1973 authorise any person to act as its representative.

By order of the board

R W KETLEY
Secretary

10 April 2001

Registered and Head Office
36 Stockdale Street,
Kimberley

(P.O. Box 616, Kimberley, 8300)

De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)

Registration No. 1888/000007/06

Form of Proxy

I/We ....(*Name in block letters*)

of .... (*Address in block letters*)

....

being (a) member(s) of De Beers Consolidated Mines Limited

do hereby appoint.. of ....

or failing him/her .... of..

or, failing him/her, the chairman of the meeting as my/our proxy to attend, speak and on a poll vote on my/our behalf at the annual general meeting of members to be held on Tuesday, 22 May 2001 at 14:15 and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting:

	FOR	AGAINST	ABSTAIN
1. Adoption of annual financial statements			
2. Election of directors			
3. Placing of the remaining unissued shares under the control of the directors			
4. Issue of reserve shares for cash			
5. Authority for the Company to acquire its own shares			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

Date .... Signature ....

Continued overleaf

Notes:

1. A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll vote in his/her stead. A proxy need not be a member of the Company.

2. Every person present and entitled to vote at the annual general meeting shall on a show of hands have one vote only, but in the event of a poll, every linked deferred share shall have one vote.

3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies.

4. The chairman of the meeting shall be entitled to decline to accept the authority of a person signing the proxy form
   (a) under a power of attorney
   (b) on behalf of a company
   unless that person's power of attorney or authority is deposited at the offices of the Company's South African Registrar or its agent in the United Kingdom not less than 48 (forty-eight) hours before the meeting.

5. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.

6. When there are joint holders of shares, any one holder may sign the form of proxy.

7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

8. Completed forms of proxy should be returned to the Company's South African Registrar, or its agent in the United Kingdom, so as to reach them not later than 48 (forty-eight) hours before the time set for holding the meeting.

South African Registrar
Computershare Services Limited
Second Floor, Edura
41 Fox Street, Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107)
South Africa

Registrar's agent in the United Kingdom
Computershare Services PLC
P.O. Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH, England

De Beers Centenary AG

DE BEERS CENTENARY AG

(Incorporated under the laws of Switzerland)

Directors' responsibility in relation to financial statements

The directors are responsible for preparing financial statements that fairly present the state of affairs of the Company and the group as at the end of the financial year and the results for that period. These financial statements, which have been prepared in accordance with the Swiss Code of Obligations, are based upon appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgements and estimates. The group external auditors are responsible for independently reviewing and reporting on these financial statements.

N F OPPENHEIMER
Chairman

27 February 2001

The financial statements of the group are prepared in US Dollars whilst those of the Company are prepared in Swiss Francs.

The annual financial statements which appear on pages 123 to 145 have been approved by the board of directors and are signed on its behalf by:

G M RALFE
Managing Director

27 February 2001

Report of the group auditors

To the general meeting of
De Beers Centenary AG, Luzern

As auditors of the group, we have audited the consolidated annual financial statements of the group comprising De Beers Centenary AG and its subsidiaries for the year ended 31 December 2000, as set out on pages 123 to 145.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with International Standards of Auditing issued by the International Federation of Accountants, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures included in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these consolidated financial statements give a true and fair view of the financial position of the group comprising De Beers Centenary AG and its subsidiaries, the results of operations and the cash flows in accordance with the accounting policies set out on pages 126 and 127, and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte Pim Goldby GmbH
Auditors in charge

A K Haussmann
Chartered Accountant

D Wallace
Chartered Accountant (South Africa)
Zug 27 February 2001

Report of the directors

The directors have pleasure in submitting their report on the activities of the Company and of the group for the year ended 31 December 2000. The business and operations of the group and the companies in which it holds investments are set out in the Review of Operations and the section entitled Investments beginning on pages 35 and 79 respectively.

Accountability and control

To enable the directors to meet their responsibilities, management sets standards and implements systems of internal control designed to provide reasonable assurance regarding the achievement of objectives and aimed at reducing the risk of error or loss in a cost-effective manner. These controls, which are monitored throughout the Company and group, include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Your directors are of the opinion, based on the information and explanations given by management, and on comment by the external auditors on the results of their audit, that the key internal financial controls are adequate, so that the financial records may be reasonably relied on for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that assets are safeguarded and used as intended with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Board and committee structure

Directors are elected by shareholders for a maximum period of four years. The articles of association of the Company contain provisions relating to the board's powers and their delegation. In terms of the articles of association the board has also determined regulations on the organisation of the Company which sets out, *inter alia*, the duties and powers of the board of directors and management.

The board is ultimately accountable for the group's activities: it comprises both executive and non-executive directors. The board determines the Company's policies and supervises their subsequent implementation. It deals with all executive business of the Company not specifically delegated to management or committees, and co-ordinates and monitors the use of resources to achieve the aims of the Company and the group.

The board has established a number of committees, namely:

Executive Committee

Mr N F Oppenheimer chairs the Company's Executive Committee which consists of the executive directors of the Company. The Executive Committee, which meets regularly, is responsible to the board for recommending the Company's policies and strategies, and to monitor their implementation according to the board's directives. It deals with all executive business of the Company not specifically reserved for the board, and co-ordinates and monitors the use of resources to achieve the aims of the Company.

The Executive Committee presently comprises G A Beevers, G P L Kell, L G Nchindo, A E Oppenheimer, N F Oppenheimer, G M Ralfe, P A Somner and N P Wisden with M J M Farmiloe as secretary.

Audit Committee

The board has appointed an Audit Committee comprising only non-executive directors, with terms of reference laid down by the board. This committee meets at least twice a year to monitor the adequacy of the financial information reported to shareholders, to monitor internal financial controls, accounting policies and financial reporting, and to provide a forum for communication between the board and the external and internal auditors. In particular, it reviews the half-year and full-year results, the Interim Report, Provisional Annual Financial Statements and the Annual Report prior to their submission to the board and considers any matters raised by the auditors.

The members of the Audit Committee are L A Lincoln (Chairman), B Ainsley and Sir Chips Keswick.

Safety, Health and Environment (SHE) Committee

The SHE Committee, established during the year, monitors and reviews the safety, health and environmental policies, guidelines and operating practices of the Debswana Diamond Company (Proprietary) Limited, Namdeb Diamond Corporation (Proprietary) Limited and Williamson Diamonds Limited operations, as well as the compliance by those operations with appropriate standards and relevant local laws in safety, health and environmental matters.

The operations strive to conduct their business with due regard for economic, social, cultural and environmental concerns. The health and safety of their employees and the well-being of the communities surrounding their mines are the focus of a comprehensive policy dedicated to this end.

The operations' mining and related activities face complex environmental challenges. Through the Company's environmental policy, the operations are committed to addressing environmental risks and impacts in a systematic, comprehensive and business-like manner, developing effective management systems and employing the principles of forward planning, efficiency and wise resource utilisation.

Report of the directors

continued

These matters are also addressed in the Review of Operations on pages 72 to 76.

The SHE Committee comprises L A Lincoln (Chairman), B Ainsley, Dr J W Campbell, R M Crawford and Sir Chips Keswick.

Remuneration Committee

The Remuneration Committee comprises a majority of non-executive directors, including its chairman. It approves remuneration for the executive directors to ensure that rewards and incentives are linked to both individual and group performance.

The executive directors are appointed to the board to bring to the management and direction of the group the skills and experience appropriate to its needs as a major international business. They are, accordingly, remunerated on terms commensurate with market rates that reflect such responsibilities.

Each of the executive and non-executive directors currently receive director's fees at the rate of $25 000 per annum. The Chairman receives an additional sum of $25 000 per annum and the Deputy Chairman $16 666 per annum.

Non-executive directors who serve on the Audit, SHE and Remuneration committees each receive fees at the rate of $10 000 per annum. The chairmen of the respective Committees receive an additional $10 000 per annum.

The Remuneration Committee comprises Sir Chips Keswick (Chairman), N F Oppenheimer and J Ogilvie Thompson.

Directorate

The names of the directors at the date of this report are given on page 17.

Mr P A Somner and Mr G A Beevers were elected to the board at the annual general meeting held on 9 May 2000, while Mr G F H Burne and Mr B Marole resigned from the board with effect from 8 March and 20 November respectively.

In terms of the Company's articles of association, approximately one quarter of the directors become due for re-election each year in accordance with regulations issued by the board for this purpose. Messrs G A Beevers, T W H Capon, R M Crawford, G P L Kell and N P Wisden are due to retire at the forthcoming annual general meeting. They are all eligible and offer themselves for re-election. In addition, your directors have proposed that Messrs J S Iita and M Ngidi be appointed as members of the board of directors at the annual general meeting. Mr Iita is Permanent Secretary of the Namibian government's Ministry of Mines and Energy. Mr Ngidi is Permanent Secretary of the Botswana government's Ministry of Minerals, Energy and Water Affairs.

At 31 December 2000, the directors held a total of 16 (1999: 16) shares in the Company non-beneficially. At the same date, the directors held 10 608 082 (10 608 082) depositary receipts issued by the Depositary beneficially and 1 200 (900) non-beneficially. There was no material change in the interests of directors during the period between the end of the financial year and the date of this report.

Share capital

The Company's share capital is SFr 901 495 200 divided into 4 507 476 registered shares having a nominal value of SFr 200.- each.

In terms of the Company's articles of association, each share is twinned with a participation certificate issued by the Luxembourg subsidiary, Centenary Holdings, to form a Centenary unit.

All but 50 of the Centenary units have been deposited with Centenary Depositary AG (the Depositary), a wholly-owned subsidiary of the Company. In terms of an agreement dated 29 May 1990 between the Company, the Depositary and DBCM, the Depositary has issued Centenary depositary receipts (depositary receipts) in the ratio of one hundred depositary receipts for each Centenary unit so deposited, of which 399 925 795 depositary receipts have been linked to the equivalent number of issued DBCM deferred shares to form De Beers linked units.

The articles of association of the Company allow the directors to increase the share capital by an amount not exceeding SFr 18 093 800 by issuing up to 90 469 new shares of SFr 200.- each; this authority will expire on 11 May 2001. Accordingly shareholders will be asked at the forthcoming annual general meeting to renew this authority for a further two years by amendment to article 5(5) of the articles of association, details of which are contained in item 7 of the agenda for the meeting appearing on page 151.

Major shareholders

(Refer to note 16.3 to the Consolidated Financial Statements)

Of the 4 507 476 shares in the capital of the Company, 4 507 426 shares have been deposited with the Depositary in the form of Centenary units. In turn, the Depositary has issued 450 742 600 depositary receipts. The remaining 50 shares have been issued to DBCM.

According to the records of the Depositary, the only holders of depositary receipts registered as holding five per cent or more of the voting rights in the Company at 31 December 2000 are the following:

	Number of depositary receipts	Percentage
Anglo American plc (and its subsidiaries)	128 846 923	28,6
Standard Bank Nominees (Transvaal) (Proprietary) Limited	118 279 718	26,2
De Beers Consolidated Mines Limited	50 816 805	11,3
First National Nominees (Proprietary) Limited	26 728 876	5,9

According to information available to the directors, Anglo American plc and DBCM are the only holders who beneficially hold five per cent or more of the depositary receipts issued by the Depositary. The nominee companies mentioned above hold the depositary receipts on behalf of other beneficial owners, none of which individually own more than five per cent.

Proposal for the appropriation of retained earnings

The proposal of the board of directors for the appropriation of available retained earnings at 31 December 2000 is set out on page 150. The recommended dividend of SFr 4.- per share will, if approved by shareholders at the forthcoming annual general meeting, be paid to the Depositary for distribution to depositary receipt holders in accordance with the Deposit Agreement.

Dividends

(Refer to note 12 to the Consolidated Financial Statements)

Centenary Holdings (the Luxembourg-based wholly-owned subsidiary of the Company) declared an interim dividend equivalent to 11,5 US cents per depositary receipt and final and preferential dividends equivalent to 32,0 US cents per depositary receipt. These latter two dividends together with the US Dollar equivalent of the SFr 4.- dividend per share recommended above (4 Swiss centimes per depositary receipt) converted at the rate of exchange ruling on 26 February 2001 will make an aggregate final dividend in respect of the year ended 31 December 2000 of 34,4 US cents per depositary receipt.

Therefore, subject to the approval of the SFr 4.- dividend referred to above by shareholders of the Company at the forthcoming annual general meeting, the total dividend distribution of 45,9 US cents per depositary receipt for the year will be as follows:

Amount per depositary receipt	Swiss centimes	US cents
– attributable to DBCAG	4,0	2,4
– attributable to Centenary Holdings		
– final and preferential dividends		32,0
		34,4
– interim dividend (paid on 18 October 2000)		11,5
Total dividend distribution		45,9

Withholding tax

Any dividends declared by shareholders of the Company are subject to Swiss withholding tax at a rate of 35 per cent.

However, depositary receipt holders who are resident in countries which are party to Double Taxation Treaties with Switzerland may be entitled to a refund of the portion of the Swiss withholding tax which exceeds the rate provided for in the appropriate Treaty and receipt holders should communicate with their domestic Revenue authorities to ascertain their right, if any, to claim such a refund and the appropriate procedure for doing so.

The Depositary has made arrangements with the relevant revenue authorities whereby it will apply for the appropriate refund collectively on behalf of qualifying depositary receipt holders who are South African and United Kingdom residents for tax purposes so that they may receive the portion of their dividends emanating from the Company subject only to a net rate of 7,5 per cent and 15 per cent respectively.

Annual general meeting

The agenda for the annual general meeting, which is to be held in Luzern on Tuesday, 8 May 2001, is set out on page 151.

27 February 2001

Accounting policies

The financial statements are prepared on the historical cost basis, in United States Dollars, and in accordance with South African Generally Accepted Accounting Practice, using accounting policies consistent with those used in the previous year except as detailed below:

– deferred taxation has been provided on taxable and deductable temporary differences between the carrying amount of an asset or liability and its tax base as required by AC 102 (Income Taxes); and

– the provision for the cost of post-retirement medical aid benefits has been reclassified from current liabilities to provisions for liabilities and charges as required by AC 101 (Presentation of Financial Statements).

Comparative figures have been restated to reflect these changes.

The impact of these changes on equity and earnings has been disclosed in the Consolidated statement of changes in shareholders' interests and in note 29.

Basis of consolidation

The group financial statements incorporate the financial statements of De Beers Centenary AG and all its subsidiaries and reflect the earnings, liabilities and assets attributable to the holders of the depositary receipts issued by Centenary Depositary AG and 50 Centenary units. The group income statement includes results of subsidiaries from their effective dates of acquisition. All significant inter company transactions and balances have been eliminated.

The consolidated financial statements include the retained earnings and reserves of certain subsidiaries which, on distribution as dividends, might be subject to withholding taxes. No provision has been made therefor.

Associated companies

The group's interest in associated companies, being companies in which an interest of between 20 and 50 per cent of the voting capital is held as a long-term holding, or in which less than 20 per cent of voting capital is held but in which significant influence is exercised over the financial and operating policy decisions of the company, is accounted for as follows:

The net income is included in the consolidated income statement either by way of investment income in the diamond account in the case of trade investments, or in investment income in the case of other investments, and as the group's share of retained earnings and of extraordinary items of associated companies for the year, based on latest published results, with an amount equivalent to such retained earnings and extraordinary items being transferred to a non-distributable reserve. An adjustment is made for the effect of cross-holdings where an associated company itself deals with its investment in this company by the equity method.

Joint ventures

A joint venture is an entity in which the group holds a long term interest and which is jointly controlled by the group under a contractual agreement.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

The group's share of the results of joint ventures is accounted for using the equity method described under "associated companies".

Foreign currency translations

Assets and liabilities denominated in foreign currencies are converted at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the spot rate ruling at the date of the transaction. Hedging costs are included in the cost of the related transactions. Exchange differences are included in the income statement.

The results and operating cash flows of foreign subsidiaries are converted at the average rates ruling during the year. Differences arising on the consolidation of foreign subsidiaries are included in equity.

Accounting policies

Fixed assets and depreciation

Land and investment properties are reflected at cost and are not depreciated.

Other tangible assets are included at cost less depreciation which will reduce their carrying values to estimated residual values over their expected useful lives.

Depreciation is calculated as follows:

– mining assets based on units of production or the straight line basis over the lesser of their expected useful life or 20 years;

– other buildings, plant and equipment on the straight line basis using various rates up to 12 years for plant and equipment and 50 years for buildings.

Investments

Investments other than investments in equity accounted associated companies are stated at cost less amounts written off. Provision is made where, in the opinion of the directors, a permanent diminution in the value of the investment has occurred.

Diamond stocks

Diamond stocks are valued at the lower of weighted average cost and net realisable value.

Stores and materials

Stores and materials are valued at cost, using varying methods appropriate to the various types of business.

Exploration and research

Exploration and research expenditure is written off in the year in which it is incurred.

Deferred taxation

Deferred taxation is provided on temporary differences using the balance sheet liability method.

Retirement benefits

Retirement benefits are provided for all eligible employees through either defined benefit or defined contribution funds. The group recognises the costs of providing these benefits, as determined by independent actuaries, over the estimated service lives of the employees concerned.

Post-retirement benefits

The group provides its eligible pensioners with post-retirement medical aid benefits. The group recognises the costs of providing these benefits, as determined by independent actuaries, over the estimated service lives of the employees concerned.

Earnings per depositary receipt

Earnings per depositary receipt are calculated using the weighted average number of depositary receipts in issue during the year. Depositary receipts in issue includes 50 Centenary units at their equivalent of 5 000 depositary receipts.

Consolidated income statement

for the year 2000

	Notes	US$ millions 2000	US$ millions 1999
Diamond account			
Natural and industrial division sales	2	**4 781**	4 742
Trade investment income	3	**459**	459
Other trading income	4	**240**	196
		5 480	5 397
Deduct:		**4 640**	4 806
Operating expenses	5	**4 561**	4 775
Exploration, research and new business development		**79**	31
Net diamond account		**840**	591
Add:			
Investment income	6	**49**	16
Interest income		**116**	29
Other income	7	**28**	8
		1 033	644
Deduct:		**56**	62
Interest payable		**48**	53
Other expenditure	8	**8**	9
Net income before taxation		**977**	582
Deduct:			
Taxation	9	**166**	130
Net income after taxation		**811**	452
Deduct:			
Attributable to outside shareholders in subsidiaries		**13**	34
Own earnings		**798**	418
Add:			
Retained earnings of associated companies and joint ventures	11	**160**	(92)
Total net earnings		**958**	326
Weighted average number of depositary receipts in issue (millions)		***451***	*442*
Earnings per depositary receipt			
Own		**177c**	95c
Total net		**213c**	74c
Headline	10	**201c**	70c
Dividends per depositary receipt	12		
Interim paid		**11,5c**	11,5c
Final proposed		**34,4c**	23,5c

Consolidated balance sheet

31 December 2000

	Notes	US$ millions 2000	1999
Capital employed:			
Share capital and premium	16	**684**	684
Non-distributable reserves	17	**781**	601
Distributable reserves	18	**4 208**	3 505
		5 673	4 790
Outside shareholders' interests in subsidiary companies		**64**	62
Deferred taxation	19	**3**	6
Provisions for liabilities and charges	20	**27**	27
Long- and medium-term liabilities	21	**630**	615
		6 397	5 500
Represented by:			
Fixed assets – tangible	22	**723**	370
Deferred taxation	19	**23**	33
Investments	23	**1 137**	1 045
Diamond stocks		**2 767**	3 459
Stores and materials		**27**	38
Net current assets		**1 720**	555
Current assets		**2 185**	1 031
Debtors		**305**	238
Cash		**1 880**	793
Current liabilities		**465**	476
Taxation		**33**	39
Dividends			106
Creditors		**428**	331
Bank borrowings	21	**4**	
		6 397	5 500

Consolidated cash flow statement

for the year 2000

	Notes	US$ millions 2000	1999
Operating activities			
Cash generated by operations	24.1	**1 109**	1 372
Interest received		**94**	25
Dividends received		**507**	484
		1 710	1 881
Deduct:		**210**	162
Interest paid		**49**	46
Taxation paid		**161**	116
Cash generated by operating activities		**1 500**	1 719
Investing activities			
Property		**212**	4
Plant and equipment		**98**	13
Investments	24.2	**(11)**	52
Cash utilised in investing activities		**299**	69
Financing activities			
(Increase) decrease in long- and medium-term liabilities		**(57)**	749
Dividends paid	24.3	**167**	176
Cash utilised in financing activities		**110**	925
Increase in cash		**1 091**	725
Cash at beginning of year	24.4	**785**	68
Cash at end of year		**1 876**	793

Consolidated statement of changes in shareholders' interests

for the year 2000

	US$ millions			
	Total	Share capital and premium	Non-distributable reserves	Distri-butable reserves
Balance at 1 January 1999 as previously reported	**5 053**	661	631	3 761
Changes to accounting policies:				
Provision for deferred taxation required	**(9)**			(9)
Balance at 1 January 1999 as restated	**5 044**	661	631	3 752
Adjustments thereto arising from changes in currency exchanges rates	**(39)**		(5)	(34)
Depositary receipts issued in part payment for the remaining minority interests in the CSO Companies	**23**	23		
Excess of the cost of shares in subsidiary and associated companies over the attributable value of net assets at acquisition	**(449)**			(449)
Unrealised gains arising from changes in currency exchange rates	**41**		41	
Own earnings	**418**			418
Retained earnings of associated companies and joint ventures	**(92)**		(92)	
Dividends on depositary receipts	**(156)**			(156)
Transfers			26	(26)
Balance at 31 December 1999	**4 790**	684	601	3 505
Adjustments thereto arising from changes in currency exchange rates	**(40)**		(23)	(17)
Adjustments in respect of changes in the group's shareholdings in subsidiary and associated companies	**(4)**		(4)	
Unrealised gains arising from changes in currency exchange rates	**21**		21	
Own earnings	**798**			798
Retained earnings of associated companies and joint ventures	**160**		160	
Dividends on depositary receipts	**(52)**			(52)
Transfers			26	(26)
Balance at 31 December 2000	**5 673**	684	781	4 208

Notes to the consolidated financial statements

31 December 2000

1. Segment information

1999 US$ millions Invest-ments	Industrial Division	Natural	Total	Business	2000 US$ millions Total	Natural	Industrial Division	Invest-ments
				Income Statement				
	272	4 470	4 742	Sales	**4 781**	**4 534**	**247**	
	56	535	591	Net diamond account	**840**	**820**	**20**	
44	37	227	308	Headline earnings	**908**	**778**	**7**	**123**
				Balance sheet				
1 045	384	4 514	5 943	Segment assets	**6 839**	**5 346**	**356**	**1 137**
	129	1 012	1 141	Segment liabilities	**1 153**	**1 030**	**123**	
1 045	255	3 502	4 802		**5 686**	**4 316**	**233**	**1 137**
			12	Net tax liabilities	**13**			
			4 790		**5 673**			
				Cash flow				
14	17	1 688	1 719	Operating cash flow	**1 500**	**1 417**	**34**	**49**
				Non cash items:				
	15	1	16	Depreciation	**17**		**17**	
16	(9)	39	46	Other	**(65)**	**(32)**	**(5)**	**(28)**
16	6	40	62	Total non cash items	**(48)**	**(32)**	**12**	**(28)**
	12	57	69	Cash utilised in investing activities	**299**	**280**	**19**	

1999 Other	Southern Africa	Europe	Total	Geographic	2000 Total	Europe	Southern Africa	Other
	331	4 411	4 742	Sales	**4 781**	**4 380**	**401**	
110	8	5 825	5 943	Segment assets	**6 839**	**6 368**	**189**	**282**
	55	14	69	Cash utilised in investing activities	**299**	**18**	**111**	**170**

Notes to the consolidated financial statements

31 December 2000

			US$ millions 2000	1999
2.	**Natural and industrial division sales**			
	Natural and industrial division sales include:			
	Sales to related parties	– natural diamonds	**4 534**	4 470
		– industrial division	**11**	11
3.	**Trade investment income**			
	Dividends received from	– joint ventures	**456**	436
		– other	**3**	23
			459	459
4.	**Other trading income**			
	Other trading income includes:			
	Currency exchange gains		**24**	27
	Sundry cost recoveries between related parties		**58**	44
5.	**Operating expenses**			
	Operating expenses include:			
	Purchases from related parties	– natural diamonds	**2 503**	2 506
		– industrial division	**33**	28
	Depreciation		**17**	16
	Sundry cost recoveries between related parties		**59**	54
6.	**Investment income**			
	Listed investments		**46**	16
	Unlisted investments		**3**	
	Total investment income		**49**	16
	Comprising: Interest		**1**	
	Dividends	– associated companies	**46**	16
		– other	**2**	
			49	16
7.	**Other income**			
	Surplus on realisation of investments		**28**	8
			28	8
8.	**Other expenditure**			
	Provisions against investments and loans			3
	Corporate overhead		**8**	6
			8	9
9.	**Taxation**			
	Current taxation:			
	Tax on capital and reserves		**1**	1
	Taxes on profits		**56**	54
	Withholding taxes on dividends receivable		**101**	96
	Total current taxation		**158**	151
	Deferred taxation		**8**	(21)
	Total taxation		**166**	130

A tax rate reconciliation has not been provided as the group operates in diverse jurisdictions with different statutory rates of taxation.

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	1999
10. Headline earnings		
Total net earnings	**958**	326
Adjusted for:		
Excess of cost of shares in joint venture over the attributable value of net assets at acquisition	**6**	
Surplus on realisation of investments	**(28)**	(8)
Net provisions against investments and loans		4
Provisions less write backs		3
Outside shareholders' interests		1
Exceptional and non-trading items of associated companies	**(28)**	(14)
	908	308
11. Retained earnings of associated companies and joint ventures		
11.1 ***Share of earnings of associates***		
Current trading	**120**	42
Exceptional and non-trading	**28**	14
	148	56
Dividends received	**46**	15
Share of retained earnings	**102**	41
11.2 ***Share of earnings of joint ventures***		
Current trading	**514**	303
Dividends received	**456**	436
Share of retained earnings	**58**	(133)
Total	**160**	(92)
12. Dividends		
On depositary receipts:		
Dividend no. 20 of 23,5 cents per depositary receipt to depositary receipt holders registered on 31 March 2000 was paid on 24 May 2000.*		106
Dividend no. 21 of 11,5 cents per depositary receipt (1999: 11,5 cents per depositary receipt) to depositary receipt holders registered on 15 September 2000 paid on 18 October 2000, being an interim dividend declared by Centenary Holdings on its participation certificates.	**52**	50
Dividend no. 22 of 34,4 cents per depositary receipt to depositary receipt holders registered on 23 March 2001, payable on 16 May 2001.* This dividend is subject to approval by shareholders at the Annual General Meeting and accordingly, in terms of AC 107 (Events after the Balance Sheet Date), has not been brought to account in these financial statements.	**155**	
*This dividend comprises the equivalent of:		
Dividends declared by Centenary Holdings on its participation certificates	US cents	
– preference dividend of $12	**12,0**	12,0
– final dividend of $20 (1999: $9)	**20,0**	9,0
	32,0	21,0
Dividend of SFr 4.- (1999: SFr 4.-) per share recommended to shareholders of De Beers Centenary AG	**2,4**	2,5
	34,4	23,5

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	US$ millions 1999
13. Directors' remuneration		
Executive directors		
Fees	**0,3**	0,3
Non-executive directors		
Fees	**0,3**	0,3
14. Auditors' remuneration		
Audit fees	**1,0**	1,1
Other services	**0,1**	0,1
15. Remuneration		
Payments made to employees	**71**	69
Average number of employees during the year 1 734 (1999: 1 455)		
Payments for technical, administrative and secretarial services made to persons other than employees	**4**	4
16. Share capital and premium		
16.1 ***Authorised and issued***		
4 507 476 (1999: 4 507 476) shares of nominal value of SFr. 200. – each (SFr. 901 million) (1999: SFr. 901 million)	**587**	587
Share premium	**97**	97
Total issued share capital and premium	**684**	684

16.2 Each issued De Beers Centenary AG share is twinned with a participation certificate issued by De Beers Centenary's wholly owned subsidiary, Centenary Holdings (a company incorporated as a société anonyme in accordance with the laws of Luxembourg) to form a Centenary unit in accordance with the provisions of their articles of association and articles of incorporation, respectively.

Each depositary receipt, of which 399 925 795 are linked to an equivalent number of De Beers Consolidated Mines Limited deferred shares, represents the right and interest exercisable against the Depositary in respect of an undivided one hundreth share in and to the rights, privileges and benefits arising from or relating to a Centenary unit deposited with and held by the Depositary in terms of the deposit agreement dated 29 May 1990 between De Beers Centenary AG, its wholly owned subsidiary Centenary Depositary AG and De Beers Consolidated Mines Limited.

	Depositary receipts 2000	Depositary receipts 1999
Depositary receipts in issue	**450 742 600**	450 742 600
50 Centenary units equivalent to depositary receipts	**5 000**	5 000
	450 747 600	450 747 600

16.3 The report of the directors contains a list, extracted from the records of the Depositary, of depositary receipt holders whose holding entitles them to five per cent or more of the voting rights.

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	1999
17. Non-distributable reserves		
Capital reserve	**6**	12
Capital redemption reserve fund	**1**	1
Currency reserve	**348**	302
Legal reserve	**26**	27
Share of retained earnings of associated companies and joint ventures	**400**	259
	781	601
18. Distributable reserves		
Retained earnings	**4 208**	3 505
19. Deferred taxation		
Deferred tax liabilities		
Attributable to temporary differences in respect of:		
Fixed assets	**3**	6
	3	6
Deferred tax assets		
Attributable to temporary differences in respect of:		
Diamond stocks	**21**	33
Other	**2**	
	23	33
Net deferred tax asset	**20**	27
Reconciliation of net deferred taxation		
Balance at beginning of the year	**27**	6
Adjustments thereto arising from changes in currency exchange rates	**1**	
Deferred taxation (charged) credited to the income statement	**(8)**	21
Balance at end of the year	**20**	27
20. Provisions for liabilities and charges		
Post retirement medical aid benefits	**27**	27
Reconciliation of provisions for liabilities and charges		
Balance at beginning of the year	**27**	25
Charged to the income statement		2
Balance at end of the year	**27**	27

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	1999
21. Long- and medium-term liabilities and bank borrowings		
21.1 Long- and medium-term liabilities comprise:		
Unsecured loan stock of 150 million Pounds Sterling (1999: 150 million Pounds Sterling) bearing interest at 8,25% repayable in 2009	**224**	242
Unsecured loan stock of 100 million Pounds Sterling (1999: 100 million Pounds Sterling) bearing interest at 9,75% repayable in 2020	**149**	162
A loan of 350 million Botswana Pula (1999: 350 million Botswana Pula) bearing interest at the Botswana Prime Rate less 0,75% per annum and repayable in 2007	**66**	76
Loans amounting to and bearing interest at rates related to the London Inter Bank Offered Rate from time to time and repayable at varying dates up to 2003	**131**	135
A loan of 459 million Namibian Dollars plus interest of US$21 million repayable in monthly instalments up to 31 December 2005.	**60**	
	630	615
21.2 Total borrowings amounted to	**634**	615
21.3 The fair value of these liabilities is $678 million (1999: $637 million) after deducting the fair value of currency swaps (refer note 27).		
21.4 No limitation is imposed on the borrowing powers of the directors.		
22. Fixed assets		
Tangible		
Cost		
Land and buildings	**285**	273
Investment properties	**111**	112
Other properties	**174**	161
Claims and other tangible mining assets	**204**	
Plant and equipment	**346**	260
Total cost	**835**	533
Accumulated depreciation		
Land and buildings		
Other properties	**54**	53
Plant and equipment	**214**	214
Total accumulated depreciation	**268**	267
Net book value		
Land and buildings	**231**	220
Investment properties	**111**	112
Other properties	**120**	108
Claims and other tangible mining assets	**204**	
Plant and equipment	**132**	46
Net book value excluding trade investments	**567**	266

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	1999
22. Fixed assets (continued)		
Trade investments at cost or valuation	**156**	104
Unlisted		
Joint ventures		
At cost less amounts written off	**206**	201
Add: share of retained earnings	**(94)**	(133)
Total carrying values	**112**	68
Other	**44**	36
Total net book value of tangible fixed assets	**723**	370
Certain fixed assets are insured against fire damage. The value for which they are insured is	**916**	723
Open market value of investment properties (on the exisiting use basis subject to property market/currency fluctuations)	**127**	129
Directors' valuations of unlisted trade investments	**2 823**	2 158
Reconciliation of net book value of tangible fixed assets excluding trade investments		
Balance at beginning of the year	**266**	270
Land and buildings	**220**	222
Plant and equipment	**46**	48
Adjustments thereto arising from changes in currency exchange rates	**(5)**	(6)
Land and buildings	**(3)**	(4)
Plant and equipment	**(2)**	(2)
Add:		
Additions	**122**	19
Land and buildings	**18**	6
Plant and equipment	**104**	13
Subsidiaries acquired	**204**	
Claims and other tangible mining assets	**204**	
Deduct:		
Disposals	**3**	1
Land and buildings	**1**	1
Plant and equipment	**2**	
Depreciation	**17**	16
Land and buildings	**3**	3
Plant and equipment	**14**	13
Balance at end of the year	**567**	266
Land and buildings	**231**	220
Claims and other tangible mining assets	**204**	
Plant and equipment	**132**	46

Notes to the consolidated financial statements

31 December 2000

	US$ millions 2000	1999
23. Investments		
Listed investments		
Associated companies		
At cost less amounts written off	**641**	641
Add: share of retained earnings	**494**	392
Total listed investments	**1 135**	1 033
Unlisted investments		10
Loans	**2**	2
Total investments	**1 137**	1 045
Market value of listed investments	**1 499**	1 810
Directors' valuations of unlisted investments and loans	**2**	32
A list of material investments is given on page 145.		
24. Cash flow statement		
24.1 ***Cash generated by operations***		
Net income before taxation	**977**	582
Non cash items	**(48)**	62
Dividends and interest	**(576)**	(451)
Decrease in diamond stocks	**750**	729
Decrease (increase) in stores and materials	**9**	(5)
(Increase) decrease in working capital	**(3)**	455
	1 109	1 372
24.2 ***Investments***		
Acquisitions	**18**	59
Proceeds	**(29)**	(7)
	(11)	52
24.3 ***Dividends paid***		
Depositary receipt holders	**158**	139
By subsidiaries to outside shareholders	**9**	37
	167	176
24.4 ***Cash at beginning of the year***		
Cash as previously reported	**793**	69
Adjustments thereto arising from changes in currency exchange rates	**(8)**	(1)
	785	68

Notes to the consolidated financial statements

31 December 2000

		US$ millions 2000	1999
25. Commitments and contingent liabilities			
There are commitments and contingent liabilities in respect of:			
25.1 Loans and performance guarantees given to banks and other third parties on behalf of	– associated companies	**224**	334
	– other	**10**	11
25.2 Undrawn loan facilities of		**56**	1
25.3 Capital expenditure authorised by the directors but not yet incurred, including expenditure contracted for		**9**	6
This expenditure will be financed from existing resources, internally generated funds or available loan facilities.			

26. Retirement benefits

The majority of employees employed by the group are members of funds which are governed by the respective legislation of Ireland and the United Kingdom. The most significant of these funds are defined benefit funds that are actuarially valued every three years on an accrued benefit method and the prospective benefit method. The last valuations, undertaken in 2000, certified the funds to be in a sound financial position. In arriving at their conclusions the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pensions and returns on investments. The next actuarial valuations of the funds will be undertaken during 2003.

The sum of the actuarially determined fair value of the assets of the defined benefit funds at their last valuations was $206 million. This exceeded the actuarially determined liabilities of $187 million.

The group's pension cost for the year amounted to:

	2000	1999
Defined benefit funds	**6**	7
Defined contribution funds	**0**	0
	6	7

27. Financial instruments and foreign currency exposure

27.1 ***Financial instruments***

The group's non-derivative financial instruments consist primarily of cash deposits with banks, investments, loans, debtors, creditors and long- and medium-term liabilities. Derivative financial instruments are only used for hedging purposes to mitigate risk.

27.2 ***Credit Risk***

The group's potential concentration of credit risk consists mainly of cash deposits with banks, investments, loans and debtors. The group's short-term cash surpluses are placed with banks that have investment grade ratings and an appropriate level of provision on investments, loans and debtors is maintained. Credit risks are periodically hedged by obtaining collateral.

27.3 ***Interest rate risk***

The group utilises interest rate swap contracts to hedge its exposure to interest rate risk. The effect of the swaps at balance sheet date was:

	2000		1999	
	Nominal rate fixed %	**Effective rate fixed %**	Nominal rate fixed %	Effective rate fixed %
Unsecured loan stocks				
Pounds Sterling 150 million			8,25	6,27
Pounds Sterling 100 million			9,75	7,54
Pounds Sterling 20 million	**8,25**	**8,25**		
Private placements				
Swiss Francs 50 million			5,50	3,81

Notes to the consolidated financial statements

31 December 2000

27. Financial instruments and foreign currency exposure (continued)

27.4 ***Foreign currency risk***

The group enters into transactions denominated in foreign currencies and is therefore exposed to fluctuations in currency exchange rates. The group uses currency swaps and forward currency contracts to mitigate exchange rate risk.

The effect of currency swaps entered into is that unsecured loan stock of 170 million Pounds Sterling is fixed at $272 million and a loan of 214 million Pula, equivalent to 285 million Rands at the rate ruling at the transaction date, is fixed at $24 million. The fair value* of these swaps is $12 million.

The group's open forward currency position was:

		2000			1999		
		Contract value US$ millions	**Market value US$ millions**	**Fair value* US$ millions**	Contract value US$ millions	Market value US$ millions	Fair value* US$ millions
Sold	– Euros	**1**	**1**		18	18	
	– Japanese Yen	**20**	**18**	**2**	23	25	(2)
	– Swiss Francs				47	48	(1)
	– Other	**2**	**2**		1	2	(1)
		23	**21**	**2**	89	93	(4)
Purchased	– Australian Dollars	**4**	**4**		6	6	
	– Canadian Dollars	**43**	**44**	**1**	24	23	(1)
	– Euros	**18**	**20**	**2**	7	7	
	– Japanese Yen	**21**	**19**	**(2)**	4	4	
	– Pounds Sterling	**278**	**280**	**2**			
	– Swiss Francs	**34**	**34**		80	82	2
	– Other	**11**	**11**		17	17	
		409	**412**	**3**	138	139	1

	US$ millions 2000	1999
Liabilities in foreign currencies not hedged:		
Pounds Sterling 259 million (1999: 187 million)	**386**	302
Swiss Francs 22 million	**13**	
	399	302

Botswana Pula 350 million against the SA Rand (1999: 214 million).

*The fair value of derivative instruments reflects the profit (loss) that would have arisen if the contracts had been terminated at the balance sheet date.

Notes to the consolidated financial statements

31 December 2000

28. Related party transactions

The group, in the ordinary course of business, enters into various transactions with associated companies and other related parties. These transactions are under terms that are no less favourable than those arranged with third parties. Natural diamonds are only sold to The Diamond Trading Company (Proprietary) Limited, a company in the DBCM group. These sales are at a percentage of that company's anticipated selling price.

28.1 ***Associated companies and joint ventures***

Details of associated companies and joint ventures are found on page 145. Information that is considered material is provided as follows:

– Natural and industrial division sales	Note 2
– Dividends from unlisted trade investments	Note 3
– Other trading income	Note 4
– Operating expenses	Note 5
– Investment income	Note 6
– Investments	Note 23
– Contingent liabilities	Note 25

28.2 ***Amounts due by and to related parties***

Debtors includes amounts due by related parties of $38 million (1999: $68 million).
Creditors includes amounts due to related parties of $88 million (1999: $55 million).
Long-term liabilities includes amounts due to related parties of $60 million.

28.3 ***Subsidiaries***

Details of investments in major subsidiaries are disclosed on pages 143 and 144.

28.4 ***Retirement benefits***

Information relating to pension fund arrangements is disclosed in Note 26.

28.5 ***Shareholders***

Details of major shareholders are disclosed on page 124.

28.6 ***Directors***

Directors' remuneration is disclosed in note 13. Details of directors' shareholdings are on page 124.

29. Changes to accounting policies

	US$ millions	
	2000	1999
The effect of changes to accounting policies is to increase (decrease) earnings as follows:		
Taxation	**5**	
Own earnings	**5**	
Retained earnings of associated companies and joint ventures	**58**	(133)
Total net earnings and headline earnings	**63**	(133)

Interests in major subsidiary companies

31 December 2000

Company		Issued ordinary share capital unless otherwise stated 2000	1999	Percentage held directly or indirectly 2000	1999	Book value of company's direct interest 2000	1999
Incorporated in Luxembourg		US$ m	US$ m			US$ m	US$ m
Finance and investment							
Centenary Holdings S.A.		**40**	40	**100**	100	**294**	301
Cencan S.A.		**–***		**100**			
Incorporated in Switzerland		SFr m	SFr m				
Diamond trading							
DCS Corporation AG		**–***	–*	**100**	100	**3**	3
Finance and investment							
Centenary Depositary AG		**–***	–*	**100**	100	**–***	–*
Incorporated in the Isle of Man		US$ m	US$ m				
Diamond manufacturing and processing							
Diamanx Products Limited	Ordinary	**–***	–*	**100**	100		
	A shares	**–***	–*	**100**	100		
Finance and investment							
De Beers Centenary Finance plc		**–***	–*	**100**	100		
De Beers Industrial Diamonds Limited	Ordinary	**–***	–*	**100**	100	**37**	38
	Warrants	**–***	–*	**100**	100		
Incorporated in Belgium		€ m	BFr m				
Finance and investment							
Henfin Holding NV		**20**	794	**100**	100		
Diamond Trading		US$ m					
Diamdel NV		**–***		**100**			
Incorporated in Bermuda		US$ m	US$ m				
Administration							
Adamas Limited		**–***	–*	**100**	100		
Adamant Limited		**–***	–*	**100**	100		
Diamond trading							
DCS Corporation Limited		**–***	–*	**100**	100		
Corriedale Limited		**–***	–*	**100**	100		
Incorporated in Botswana		P m	P m				
Diamond trading							
De Beers Botswana (Proprietary) Limited		**–***	–*	**100**	100		
Incorporated in the British Virgin Islands		US$ m	US$ m				
Finance and investment							
Delibes Holdings Limited		**–***	–*	**100**	100		
Felton Holdings Limited		**–***	–*	**100**	100		
Property							
De Beers Centenary Angola Properties Limited		**–***	–*	**100**	100		
Incorporated in Canada		CA$ m	CA$ m				
Mineral rights holders							
De Beers Canada Mining Inc		**90**		**100**			
Exploration							
De Beers Canada Corporation		**312**		**100**			
Incorporated in the Cayman Islands		US$ m	US$ m				
Finance and investment							
Cheviot Holdings Limited (†)		**–***	–*	**100**	100	**308**	316
International Mercantile Bank Limited		**10**	10	**100**	100		
Incorporated in Germany		DEM m	DEM m				
Manufacturing							
Indiapro Hartkristall GmbH & Co		**8**	8	**50**	50		
H Mummenhoff GmbH & Co KG		**2**	2	**100**	100		
Incorporated in Hong Kong		US$ m	US$ m				
Diamond trading							
Diamdel (Hong Kong) Limited		**–***		**100**			

Interests in major subsidiary companies

31 December 2000

Company		Issued ordinary share capital unless otherwise stated 2000	1999	Percentage held directly or indirectly 2000	1999	Book value of company's direct interest 2000	1999
Incorporated in Ireland		I£ m	I£ m				
Administration and selling							
De Beers Industrial Diamonds	A shares	**–***	–*	**100**	100		
	B shares	**–***	–*	**100**	100		
Diamond manufacturing and processing							
International Diamond Products	Ordinary	**–***	–*	**50**	50		
	A shares	**–***	–*	**50**	50		
Incorporated in Israel		US$ m	US$ m				
Diamond trading							
Diamdel Israel Limited		**–***		**100**			
Incorporated in Namibia		N$ m	N$ m				
Diamond trading							
Prime Trading (Proprietary) Limited		**–***	–*	**100**	100		
Finance and investment							
Namib Finance Corporation (Proprietary) Limited		**2**	2	**100**	100		
Marine services							
De Beers Marine Namibia (Proprietary) Limited		**–***	–*	**100**	100		
Incorporated in the Netherlands		US$ m	US$ m				
Finance and investment							
Anfin BV		**–***	–*	**100**	100		
Manufacturing		NLG m	NLG m				
Drukker International BV	A shares	**–***	–*	**100**	100		
	B shares	**–***	–*	**100**	100		
Incorporated in Panama		US$ m	US$ m				
Diamond trading							
Purcell Limited Inc		**–***	–*	**100**	100		
Incorporated in Sweden		SEK m	SEK m				
Diamond manufacturing and processing							
Scandiamant AB		**20**	20	**50**	50		
Incorporated in the United Kingdom		£ m	£ m				
Air charter							
Dravidian Air Services Limited		**–***	–*	**100**	100		
Diamond trading							
City and West East Limited		**–***	–*	**100**	100		
The Diamond Trading Company Limited		**–***		**100**			
Manufacturing							
Mixalloy Limited		**3**	3	**50**	50		
Property							
Dicorprop Limited		**–***	–*	**100**	100		

* Nominal value

(†) Amount due by subsidiary company US$219 million (1999: US$218 million)

The aggregate after-tax earnings and losses attributable to the Company from its subsidiaries are:

	US$ millions 2000	1999
Earnings	**1 026**	727
Losses	**216**	306

List of material investments

31 December 2000

Listed investments of the group	Units held		Market value US$ millions	
	2000	1999	**2000**	1999
Mining finance and investment			**1 499**	1 810
Anglo American plc*	**27 196 920**	27 196 920		
Total market value			**1 499**	1 810

Unlisted investments of the group		Units held		Directors'valuation US$ millions	
		2000	1999	**2000**	1999
Mining finance and investment					30
Sibeka Société d'Entreprise et d'Investissements S.A.			206 889		
Trade investments				**2 823**	2 158
Antwerpse Diamantbank N.V.		**986 218**	986 218		
Debswana Diamond Company (Proprietary) Limited*	– Ordinary	**79 195 000**	78 195 000		
	– Preference	**8 000 005**	8 000 005		
Namdeb Diamond Corporation (Proprietary) Limited*		**4 956 950**	4 956 950		
Sibeka Société d'Entreprise et d'Investissements S.A.		**206 889**			
Other					
Total directors' valuation				**2 823**	2 188

*Associated company

Associated companies and joint ventures of the group	Percentage held		Financial year	Year for equity accounting
	2000	1999		
Anglo American plc	**6,7**	6,7	31-12	30.06.00
Debswana Diamond Company (Proprietary) Limited	**50,0**	50,0	31-12	31.12.00
Namdeb Diamond Corporation (Proprietary) Limited	**50,0**	50,0	31-12	31.12.00

Additional information is provided in the section entitled Investments

Approval of annual financial statements

The annual financial statements which appear on pages 147 to 150 have been approved by the board of directors and are signed on its behalf by:

N F OPPENHEIMER
Chairman

27 February 2001

G M RALFE
Managing Director

27 February 2001

Report of the statutory auditors

To the general meeting of
De Beers Centenary AG, Luzern

As statutory auditors, we have audited the accounting records and the financial statements of De Beers Centenary AG for the year ended 31 December 2000, as set out on pages 147 to 150.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with International Standards of Auditing issued by the International Federation of Accountants, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available retained earnings comply with Swiss law and the company's Articles of Incorporation.

We recommend that the financial statements submitted to you be approved.

Deloitte Pim Goldby GmbH
Auditors in charge

A K Haussmann
Chartered Accountant
Lead Auditor

D Wallace
Chartered Accountant (South Africa)
Lead Auditor

Zug

27 February 2001

Company income statement

for the year 2000

	Notes	SFr. millions 2000	1999
Investment income	1	**31**	32
Deduct:			
Corporate overheads		**3**	3
Net income before taxation		**28**	29
Deduct:			
Taxation	2	**2**	2
Net earnings		**26**	27
Retained as:			
Non-distributable reserve	8	**1**	1
Distributable reserve	9	**7**	9
Dividends paid	3	**18**	17
		26	27

Company balance sheet

31 December 2000

	Notes	SFr. millions 2000	1999
Capital employed:			
Share capital and premium	7	**1 051**	1 051
Non-distributable reserve	8	**32**	31
Distributable reserve	9	**323**	316
		1 406	1 398
Represented by:			
Investments	10	**1 051**	1 051
Net current assets		**355**	347
Current assets		**359**	351
Amounts due by subsidiary companies		**358**	348
Debtors		**1**	3
Current liabilities		**4**	4
Taxation		**2**	2
Creditors		**1**	1
Amounts due to subsidiary companies		**1**	1
		1 406	1 398

Notes to the company financial statements

31 December 2000

		SFr. millions	
		2000	1999
1.	**Investment income**		
	Dividends from subsidiary companies	**20**	22
	Interest from subsidiary companies	**11**	10
		31	32
2.	**Taxation**		
	Tax on capital and reserves	**2**	2
3.	**Dividends paid**		
	Dividend of SFr 4.– per share (1999: SFr 4.– per share) approved by the shareholders on 9 May 2000	**18**	17
4.	**Directors' remuneration**		
	Executive directors		
	Fees	**0,5**	0,4
	Non-executive directors		
	Fees	**0,5**	0,5
5.	**Auditors' remuneration**		
	Audit fees	**0,1**	0,1
6.	**Remuneration other than to employees**		
	Payments for technical, administrative and secretarial services made to persons other than employees	**1**	1
7.	**Share capital and premium**		
	7.1 Authorised and issued		
	4 507 476 (1999: 4 507 476) shares of a nominal value of SFr. 200.– each	**901**	901
	Share premium	**150**	150
	Total issued share capital and premium	**1 051**	1 051

7.2 Each issued De Beers Centenary AG share is twinned with a participation certificate issued by De Beers Centenary's wholly owned subsidiary, Centenary Holdings (a company incorporated as a société anonyme in accordance with the laws of Luxembourg) to form a Centenary unit in accordance with the provisions of their articles of association and articles of incorporation, respectively.

Each depositary receipt, of which 399 925 795 are linked to an equivalent number of De Beers Consolidated Mines Limited deferred shares, represents the right and interest exercisable against the Depositary in respect of an undivided one hundredth share in and to the rights, privileges and benefits arising from or relating to a Centenary unit deposited with and held by the Depositary in terms of the deposit agreement dated 29 May 1990 between De Beers Centenary AG, its wholly owned subsidiary Centenary Depositary AG and De Beers Consolidated Mines Limited.

	Depositary receipts	
Depositary receipts in issue	**450 742 600**	450 742 600
50 Centenary units equivalent to depositary receipts	**5 000**	5 000
	450 747 600	450 747 600

7.3 The report of the directors contains a list, extracted from the records of the Depositary, of depositary receipt holders whose holding entitles them to five percent or more of the voting rights.

Notes to the company financial statements

31 December 2000

		SFr. millions	
		2000	1999
8.	**Non-distributable reserve**		
	Legal reserve		
	Balance at beginning of the year	**31**	30
	Transferred from the income statement	**1**	1
	Balance at end of the year	**32**	31
9.	**Distributable reserve**		
	Retained earnings		
	Balance at beginning of the year	**316**	307
	Transferred from the income statement	**7**	9
	Balance at end of the year	**323**	316
10.	**Investments**		
	Unlisted wholly owned subsidiary companies at cost	**1 051**	1 051
11.	**Commitments and contingent liabilities**		
	There are obligations in respect of facilities extended to subsidiary companies amounting to	**938**	780
12.	These financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations.		

Proposal for the appropriation of retained earnings

	SFr. thousands
Available retained earnings	323 352
Proposed appropriation	
Transfer to legal reserve	1 350
Dividend	18 030
Balance carried forward	303 972
	323 352

The proposed dividend of SFr 4.– per share will, if approved, be paid to Centenary Depositary AG for distribution to Centenary depositary receipt holders in accordance with the Deposit Agreement dated 29 May 1990.

The Board of Directors

27 February 2001

Notice of annual general meeting

AGM on 8 May in Luzern

Notice is hereby given that the eleventh annual general meeting of shareholders of De Beers Centenary AG will be held at the Grand Hotel National, Luzern, Switzerland on Tuesday, 8 May 2001 at 12:15.

Agenda and motions:

1. To receive the reports of the Auditors and Group Auditors for the financial year ended 31 December 2000.
2. To receive and adopt the Report of the Directors, the annual financial statements of the Company and of the group as at and for the year ended 31 December 2000.

   The following motion will be proposed as **Resolution No. 1:**

   "That the Report of the Directors for the year ended 31 December 2000, together with the annual financial statements of the Company and of the group as at and for the year ended 31 December 2000 respectively, be approved and adopted."
3. To approve the appropriation of retained earnings as recommended in the Report of the Directors and to declare a dividend of SFr 4.– per share (equal to 4 centimes per Centenary depositary receipt).

   The following motion will be proposed as **Resolution No. 2:**

   "That the appropriation of retained earnings as recommended in the Report of the Directors be accepted and approved, including the declaration of a dividend of SFr 4.– per share (equal to 4 centimes per Centenary depositary receipt) payable on 16 May 2001 to shareholders registered in the Company's register of shareholders on Friday, 23 March 2001."
4. To ratify and confirm the actions of all persons who held office as members of the Board of Directors.

   The following motion will be proposed as **Resolution No. 3:**

   "That the actions of all persons who held office as members of the Board of Directors of the Company during the year ended 31 December 2000 be ratified and confirmed."
5. To elect additional directors and to re-elect those directors of the Company retiring in accordance with the Articles of Association and the Regulations on the Organisation issued by the board.

   The following motion will be proposed as **Resolution No. 4:**

   "That Mr J S Iita and Mr M Ngidi be elected and Mr G A Beevers, Mr T W H Capon, Mr R M Crawford, Mr G P L Kell and Mr N P Wisden be re-elected as members of the Board of Directors of the Company for a period of four years, until the conclusion of the annual general meeting to be held in 2005."
6. To re-elect Deloitte Pim Goldby GmbH as the Auditors and Group Auditors of the Company.

   The following motion will be proposed as **Resolution No. 5:**

   "That Deloitte Pim Goldby GmbH be re-elected as the Auditors and Group Auditors of the Company for a period of one year, until the conclusion of the annual general meeting to be held in 2002."
7. To approve an amendment to Article 5, paragraph 5, of the Articles of Association of the Company to renew the authority granted to the Board of Directors to increase the share capital of the Company for a further two years.

   The following motion will be proposed as **Resolution No. 6:**

   "That Article 5, paragraph 5, of the Articles of Association of the Company be amended by the deletion of existing paragraph 5 and the substitution therefor of the following new paragraph 5:

   5[(5)] On or before 8 May 2003 the Board of Directors may increase the share capital up to a maximum aggregate amount of SFr 18 093 800.- by issuing up to 90 469 registered shares, which shall be fully paid-up, with a nominal value of SFr 200.- per share. Increases by underwriting as well as partial increases are permitted. After their acquisition, the newly registered shares shall be subject to the provisions of these Articles of Association. In each case the Board of Directors shall determine the issue price, the date for entitlement to dividends and the type of contribution."

The following documents will be available for shareholders at the Head Office of the Company (Langensandstrasse 27, 6000 Luzern 14, Switzerland) from 10 April 2001 onwards: the Report of the Directors, incorporating the proposal of the directors relating to the appropriation of retained earnings and declaration of a dividend, the annual financial statements of the Company and of the group and the Auditors' and Group Auditors' reports .

Registered shareholders shall be entitled to attend, speak and vote at the meeting either in person or by proxy. A proxy need not be a shareholder. Shareholders wishing to attend the meeting by proxy may complete the form of proxy which accompanies this Notice. Shareholders may be required to produce their share certificates at the meeting and to establish their identity to the satisfaction of the directors.

Proxies for deposited shares as contemplated in article 689d of the Swiss Code of Obligations are hereby requested to notify the Company by no later than 12:15 on Friday, 4 May 2001 of the amount of shares they represent. Proxies for deposited shares are deemed to be those institutions which are subject to the Swiss Federal Act on Banks and Savings Banks of 8 November 1934 as well as professional asset managers.

The holders of Centenary depositary receipts issued by Centenary Depositary AG will be entitled, in accordance with the terms and conditions of such Centenary depositary receipts, to attend and speak (but not to vote) at the annual general meeting or to appoint a proxy to attend and speak thereat in their stead.

DE BEERS CENTENARY AG — Luzern

The Board of Directors — 10 April 2001

Information for linked unit holders

Financial calendar

Financial year ends		31 December

Dates of meetings

DBCAG annual general meeting, Luzern	12:15	8 May 2001
DBCM annual general meeting, Kimberley	14:15	22 May 2001

Availability of financial statements

Combined provisional annual financial statements	published	1 March 2001
Annual financial statements for both groups	posted	10 April 2001
Combined interim reports	published	16 August 2001

Dividend dates

Final dividend

DBCM	declared	27 February 2001
DBCAG group	declared	27 February and 8 May 2001
	record date	23 March 2001
	payment date	16 May 2001

Interim dividend

DBCM and DBCAG group	declared	14 August 2001
	record date	14 September 2001
	payment date	17 October 2001

Explanation of the De Beers linked units

A De Beers linked unit, as more fully described in the Reports of the Directors of both DBCM and DBCAG, comprises a DBCM linked deferred share and a depositary receipt issued by Centenary Depositary AG (a wholly-owned subsidiary of DBCAG).

The linking provisions are contained both in an agreement between the two companies and Centenary Depositary AG (which company's purpose is to act as a depositary) and the articles of association of DBCM, which provide, *inter alia*, that each issued DBCM linked deferred share is only tradeable as part of a linked unit, and, accordingly, no DBCM linked deferred share is transferable unless a corresponding depositary receipt is concurrently transferred to the same transferee.

There were 450 742 600 depositary receipts in issue at 31 December 2000. Of this, 399 925 795 were linked to a like number of issued DBCM deferred shares.

Stock exchange listings

The De Beers linked units are listed on the stock exchanges in Johannesburg, London, Paris, Brussels, Frankfurt, Botswana, Namibia and on the Swiss Exchange.

Currency conversion guide

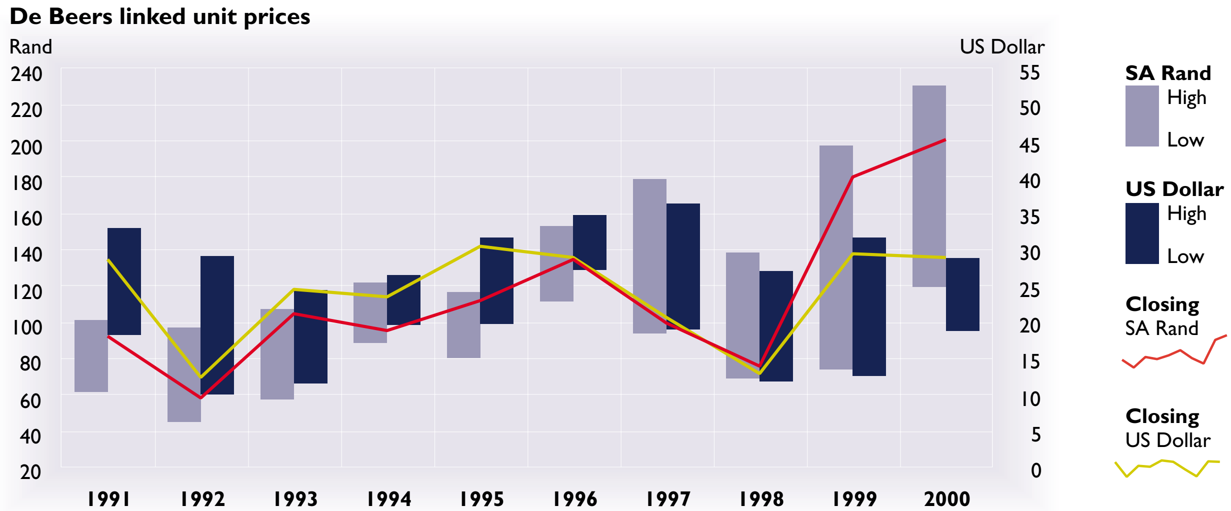
The following currency conversion guide is provided for the information of linked unit holders:

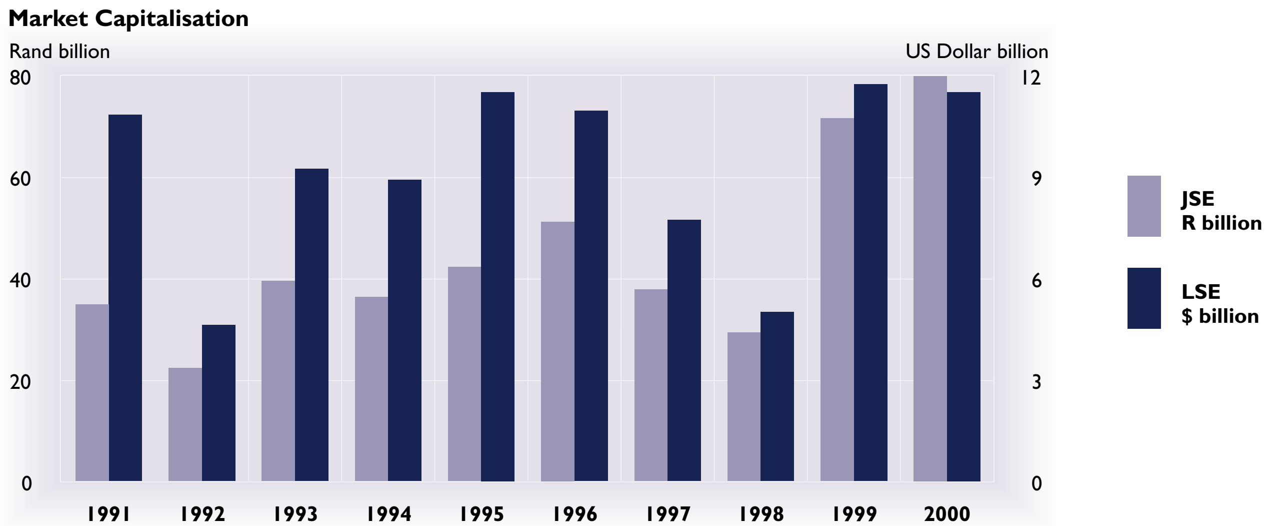
	At 31 December one Rand was worth approximately:	
	2000	1999
US Dollar	**0,13**	0,16
Swiss Franc	**0,22**	0,26
Botswana Pula	**0,70**	0,75
Namibian Dollar	**1,00**	1,00
Pound Sterling	**0,09**	0,10
Deutschemark	**0,28**	0,32
French Franc	**0,93**	1,06
Belgian Franc	**5,73**	6,52
Canadian Dollar	**0,20**	0,24
Japanese Yen	**15,19**	16,59
Euro	**0,14**	0,16

	At 31 December one US Dollar was worth approximately:	
	2000	1999
South African Rand	**7,57**	6,15
Swiss Franc	**1,64**	1,60
Botswana Pula	**5,33**	4,63
Namibian Dollar	**7,57**	6,15
Pound Sterling	**0,67**	0,62
Deutschemark	**2,10**	1,94
French Franc	**7,05**	6,52
Belgian Franc	**43,36**	40,12
Canadian Dollar	**1,45**	1,45
Japanese Yen	**114,97**	102,08
Euro	**1,07**	1,00

The exchange rates which have been used to determine the actual final dividends to be paid on 16 May 2001 were those ruling on 26 February 2001, as follows:

Rand/US$	**7,7710**	**Rand/Pound Sterling**	**11,2314**
Swiss Franc/US$	**1,6872**	**US$/Pound Sterling**	**1,4453**





Analysis of linked unit holders as at 31 December 2000

HOLDING

	1 to 5 000		**Over 5 000**		**Total**			
	Holders	Linked units	Holders	Linked units	Holders	Per cent	Linked units	Per cent
Individuals	12 938	5 073 634	142	3 923 068	13 080	91,3	8 996 702	2,2
Insurance companies	14	8 000	3	12 361 370	17	0,1	12 369 370	3,1
Pension funds	13	17 499	7	782 339	20	0,1	799 838	0,2
Nominee companies*	598	645 288	146	208 706 777	744	5,2	209 352 065	52,4
Other corporate bodies	416	392 492	59	163 982 428	475	3,3	164 374 920	41,1
Bearers	–	–	–	4 032 900	–	–	4 032 900	1,0
Totals	**13 979**	**6 136 913**	**357**	**393 788 882**	**14 336**	**100,0**	**399 925 795**	**100,0**

*Includes the holdings of 3 110 participants in the De Beers Employee Shareholder Scheme.

Details of the major shareholders of DBCM and DBCAG are given on pages 86 and 124 respectively.

Information for linked unit holders

continued

Who to contact in case of enquiries

General enquiries about linked units

Any enquiries relating to your holding of De Beers linked units or dividend payments should be made to the South African Registrar or the Registrar's agent in the United Kingdom whose names and addresses appear on the facing page. In any correspondence with the Registrar or its agent, please quote the linked unit certificate number and, if a registered member, the full name in which your linked units are held. Please also notify the Registrar or its agent promptly of any change of address.

Enquiries about consolidation of linked unit certificates

If your certificated holding of linked units is represented by several individual certificates, you may wish to have these replaced by one consolidated certificate; there is no charge for this service. You should send your certificates by registered mail or other secure means to the South African Registrar or its agent in the United Kingdom together with a letter of instruction.

Enquiries about dividend mandates

Linked unit holders and preference share holders may elect to have their dividends paid electronically into any bank or building society account. As circumstances may differ depending on the country of residence, those holders wishing to avail themselves of this facility should consult with either the South African Registrar or its agent in the United Kingdom, from whom the necessary dividend mandate/instruction can be obtained.

Enquiries about dividend payments

The full conditions relating to the payment of dividends by DBCM and the Depositary may be inspected at the offices of the South African Registrar or its agent in the United Kingdom: generally dividends payable to linked unit holders with registered addresses on the South African section of the register are paid in South African Rands while linked unit holders on the United Kingdom section of the register receive their dividends in United Kingdom currency.

Information on Anglo American plc

Linked unit holders who require a copy of the latest AA plc annual report may request a copy from:

United Kingdom	South Africa
Computershare Services PLC	Computershare Services Limited
PO Box 82,	Second Floor,
The Pavilions	Edura
Bridgwater Road	41 Fox Street
Bristol BS99 7NH	Johannesburg 2001
England	South Africa
Tel. +44 (0) 870 702 0000	Tel. +27 (11) 370 7700

The JSE Securities Exchange South Africa: electronic settlement

The implementation of the Share Transactions Totally Electronic (STRATE) settlement system has entered its second phase and all companies listed on the JSE will be required to transfer to the STRATE environment between March and December 2001. According to STRATE Limited, De Beers' planned entry into STRATE is scheduled for 17 December 2001. In this regard linked unit holders and preference shareholders will be kept informed of developments and details regarding the dematerialisation of their certificates.

It is anticipated that linked unit holders/shareholders on the United Kingdom section of the register of members (who would ordinarily deal on the London Stock Exchange or on one of the Continental exchanges) would not have to dematerialise into STRATE unless they deal on the JSE.

Any enquiries relating to De Beers and STRATE can be made to the Secretary at the address which appears on the facing page, or more information on STRATE is available from the STRATE Information Centre as follows:

Reception: (011) 377 2336
Fax: (011) 833 2494
Info-line: 0800 004 727
E-mail: Almac@jse.co.za
Website: www.STRATE.co.za

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION PRESENTATION

SNAP LAKE

DIAMOND PROJECT

DE BEERS

Today's Presentation

1. De Beers
2. Exploration
3. Snap Geology
4. Snap History
5. Proposed Development
6. Environmental Assessment
7. Next Steps

De Beers

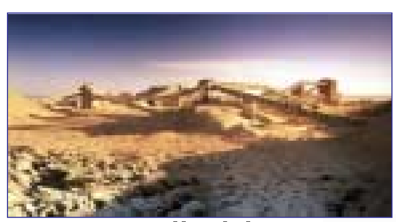
More than 100 years of mining experience: 20 mining operations, 5 types


Open Pit


Underground

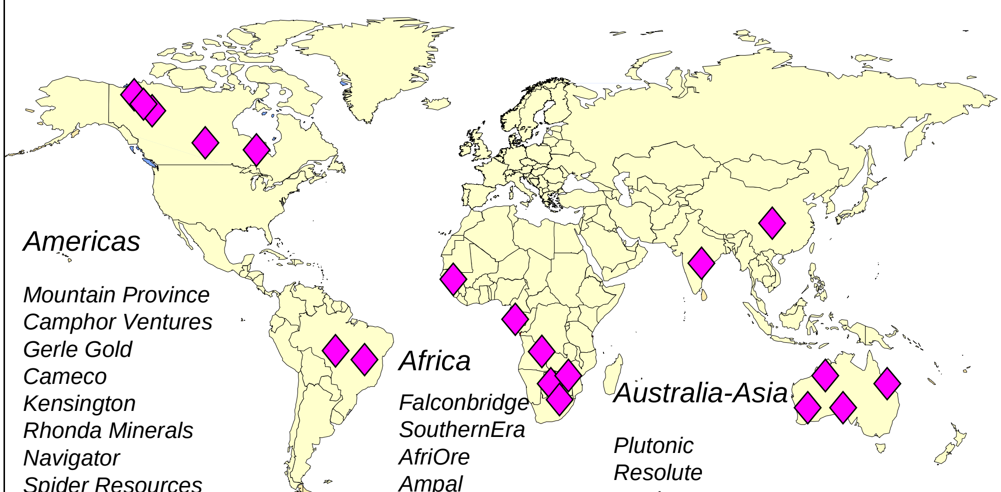

Sea Bed


Coastal


Alluvial

Exploration

Exploration Joint Ventures



Americas

Mountain Province
Camphor Ventures
Gerle Gold
Cameco
Kensington
Rhonda Minerals
Navigator
Spider Resources
KWG Resources
Inmet Mining
Darcy Garcia Palma
Gold Fields S.A.

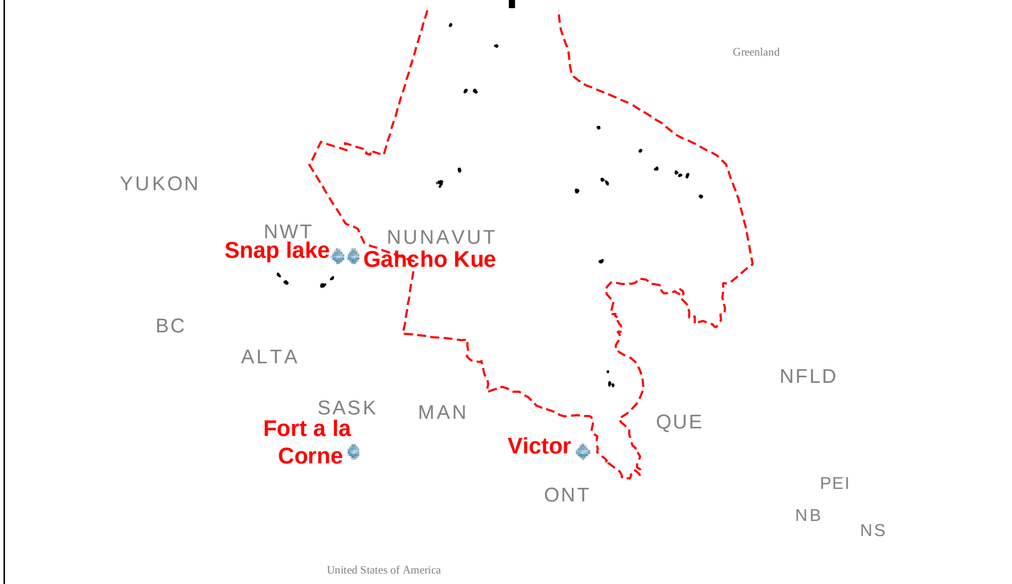
Africa

Falconbridge
SouthernEra
AfriOre
Ampal
Repadre
Somabula
Masasa
AA Mining
CMG
LSA Minerals
Endiama

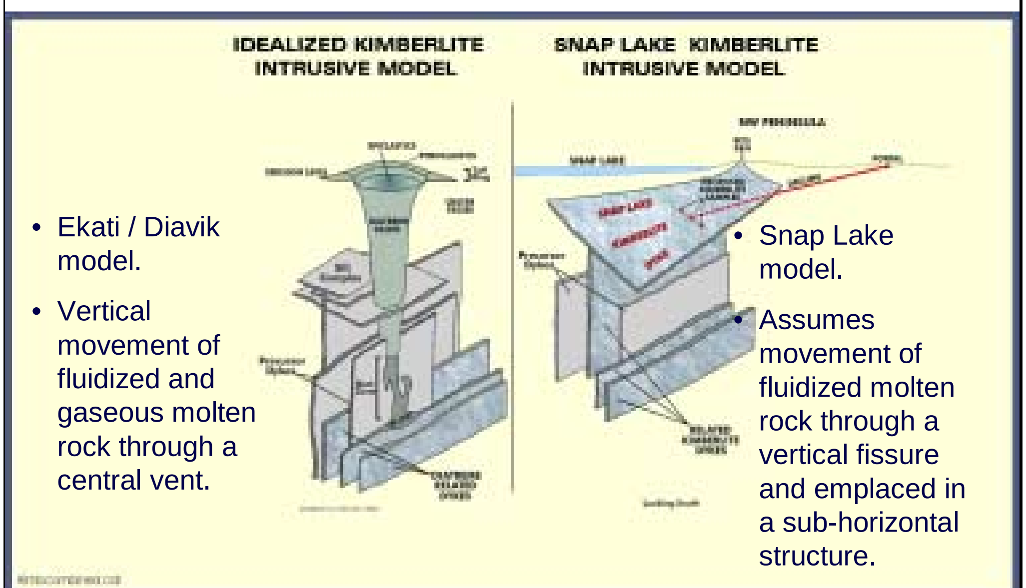
Australia-Asia

Plutonic
Resolute
Renison
Geographe
Acacia Resources
Noble Resources
Kilkenny Gold
M.I.M.
Olympio

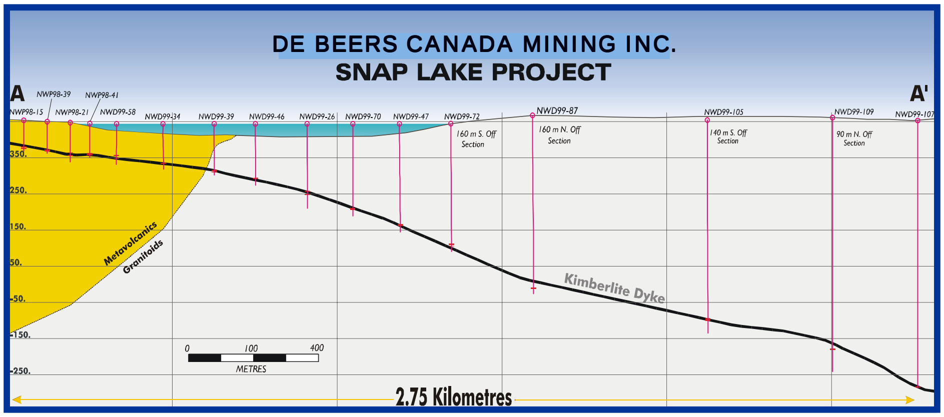
Canadian Advanced Exploration



Geological Features



Cross Section



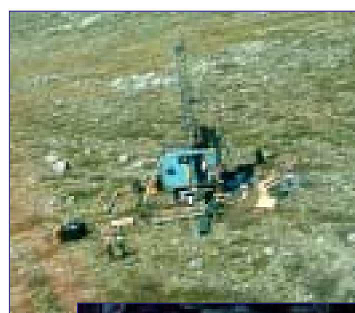
SECTION A-A'
SIMPLIFIED CROSS-SECTION OF THE NORTHWEST PENINSULA KIMBERLITE DYKE
January 2000
(Section looking northwest)

Snap Lake: Project History

Project History

- Winspear Resources Ltd. began exploring the Camsel Lake area in 1995
- Through prospecting, geophysics and diamond drilling, a kimberlite dyke was discovered in 1998
- Diamond drilling, bulk sampling and processing in 1999 identified a resource of +8 million tonnes at economic grades
- In 2000 a Phase 1, $48 mm U/G bulk sampling program was completed to:
  - Confirm grade & value
  - Test mining conditions

Project History



- August 2000, De Beers Canada purchased Winspear, gaining a 67.7% interest in the project and in February 2001 we purchased Aber Diamond's 32.3% interest.
- Feb 2001, we filed applications to the MVLWB to construct and operate an underground mine at SL.
- Mar 2001, a 2nd program of u/g mining and processing was initiated.
- May 2001, application referred to MVEIRB for environmental assessment.
- Sep 2001, Terms of Reference and Work Plan for EA issued.

Proposed Development

The Snap Lake Diamond Mine

- Underground mine – 3000 tpd
  - Room & pillar mining
  - Paste back-fill
  - Mobile diesel equipment
  - U/G crushing and conveyor haulage to surface
- Process plant
  - Conventional dense media separation process
  - De Beers proprietary final recovery
  - Paste plant
- Central administration & maintenance facility
- Power plant
- Water treatment
- Processed kimberlite storage


Snap Lake Diamond Project
Development Proposal

The Snap Lake Diamond Mine

- Construction – 450
- Operations – 450
  - Underground miners
  - Tradesmen
  - Plant operators
  - Heavy equipment operators
  - Engineers
  - Book keeping
  - Clerical
  - Housecleaning
  - Food preparation
  - Environmental

Environmental Assessment

Environmental Impacts

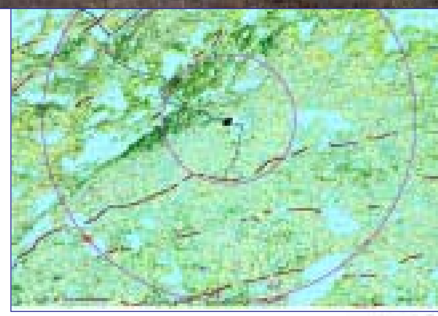
- Biophysical - Social

Biophysical - Fisheries

- Shoreline habitat mapping
- Fish tissue collection for metals analysis
- Fish inventory
- Fall fish spawning surveys

Biophysical - Vegetation and Terrain

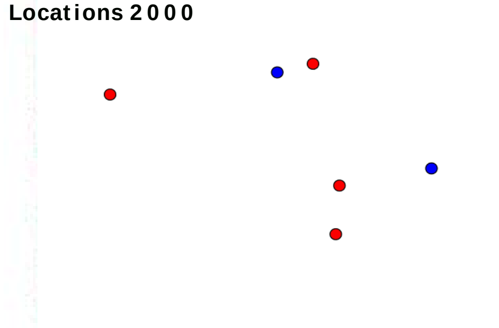
- Mapped and described the vegetation and type of terrain
  - Satellite survey
  - Field confirmation
  - The local and regional study areas are dominated by boulders or shrubs with boulders

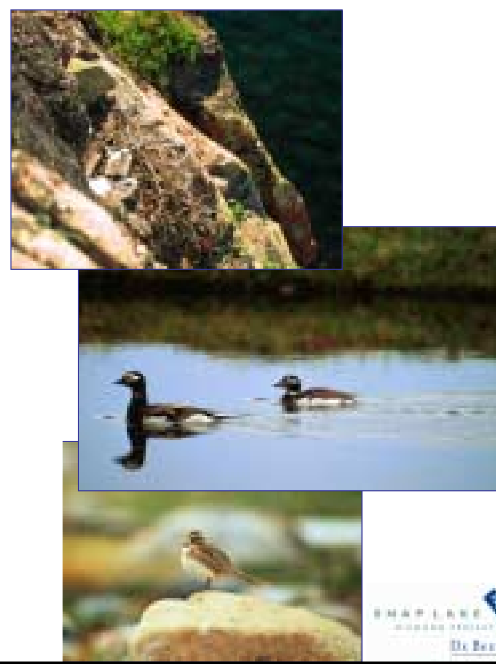


Biophysical - Birds

- Raptors
- Migratory Birds
- Waterfowl

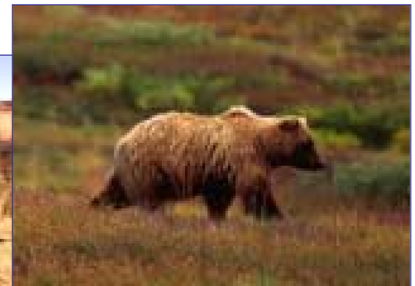
Raptor Nest Locations 2000

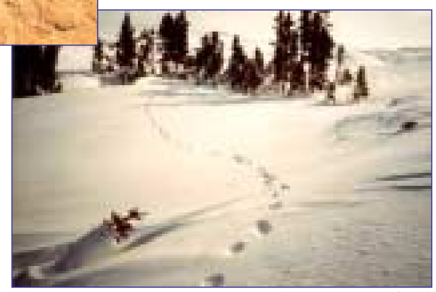




Biophysical - Mammals

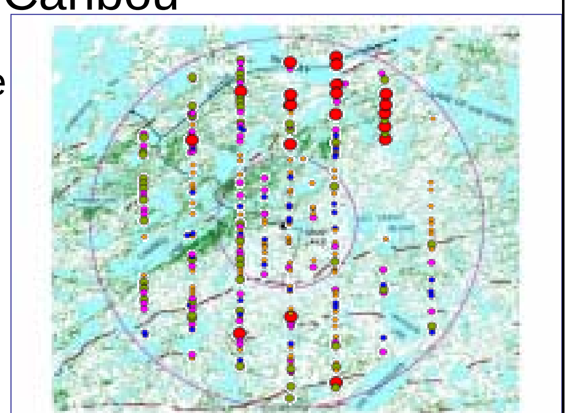
- Wolves
- Bears
- Wolverines

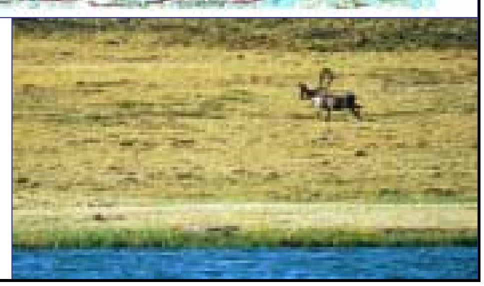




Biophysical - Caribou

- Caribou avoid extensive boulder fields in regional area as told to us by the elders
- Aerial surveys and historic trails confirm that caribou move through the northwestern portion of the regional study area, closer to MacKay Lake and Camsell Lake





Social - Economic Impact Assessment

- Collaborative and cooperative approach
- Identify, understand and discuss issues and concerns from the beginning
- Build a long term working relationship

Social - Consultation

- Started in 1998 and is on-going
  - Community meetings with chief and councils, Elders, community members, Land and Wildlife Committees, administration staff
  - Snap Lake site tours with community members and leaders

Social Concerns - Employment

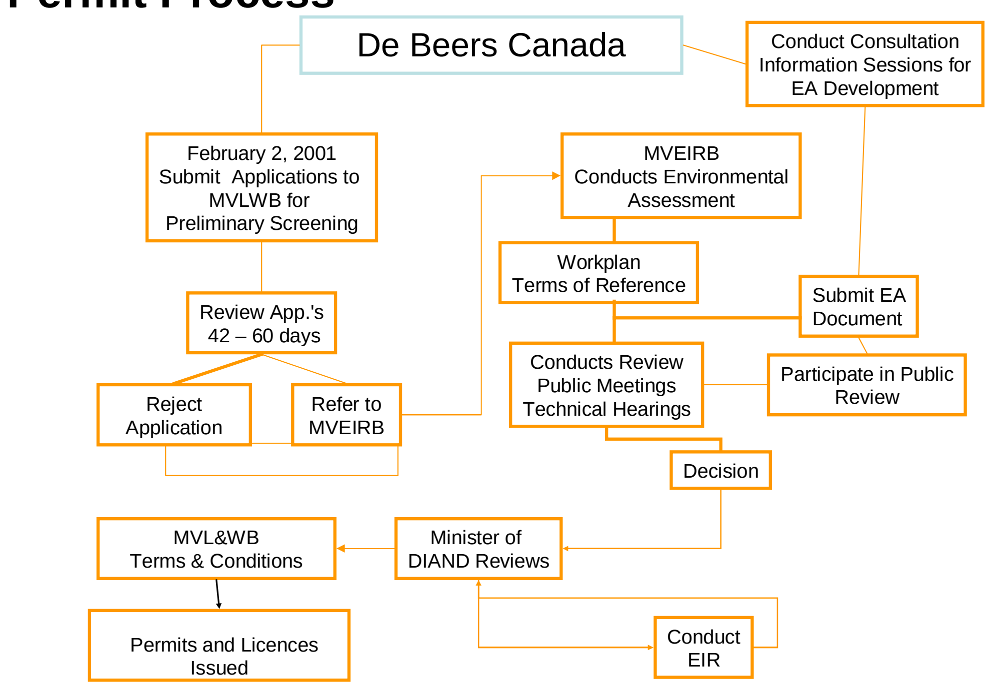
Social Concerns – Education & Training

Social Concerns – Life-skills

Social Concerns – Family & Community

What’s Next

Permit Process



Permitting Timeline

Milestones	MVEIRB Work Plan
Referral to MVEIRB	14 May 01
Draft work plan & ToR	21 June 01
Final work plan & ToR	17 September 01
EA Submission	24 December 01
Conformity check	15 February 02
Information request 1	7 Jan 02-8 March 02
Information request 2	7 Feb 02–10 April 02
Technical review	24 April 02
Tech session & Public hearing	15 May 02-12 June 02
Recommendation to Minister	09 September 02

Permitting Timeline

Milestones	De Beers Work Plan
Recommendation to Minister	September 02
Ministerial Decision (INAC)	October 02
MVLWB- water license hearings	January 03
Permit issued by MVLWB	Feb-Mar 2003

Project Timeline

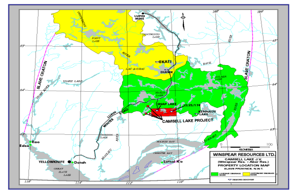
	2001	2002	2003	2004	2005	2006
Terms of Reference	Sep					
EA Submitted to MWEIRB	Oct					
Technical review, public consultation	Nov ----	--Jun				
MVEIRB to Minister		Aug				
Minister's Decision		Oct				
MVWLB Consultation		Nov-----	Feb			
Permits Issued			Mar			
U/G Development			Apr-----	----------		
Winter Road Mobilization				Mar		
Construction				Apr-----	----Sep	
Escalating Production					Oct-----	
Full 3000 tpd Production						Jul

Government's Role

Project Advantages

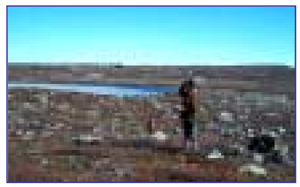
Small Surface Footprint

Minimal Impact on Waterways

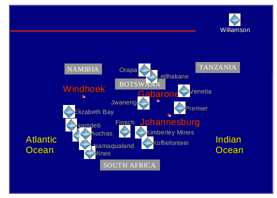


Different Watershed

Underground



Low Wildlife Abundance



De Beers Experience

Questions?

SNAP LAKE DIAMOND PROJECT

PUBLIC ADVERTISEMENT
LUTSEL K'E PUBLIC INFORMATION MEETING

FEBRUARY 26, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION MEETING

DE BEERS CANADA MINING INC.

WHEN: MONDAY, FEBRUARY 26

6:00 FEAST

7:00 PUBLIC MEETING

WHERE: COMMUNITY HALL

Come meet:
Richard Molyneux, CEO, De Beers Canada
John McConnell, VP, NWT Projects.

A presentation will be given by De Beers, and there will be opportunity to find out about the Snap Lake Diamond Project and ask questions.

A door prize will be drawn.

SNAP LAKE DIAMOND PROJECT

PUBLIC ADVERTISEMENT
RAE/EDZO PUBLIC INFORMATION MEETING

MARCH 1, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION MEETING

DE BEERS CANADA MINING INC.

WHEN: THURSDAY, MARCH 1

6:00 PUBLIC MEETING

WHERE: CULTURAL CENTRE

Come meet:
Richard Molyneux, CEO, De Beers Canada
John McConnell, VP, NWT Projects.

A presentation will be given by De Beers, and there will be opportunity to find out about the Snap Lake Diamond Project and ask questions.

A door prize will be drawn.

SNAP LAKE DIAMOND PROJECT

PUBLIC ADVERTISEMENT
GAMETI PUBLIC INFORMATION MEETING

MARCH 6, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION MEETING

DE BEERS CANADA MINING INC.

WHEN: TUESDAY MARCH 6

6:00 PUBLIC MEETING

WHERE: COMMUNITY HALL

Come meet:
Richard Molyneux, CEO, De Beers Canada
John McConnell, VP, NWT Projects

A presentation will be given by De Beers, and there will be opportunity to find out about the Snap Lake Diamond Project and ask questions.

Food will be provided.

A door prize will be drawn.

SNAP LAKE DIAMOND PROJECT

PUBIC ADVERTISEMENT
WEKWETI PUBLIC INFORMATION MEETING

APRIL 17, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION MEETING

DE BEERS CANADA MINING INC.

WHEN: TUESDAY APRIL 17

6:00 PUBLIC MEETING

WHERE: COMMUNITY HALL

Come meet
Richard Molyneux, CEO, De Beers Canada
John McConnell, VP, NWT Projects

A presentation will be given by De Beers, and there will be opportunity to find out about the Snap Lake Diamond Project and ask questions.

Food will be provided.

A door prize will be drawn.

Wekweti Pubic Meeting
April 17, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC ADVERTISEMENT
WHA TI PUBLIC INFORMATION MEETING

APRIL18, 2001

SNAP LAKE DIAMOND PROJECT

PUBLIC INFORMATION MEETING

DE BEERS CANADA MINING INC.

WHEN: WEDNESDAY APRIL 18

6:00 PUBLIC MEETING

WHERE:
CHARTER COMMUNITY BOARDROOM

Come meet
Richard Molyneux, CEO, De Beers Canada
John McConnell, VP, NWT Projects.

A presentation will be given by De Beers, and there will be opportunity to find out about the Snap Lake Diamond Project and ask questions.

Food will be provided.

A door prize will be drawn.

Wha Ti Public Meeting
April 18, 2001