



Diversified metals and mining  
Resources for the modern world

Vedanta is a London listed metals and mining company. The principal operations are located throughout India, with further operations in Zambia and Australia. The major metals produced are aluminium, copper, zinc and lead.

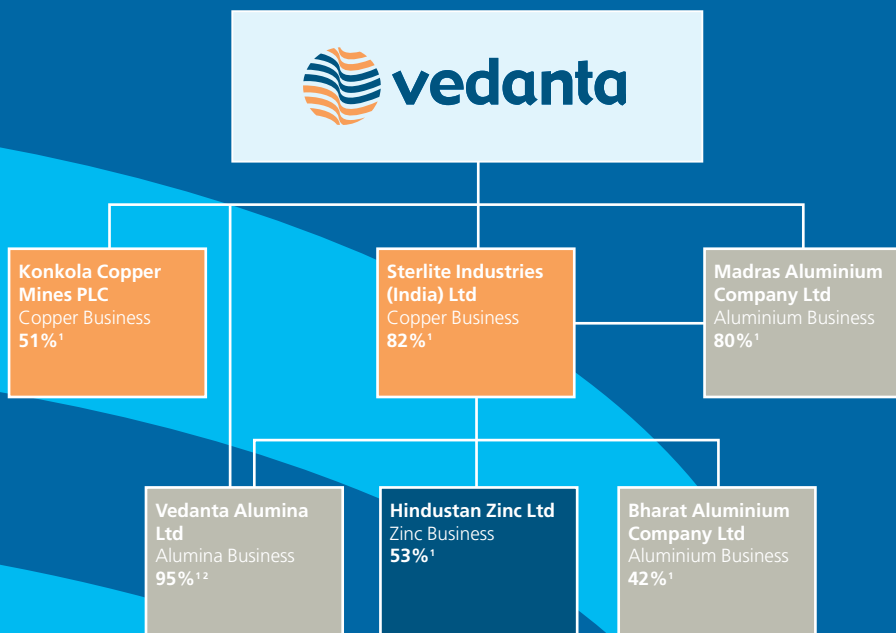
Our goal is to generate strong financial returns and create a world-class metals and mining group.

## **Contents**

- 1 Highlights
- 2 Chief Executive's Statement
- 5 Operating and Finance Review
- 10 Consolidated Profit and Loss Account
- 11 Consolidated Balance Sheet
- 12 Consolidated Cash Flow Statement
- 13 Reconciliation of Net Cash Flow to Movement in Net Cash/(Debt)
- 13 Consolidated Statement of Total Recognised Gains and Losses
- 14 Notes to the Financial Information
- 25 Independent Review Report to Vedanta Resources plc
- 26 Notice of Interim Dividend
- 27 Glossary and Definitions

# Vedanta at a Glance

## Group Interest (at 24 November 2004)



## Asset



## Growth pipeline

- Aluminium
- Copper
- Zinc

**Project commissioning**

**2004**

**Tuticorin copper smelter, refinery and power plant**  
 New production: 120,000 tpa to take total production to 300,000 tpa. Includes new 22.5MW power plant.  
 Capex: US\$87 million

**Rampura Agucha zinc mine**  
 New production: 1.3 million tpa ore to take total mined production to 5.5 million tpa.  
 Capex: US\$90 million

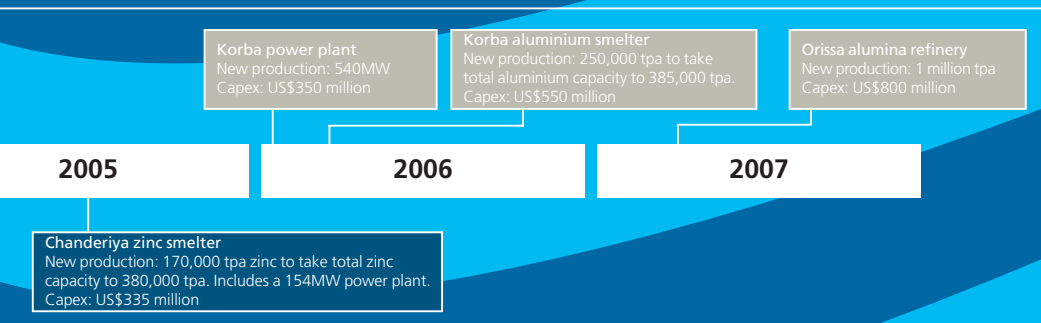
<sup>1</sup> Group Economic Interest – see Glossary and Definitions

<sup>2</sup> Includes shares waiting allotment

# location

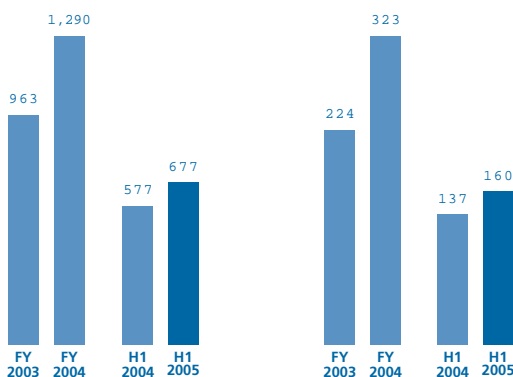


Aluminium	Copper	Zinc
<b>Turnover</b> FY 2004 \$223.4 million H1 2005 \$122.8 million	<b>Turnover</b> FY 2004 \$592.8 million H1 2005 \$316.8 million	<b>Turnover</b> FY 2004 \$401.1 million H1 2005 \$196.0 million
<b>EBITDA</b> FY 2004 \$53.6 million H1 2005 \$33.8 million	<b>EBITDA</b> FY 2004 \$94.1 million H1 2005 \$40.5 million	<b>EBITDA</b> FY 2004 \$179.3 million H1 2005 \$83.8 million
<b>Production</b> FY 2004 129,100 mt H1 2005 66,000 mt	<b>Production</b> FY 2004 178,600 mt H1 2005 77,000 mt	<b>Production</b> FY 2004 220,700 mt H1 2005 104,000 mt
<b>Operating Companies and Vedanta interest'</b> BALCO 42% MALCO 80%	<b>Operating Companies and Vedanta interest'</b> Sterlite 82% CMT 82% TCM 82%	<b>Operating Company and Vedanta interest'</b> Hindustan Zinc Ltd 53%
Integrated aluminium producers	Copper smelter and refinery with our mines supplying approx 20% of copper concentrate requirements	Integrated zinc producer
<b>Indian market share</b> 16%	<b>Indian market share</b> 42%	<b>Indian market share</b> 71%
<b>Employees</b> 6,000	<b>Employees</b> 900	<b>Employees</b> 6,100
<b>Capacity</b> 135,000 tpa	<b>Capacity</b> 180,000 tpa	<b>Capacity</b> 210,000 tpa
<b>Capacity post expansion</b> 385,000 tpa	<b>Capacity post expansion</b> 300,000 tpa	<b>Capacity post expansion</b> 380,000 tpa



# Highlights

- Group<sup>1</sup> EBITDA<sup>1</sup> up 17% to \$160 million
  - Attributable Profit<sup>1</sup> up 32% to \$35 million
- \$2.2 billion growth pipeline making good progress
  - \$652 million invested to date
- Economic Interest<sup>1</sup> in Sterlite increased to 82% from 61% at Listing<sup>1</sup>
- Successful acquisition of Konkola Copper Mines in November for \$48.2 million
  - Expected to be earnings enhancing in first year
- Further significant steps since period end
  - \$100 million invested in Vedanta Alumina
  - Announcing offer to acquire minority holdings in MALCO
  - Credit rating announced of Baa3/BB



## Group Turnover

\$ million

## Group EBITDA

\$ million

	Interim 2005	Interim 2004 (restated)	Full Year 2004 (restated)
Group turnover (\$ million)	<b>677.4</b>	576.8	1,289.5
Group EBITDA (\$ million)	<b>160.0</b>	136.6	322.7
Group EBITDA margin <sup>1</sup>	<b>23.6%</b>	23.7%	25.0%
Group operating profit (\$ million)	<b>120.1</b>	103.1	237.1
Attributable Profit (\$ million)	<b>34.9</b>	26.4	72.3
ROCE <sup>1</sup> (excluding project capital work in progress)	<b>24.2%</b>	17.2%	24.1%
Dividend <sup>2</sup> (US cents per share)	<b>5.5</b>	–	5.5

Throughout this report, \$ denotes United States Dollars

<sup>1</sup> Refer to Glossary and Definitions

<sup>2</sup> The dividend for the full year 2004 of US 5.5 cents per share was based on the four month period following Listing

# Chief Executive's Statement

## Anil Agarwal



Over the first half of the year, the Company has delivered good growth in earnings and we have completed some key achievements in our strategy.

Our growth projects are proceeding well with \$652 million invested to date.

### Operational Summary

Over the first half of the year, the Company has delivered good growth in earnings and we have completed some key achievements in our strategy. Compared to the first half of last year, turnover has increased by 17% to \$677.4 million, EBITDA by 17% to \$160.0 million and Group operating profit was up 16% to \$120.1 million. This is after adverse foreign exchange movements of \$11 million. The EBITDA margin was 24%, maintaining the level of the last financial year. Attributable Profit has risen by 32% to \$34.9 million, benefiting from a reduction in minority interests to 51%.

As covered in the production report on 11 October 2004, the commissioning of our new projects will create a significant rise in our production capability. The existing aluminium plants are continuing to produce at capacity. Copper and zinc production were slightly down on last year following the planned shutdowns in the first quarter of this financial year.

The main positive factor has been the rise in aluminium, copper and zinc prices, but this was offset by the tariff cuts made by the Government of India ("Government") in January and July 2004, which have reduced turnover and EBITDA by around \$30 million. We have continued to manage our operational costs tightly, but high energy prices, mentioned in the first quarter results, have again been present in the second quarter and have had an impact on costs across all Group operations. These prices show

no immediate sign of weakening. Treatment and Refining Charges ("TC/RC") in the copper smelting industry have started to recover, but the full benefit of this will not be felt until the second half of the financial year.

Our growth projects are proceeding well with \$652 million invested to date. This is from a total planned expenditure of around \$2.2 billion, which gives Vedanta a growth pipeline unrivalled in the metals and mining industry. The new smelter at Tuticorin has been ready for some time, but we are still waiting for the final environmental clearance. The adjoining new facilities, such as the acid and power plants, are already in use and operating well.

The economic backdrop in India remains positive, with industrial production increasing at an annual rate of around 8% during the period. The new Government, elected earlier in the year, has consistently declared its commitment to maintaining growth and creating an attractive environment for investment.

### Changes to Structure and Sterlite Rights Issue

One of the most significant changes over the period has been our increased Economic Interest in Sterlite, our principal subsidiary in India, to 82% compared to 61% at the time of Listing. This was principally due to the rights issue at Sterlite. This considerable increase enhances Attributable Profit and moves us further towards our aim of a simpler Group structure.

## Chief Executive's Statement *continued*

We are making an offer, through a wholly owned subsidiary, to the minority shareholders in MALCO. The board of MALCO has met to initiate the process. This should be completed in the first half of the 2005 calendar year and, if successful, will lead to the shares being delisted from the applicable stock exchanges.

In May 2004, Vedanta injected \$100 million into Vedanta Alumina, which has been used to progress the development of the project. This investment, following an independent valuation of the assets, will increase Vedanta's Economic Interest to 95%. Following allotment of the shares, 70.5% will be held directly by Vedanta, through a wholly owned subsidiary, and the balance retained by Sterlite.

We continue to look for opportunities to consolidate the Group's structure. Earlier this year we notified the Government of our interest in exercising our option over the remaining 49% of BALCO that they own. As mentioned in our last Annual Report, the Government will then appoint an independent valuer and we hope to report on progress by the end of this financial year.

### **Konkola Copper Mines**

Earlier this month we completed the acquisition of Konkola Copper Mines ("KCM") in Zambia for a total consideration of \$48.2 million. KCM produced 97,000 tonnes of finished copper in the first half of the 2004 calendar year and generated EBITDA of \$59 million. This transaction

should be earnings enhancing in its first year. We believe that there are opportunities at KCM to increase output and reduce unit costs.

There are also many options to be considered to extend and develop in the area over the medium term. We look forward to working with our new colleagues in developing these assets and improving KCM's competitiveness.

### **Credit Rating**

We announced that we had received a credit rating of Baa3/BB, which is equivalent to the Indian sovereign rating ceiling. Obtaining a rating gives us the potential to access other areas of funding.

### **Debt**

We also announced on 25 November 2004 our intention to raise additional financing through the debt markets before the end of this year. This is an important part of managing our debt and strengthening our maturity profile to support our capital investment programme. Over the period, \$200 million of additional debt facilities have been added at BALCO, increasing the total facilities there to around \$400 million.

### **The Board**

In July, Michael Fowle became Chairman following the resignation of Brian Gilbertson from the Board. Very sadly, just after the end of the period, Sir David Gore Booth died. Sir David's considerable experience and good humour was of great value to the Board and we shall miss him as a friend and colleague.

One of the most significant changes over the period has been our increased Economic Interest in Sterlite.

# Chief Executive's Review *continued*

We remain focused on the delivery of our strategy, which we set out at the time of Listing.

Since the period end we have strengthened the Board by appointing two further independent non-executive Directors, Aman Mehta and Dr Shailandra Kumar Tamotia, together with the appointment of Navin Agarwal as Deputy Chief Executive. Mr Mehta will join the Company's Audit Committee, taking over the Chairmanship of this Committee from Michael Fowle. Dr Tamotia will join the Health, Safety and Environment Committee as its Chairman. Naresh Chandra has been appointed as the Chairman of the Remuneration Committee and Senior Independent Director. These appointments bring the Board composition, and its Committees, into line with the requirements of the revised Combined Code.

## **Dividend**

At this interim stage we are proposing a dividend of US 5.5 cents per share. This equates to one third of last year's effective dividend of US 16.5 cents per share, as set out in the last Annual Report. The Board intends to pay interim dividends which are one third of the previous year's full payment. The overall dividend level for the year will then be determined at the year end and the Board remains committed to a progressive dividend policy.

## **Outlook**

We remain focused on the delivery of our strategy, which we set out at the time of Listing. We have already invested \$652 million of our \$2.2 billion capital programme and further significant progress will be made in the remainder of this financial year. The copper expansion is ready to start production on receipt of environmental clearance and the zinc expansion is due to be commissioned in the first half of the next financial year, followed by the expansions at BALCO and Vedanta Alumina in 2006 and 2007, respectively. We now also have the potential of KCM and we are evaluating the many exciting opportunities it offers.

The reduction in minority interests will make a noticeable impact in the second half of the year. The demand outlook in India for all our metals continues to be positive and our growth projects are well placed to serve this rising demand. Commodity prices remain firm, though this is accompanied by some high input costs. We remain confident of delivering good progress in the second half of the year and look forward to reporting on the development of our projects over the coming months.

**Anil Agarwal**  
Chief Executive



# Operating and Finance Review

## Operations

### Aluminium

	Interim 2005	Interim 2004	Full Year 2004
Turnover (\$ million)	122.8	107.7	223.4
EBITDA (\$ million)	33.8	24.4	53.6
Operating profit (\$ million)	24.4	16.8	35.4
Production alumina (mt ,000's)	130	134	270
Production aluminium (mt ,000's)	66	65	129
Unit cost (\$ per mt)	1,328	1,120	1,238
LME price (\$ per mt)	1,694	1,408	1,433

The facilities at BALCO and MALCO continue to produce close to capacity. With limited ability to raise production at this stage, volume is similar to the first half of the last financial year. We continue to extract efficiencies and raise profitability wherever possible, but the business will see a major step change when the new production facilities, at BALCO, are commissioned in March 2006.

EBITDA has risen by 39% to \$33.8 million. The main drivers were the strong metal price and improved product mix. This was partly offset by the removal of the Special Additional Duty of around 5% on aluminium, by the Government, which took place in January. As mentioned in the first quarter results, costs have been affected by increased energy prices and rising water costs. Overall unit costs have increased by 19% to \$1,328 per mt.

Demand for aluminium in India remains positive, with growth of over 10%, and all of our production is sold into the domestic market. Rolled products, on which we earn an attractive premium, represent around 30% of the Group's total aluminium output. Within the existing rolling facilities there is potential to further increase this output and earn additional premium.

The expansion at BALCO and the alumina development at Orissa remain on schedule and we believe that the facilities will be well placed given the strong growth in the Indian market. The aluminium expansion at BALCO is also progressing well and we are working towards testing some of the new pots in the early part of the next financial year, using imported anodes and power.

## Copper

	Interim 2005	Interim 2004	Full Year 2004
Turnover (\$ million)	316.8	267.7	592.8
EBITDA (\$ million)	40.5	42.2	94.1
Operating profit (\$ million)	25.7	27.8	65.6
Mined metal content (mt ,000's)	20	24	56
Copper cathode production (mt ,000's)	77	93	179
Copper rod production (mt ,000's)	53	59	123
Unit cost (US cents per lb)	8.5	8.6	7.8
LME price (US cents per lb)	127.9	77.0	80.7
TC/RC (US cents per lb)	6.6	9.2	8.8

Turnover rose by 18% to \$316.8 million, as a result of the rise in the copper price, though this was largely offset by the matching rise in the purchase cost of copper concentrate. EBITDA was flat compared to the corresponding period. Import tariffs were reduced by the Government in January and July, from 30% to 15%. Copper consumption in India is growing at around 10% per annum, driven mainly by power and automobile demand. Just over half of our output is sold into the export market.

The Australian mines, which represent around 20% of our concentrate requirements, benefited from rising copper prices. Copper TC/RC's were notably weaker than last year but are now improving and the benefit of this should come through in the second half. Costs have risen as a result of energy prices and expenses related to the planned shutdown.

As mentioned in the Production Report for the period, copper production was reduced in the first quarter by the planned shutdown at Tuticorin after a 24 month campaign life. In the second quarter, anode production recovered to the level of last year, but cathode production at Silvassa reduced due to unusual flooding during the monsoon. The material will be processed during the second half of this financial year. We continue to emphasise the output of value added product with around 70% of the cathode being converted to rod.

At Tuticorin there is a new smelter with annual capacity of 300,000 tonnes, which will replace the existing smelter of 180,000 tonnes. As previously announced, the new smelter is mechanically complete. We are waiting for final environmental licences from the State Government and the smelter will then be commissioned.

# Operating and Finance Review *continued*

## Zinc

	Interim 2005	Interim 2004	Full Year 2004
Turnover (\$ million)	196.0	177.4	401.1
EBITDA (\$ million)	83.8	68.6	179.3
Operating profit (\$ million)	71.2	59.4	155.7
Zinc mined metal content (mt ,000's)	167	152	331
Refined metal output (mt ,000's)	104	109	221
Cost (\$ per mt)	683	568	571
LME price (\$ per mt)	1,003	797	828

In the first quarter, as a result of the planned shutdown at the Chanderiya smelter, production of refined metal was around 4,000 tonnes lower.

In the second quarter production recovered to the level of last year, in line with targets. This left refined metal output at 104,000 tonnes for the half year, a slight decline on the same period last year.

Overall there was a rise in turnover of 10%, while EBITDA has shown a more significant increase of 22%. Prices for zinc and lead are sharply higher than last year, but this has been partly offset by tariff reductions in January and July, moving from 30% to 15%. There were some sales of lead and zinc concentrate which took advantage of higher metal prices and the business further benefited from the release of a provision previously taken regarding potential duties on electricity.

As elsewhere, there was a sharp rise in energy costs and, particularly for zinc, prices of met coke, which is used in production. This was responsible for a rise in unit costs of approximately 20% to \$683 per tonne.

Demand for zinc in India continues to grow in excess of 10% per annum, driven by the increased use of galvanised steel and well ahead of global trends. The increase in production at HZL remains on track with commissioning of the smelter due for June next year. Most of the new mining equipment has been commissioned and our next milestone will be commissioning the new roaster, which we anticipate happening by the end of the financial year.

### Finance Review

#### Profits

Profit before tax rose by 21% to \$112.1 million, after total exceptional item costs of \$1.2 million. The operating exceptional items included Voluntary Retirement Scheme costs of \$2.6 million, incurred at HZL, which was double the amount incurred at BALCO in the same period last year, but considerably below the levels of the second half of the last financial year. Net interest payable was \$8.6 million, after taking into account foreign exchange losses of \$5 million, which reversed some of the gains recorded in the second half of the last financial year. Earnings per share ("EPS") on Underlying Profit (see Note 6b(i)) has increased by 32% to US 12.3 cents.

#### Tax

The anticipated tax rate for the year stands at 37%, compared to 33% for the last financial year. The rate is sensitive to the mix of profits and it includes 1% for a payment within the Sterlite Employee Welfare Trust ("SEWT"), which is unlikely to recur. The figure does not include the impact of acquiring KCM, which due to accumulated tax losses should bring the tax rate down to a similar level to last year. We expect the Cash Tax Rate to remain unchanged at 25%.

#### Minority Interest and Attributable Profit

The minority interest in profit was 51%, a decline from 59% seen in the corresponding period. It is slightly higher than the figure for the second half of last year, due to the mix of profits. Some divisions, such as zinc, carry a higher minority charge.

The largest change in the minority interest has come about as a result of the \$434 million rights issue held by Sterlite, which closed in late September. In addition to our own allotment, we took up those shares not purchased by minority shareholders. The Sterlite rights issue took effect at the end of the period and the impact of this on reducing the minority interest will be seen in the second half of this year.

As mentioned in the Chief Executive's Statement the assets of Vedanta Alumina will be held 70.5% directly by Vedanta, through a wholly owned subsidiary, with an overall Economic Interest of 95%. This will not impact earnings in the short term, as the project is not due to be commissioned until March 2007.

## Operating and Finance Review *continued*

The minority interest figures have been restated to reflect a new accounting policy, which is required by UITF abstract 38 'Accounting for ESOP trusts', which affects the SEWT's holding of 3.3% of the issued share capital of Sterlite (see note 2). This requires that own shares held by employee trusts are reclassified from other investments and are recorded as a reduction in shareholders' funds. From a Group perspective the shares are effectively treated as cancelled, which raises Vedanta's Economic Interest.

### **Cashflow and Balance Sheet**

There was a decrease in net cash of \$308.6 million leaving a net cash position of \$113.7 million at 30 September 2004. The Group's capital expenditure for the period was \$370.1 million, however, when the project extended credit (which forms part of debt) is considered, the net cash outflow in respect of capital expenditure was \$270.2 million. Since Listing, the Group has spent \$652 million, or 30%, of the \$2.2 billion earmarked for our major investment programme.

Working capital rose by \$66.3 million due to increased stock levels. Stock levels in copper were reduced ahead of the planned shutdown and have been rebuilt over the period in anticipation of commissioning the expansion at Tuticorin. Working capital should reduce in the second half of the financial year. As mentioned in the last Annual Report we are seeking to dispose of certain non core assets and are pursuing opportunities, which we hope we will complete within the current financial year. This will release further funds.

ROCE, one of our key performance indicators, is higher than the same period last year, at 24.2%. This excludes project capital work in progress, comprising the substantial funds being invested and which are not yet producing revenue. Overall Capital Employed has increased by 30% to \$1.3 billion.

# Consolidated Profit and Loss Account

For the six months ended 30 September 2004

	Note	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 (restated) \$ million	Year ended 31 March 2004 (restated) \$ million
<b>Group and share of associate's turnover</b>		<b>682.5</b>	<b>582.9</b>	<b>1,300.6</b>
Less: associate's turnover		(5.1)	(6.1)	(11.1)
<b>Group turnover</b>	3	<b>677.4</b>	<b>576.8</b>	<b>1,289.5</b>
Cost of sales		(507.5)	(440.7)	(973.9)
<b>Gross profit</b>		<b>169.9</b>	<b>136.1</b>	<b>315.6</b>
Selling and distribution costs		(18.7)	(13.9)	(35.6)
Administrative expenses		(40.8)	(28.0)	(60.1)
Normal		(38.2)	(26.7)	(46.8)
Exceptional		(2.6)	(1.3)	(13.3)
Other operating income		9.7	8.9	17.2
<b>Group operating profit</b>	3	<b>120.1</b>	<b>103.1</b>	<b>237.1</b>
Operating profit before operating exceptional items	3	122.7	104.4	250.4
Operating exceptional items	4a	(2.6)	(1.3)	(13.3)
Share of operating loss in associate		(0.8)	(0.5)	(1.2)
Profit/(loss) on disposal of fixed assets	4b	1.4	0.9	(1.2)
<b>Profit on ordinary activities before interest and taxation</b>		<b>120.7</b>	<b>103.5</b>	<b>234.7</b>
Investment income		20.3	7.5	39.7
Interest payable and similar charges		(28.9)	(18.2)	(41.0)
<b>Profit on ordinary activities before taxation</b>	3	<b>112.1</b>	<b>92.8</b>	<b>233.4</b>
Tax on profit on ordinary activities	5	(41.5)	(27.9)	(76.0)
<b>Profit on ordinary activities after taxation</b>		<b>70.6</b>	<b>64.9</b>	<b>157.4</b>
Equity minority interests		(35.7)	(38.5)	(85.1)
<b>Profit for the financial period/year</b>		<b>34.9</b>	<b>26.4</b>	<b>72.3</b>
Dividends	7	(15.8)	–	(15.8)
<b>Retained profit for the period/year</b>	8	<b>19.1</b>	<b>26.4</b>	<b>56.5</b>
<b>Dividend per share (US cents/share)</b>	7	<b>5.5</b>	–	<b>5.5</b>
<b>Earnings per share (US cents/share)</b>				
Basic earnings per share for the period/year	6a (i)	12.2	9.2	25.3
Diluted earnings per share for the period/year	6a (ii)	11.6	9.2	24.8

There is no material difference between the profit on ordinary activities before taxation and the profit for the period/year stated above, and their historical cost equivalents.

All turnover and operating profit for the period/year are derived from continuing operations.

<b>Non-statutory information</b>				
Underlying Profit (\$ million)	6b	35.2	26.5	76.2
<b>Earnings per share thereon (US cents/share)</b>				
Basic EPS on Underlying Profit for the period/year	6b (i)	12.3	9.3	26.6
Diluted EPS on Underlying Profit for the period/year	6b (ii)	11.7	9.3	26.2

# Consolidated Balance Sheet

As at 30 September 2004

	Note	As at 30 September 2004 \$ million	As at 30 September 2003 (restated) \$ million	As at 31 March 2004 (restated) \$ million
<b>Fixed assets</b>				
Intangible assets		3.3	3.6	3.6
Goodwill		11.2	12.4	12.2
Negative goodwill		(7.9)	(8.8)	(8.6)
Tangible fixed assets		1,520.2	1,020.7	1,268.4
Investment in associate		5.1	3.8	2.7
Other investments		23.5	27.4	27.5
		<b>1,552.1</b>	<b>1,055.5</b>	<b>1,302.2</b>
<b>Current assets</b>				
Stocks		263.6	177.4	199.9
Debtors		265.3	204.9	245.5
Current asset investments		945.8	75.0	1,188.5
Cash at bank and in hand		25.2	91.1	52.7
		<b>1,499.9</b>	<b>548.4</b>	<b>1,686.6</b>
<b>Creditors: amounts falling due within one year</b>				
Short-term borrowings		(247.5)	(322.9)	(295.3)
Loans		(198.0)	(322.9)	(245.8)
Convertible bonds		(49.5)	–	(49.5)
Other current liabilities		(623.2)	(316.6)	(586.5)
		<b>(870.7)</b>	<b>(639.5)</b>	<b>(881.8)</b>
<b>Net current assets/(liabilities)</b>				
		<b>629.2</b>	<b>(91.1)</b>	<b>804.8</b>
<b>Total assets less current liabilities</b>				
		<b>2,181.3</b>	<b>964.4</b>	<b>2,107.0</b>
Creditors: amounts falling due after more than one year		(621.9)	(226.1)	(529.9)
Provisions for liabilities and charges		(159.5)	(153.7)	(162.9)
Equity minority interests		(443.7)	(442.5)	(423.3)
<b>Net assets</b>	3	<b>956.2</b>	<b>142.1</b>	<b>990.9</b>
<b>Capital and reserves</b>				
Called up equity share capital	8	28.6	–	28.6
Share premium account	8	18.6	–	18.6
Merger reserve	8	4.4	–	4.4
Other reserves	8	8.4	37.9	8.3
Profit and loss account	8	896.2	104.2	931.0
<b>Equity shareholders' funds</b>	8	<b>956.2</b>	<b>142.1</b>	<b>990.9</b>

# Consolidated Cash Flow Statement

	Note	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 \$ million	Year ended 31 March 2004 \$ million
<b>Net cash inflow from operating activities</b>	9	<b>96.8</b>	<b>128.3</b>	<b>496.3</b>
<b>Returns on investments and servicing of finance</b>				
Interest received and other income		33.1	10.7	34.6
Interest paid		(31.8)	(20.7)	(42.0)
Dividend received from fixed asset investments		–	2.5	0.8
Dividend paid to minority shareholders in subsidiary companies		(1.7)	(5.5)	(10.1)
		<b>(0.4)</b>	<b>(13.0)</b>	<b>(16.7)</b>
<b>Taxation</b>		<b>(15.0)</b>	<b>(17.8)</b>	<b>(57.5)</b>
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets		(270.2)	(124.8)	(349.0)
Proceeds from the sale of fixed assets		1.6	1.9	2.8
Purchase of fixed asset investments		(0.2)	(3.2)	(9.2)
Proceeds from sale of fixed asset investments		0.2	–	1.8
		<b>(268.6)</b>	<b>(126.1)</b>	<b>(353.6)</b>
<b>Acquisitions</b>				
Purchase of additional shareholding in subsidiary companies		(4.4)	–	(81.1)
		<b>(4.4)</b>	<b>–</b>	<b>(81.1)</b>
<b>Equity dividends paid to shareholders</b>		<b>(15.8)</b>	<b>–</b>	<b>–</b>
<b>Cash outflow before use of liquid resources and financing</b>		<b>(207.4)</b>	<b>(28.6)</b>	<b>(12.6)</b>
<b>Management of liquid resources</b>				
Sale/(purchase) of current asset investments	10	207.1	9.8	(1,065.0)
		<b>207.1</b>	<b>9.8</b>	<b>(1,065.0)</b>
<b>Financing</b>				
Issue of ordinary shares (net of share issue expenses)		–	–	825.3
Proceeds from rights issue in subsidiary company		0.6	–	–
Repayment of share application money pending allotment in SOVL		–	–	(26.2)
(Decrease)/increase in short term borrowings	10	(195.8)	92.1	141.7
Increase/(decrease) in long term borrowings	10	169.0	(51.2)	120.8
		<b>(26.2)</b>	<b>40.9</b>	<b>1,061.6</b>
<b>(Decrease)/increase in cash in the period/year</b>	10	<b>(26.5)</b>	<b>22.1</b>	<b>(16.0)</b>

At 30 September 2004, current asset investments included \$18.0 million held by the Sterlite Employee Welfare Trust ("SEWT") (30 September 2003 and 31 March 2004 – nil).



# Reconciliation of Net Cash Flow to Movement in Net Cash/(Debt)

	Note	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 \$ million	Year ended 31 March 2004 \$ million
(Decrease)/increase in cash in the period/year	10	(26.5)	22.1	(16.0)
Decrease/(increase) in debt	10	26.8	(40.9)	(262.5)
Cash (outflow)/inflow from management of liquid resources	10	(207.1)	(9.8)	1,065.0
<b>(Decrease)/increase in net cash/(debt) resulting from cash flows</b>		<b>(206.8)</b>	<b>(28.6)</b>	<b>786.5</b>
Non-cash movement in debt		(99.9)	–	–
Foreign exchange differences	10	(1.9)	(20.0)	(33.1)
<b>(Decrease)/increase in net cash/(debt) in the period/year</b>	10	<b>(308.6)</b>	<b>(48.6)</b>	<b>753.4</b>
Net cash/(debt) at the beginning of the period/year	10	422.3	(331.1)	(331.1)
<b>Net cash/(debt) at the end of the period/year</b>	10	<b>113.7</b>	<b>(379.7)</b>	<b>422.3</b>

The non-cash movement in debt of \$99.9 million in the six months ended 30 September 2004 relates to the re-financing of project capital work in progress creditors.

## Consolidated Statement of Total Recognised Gains and Losses

	Note	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 (restated) \$ million	Year ended 31 March 2004 (restated) \$ million
<b>Profit for the financial period/year</b>				
Group		36.7	27.9	75.6
Associated undertaking		(1.8)	(1.5)	(3.3)
		<b>34.9</b>	<b>26.4</b>	<b>72.3</b>
(Loss)/gain on reduction of minority interest due to increase in interest in subsidiary shareholding	8	(19.5)	–	3.1
Repayment of share application money pending allotment in SOVL		–	–	(26.2)
Foreign exchange differences on foreign currency net investments	8	(34.3)	3.4	13.8
<b>Total recognised (loss)/gain relating to the period/year</b>		<b>(18.9)</b>	<b>29.8</b>	<b>63.0</b>
Prior year adjustment	2	4.8		
<b>Total loss recognised since last Annual Report</b>		<b>(14.1)</b>		

# Notes to the Financial Information

## 1. Basis of Preparation

To provide information which is meaningful to the Company's shareholders, the Directors believe that it is necessary to prepare the accounts on the basis that the Group, excluding the assets sold to Twin Star International Limited, had existed throughout the eighteen month period beginning 1 April 2003. The Directors believe that this information reflects the ongoing operations of the Group more clearly. Vedanta Resources plc (the "Company" or "Vedanta") and Vedanta Resources Holdings Limited's ("VRHL") combination with the Twin Star Holdings Group has been accounted for as a group reconstruction under the provisions of FRS 6 ("Mergers and Acquisitions") and is presented as if the Company and VRHL had been the holding company and intermediate holding company, respectively, of the Twin Star Holdings Group for each period presented.

## 2. Accounting Policies

The financial information has been prepared in accordance with generally accepted accounting principles in the UK. The accounting policies applied in preparing the financial information are consistent with those adopted and disclosed in the Group's statutory accounts for the year ended 31 March 2004, with the exception of the Group's accounting policy in respect of employee trusts. The Group has reviewed its accounting policy for employee trusts in light of UITF abstract 38 "Accounting for ESOP trusts", which has been adopted for the first time this period. As required by this abstract, own shares held by employee trusts have been reclassified from other investments and are now recorded as a reduction in shareholders' funds. This has the effect of increasing the Group's interest in Sterlite Industries (India) Limited ("Sterlite") by virtue of the change in treatment for the Sterlite shares held by the SEWT. This change has been accounted for as a prior year adjustment and previously reported figures have been restated accordingly.

The effect on the profit and loss account of adopting this policy is as follows:

Six months ended 30 September 2003	New treatment \$ million	Previous treatment \$ million	Difference \$ million
<b>Profit after tax</b>	<b>64.9</b>	<b>64.9</b>	–
Equity minority interests	(38.5)	(41.1)	2.6
<b>Profit for the financial period</b>	<b>26.4</b>	<b>23.8</b>	<b>2.6</b>
Dividends	–	–	–
<b>Retained profit for the financial period</b>	<b>26.4</b>	<b>23.8</b>	<b>2.6</b>

# Notes to the Financial Information *continued*

## 2. Accounting Policies *continued*

Year ended 31 March 2004	New treatment \$ million	Previous treatment \$ million	Difference \$ million
<b>Profit after tax</b>	<b>157.4</b>	<b>157.4</b>	–
Equity minority interests	(85.1)	(90.8)	5.7
<b>Profit for the financial year</b>	<b>72.3</b>	<b>66.6</b>	<b>5.7</b>
Dividends	(15.8)	(15.8)	–
<b>Retained profit for the financial year</b>	<b>56.5</b>	<b>50.8</b>	<b>5.7</b>

The adoption of this policy led to an increase in the net assets of the Group of \$4.8 million at 31 March 2004 (30 September 2003 – \$10.0 million, 1 April 2003 – \$8.4 million).

Certain balances within the profit and loss comparatives before Group operating profit for the six months ended 30 September 2003 have been reclassified to ensure a consistent presentation in the Group's interim financial information. Where reclassifications have occurred, these are disclosed in the relevant notes.

The financial information for the year ended 31 March 2004 has been derived from the Group's statutory accounts for that period as filed with the Registrar of Companies. The auditors' report on the statutory accounts for the year ended 31 March 2004 was unqualified and did not contain statements under section 237(2) of the Companies Act 1985 (regarding adequacy of accounting records and returns) or under section 237(3) (regarding provision of necessary information and explanations). The financial information in respect of the six months ended 30 September 2004 is unaudited but has been reviewed by the auditors and their report is set out on page 25. The interim financial information does not constitute statutory accounts as defined under section 240 of the Companies Act 1985.

The currency rates used in the preparation of the financial information set out herein are as follows:

One US Dollar translates to	As at 30 September 2004	Six months ended 30 September 2004	As at 30 September 2003	Six months ended 30 September 2003	As at 31 March 2004	Year ended 31 March 2004
Indian Rupee (INR)	46.160	45.577	45.875	46.620	43.390	45.916
Euro (€)	0.812	0.824	0.862	0.884	0.817	0.853
Australian Dollar (A\$)	1.388	1.407	1.476	1.539	1.312	1.445
UK Pounds Sterling (£)	0.553	0.551	0.600	0.619	0.545	0.591

# Notes to the Financial Information *continued*

## 3. Segmental Analysis

### (a) By Class of Business

The segmental analyses by class of business set out below include a category called "Other" which comprises the results and balance sheet items for the Company, VRHL, Vedanta Alumina Limited, Sterlite Paper Limited, Monte Cello Corporation NV, Twin Star Holdings Limited and the aluminium conductor business of Sterlite.

#### Group Turnover

Class of Business	Six months ended	Six months ended	Year ended
	30 September 2004	30 September 2003 (reclassified)	31 March 2004
	\$ million	\$ million	\$ million
Aluminium	122.8	107.7	223.4
Copper	316.8	267.7	592.8
Zinc	196.0	177.4	401.1
Other	41.8	24.0	72.2
	<b>677.4</b>	<b>576.8</b>	<b>1,289.5</b>

#### Group Operating Profit

Class of Business	Six months ended	Six months ended	Year ended
	30 September 2004	30 September 2003 (reclassified)	31 March 2004
	\$ million	\$ million	\$ million
Aluminium	24.4	16.8	35.4
Copper	25.7	27.8	65.6
Zinc	71.2	59.4	155.7
Other	1.4	0.4	(6.3)
<b>Group operating profit before operating exceptional items</b>	<b>122.7</b>	<b>104.4</b>	<b>250.4</b>
Operating exceptional items	(2.6)	(1.3)	(13.3)
<b>Group operating profit</b>	<b>120.1</b>	<b>103.1</b>	<b>237.1</b>
Aluminium	24.4	15.5	22.1
Copper	25.7	27.8	65.6
Zinc	68.6	59.4	155.7
Other	1.4	0.4	(6.3)

# Notes to the Financial Information *continued*

## 3. Segmental Analysis *continued*

### (a) By Class of Business *continued*

Earnings Before Interest, Tax, Depreciation, Goodwill Amortisation and Exceptional Items ("EBITDA")

Class of Business	Six months ended	Six months ended	Year ended
	30 September 2004	30 September 2003	31 March 2004
	\$ million	\$ million	\$ million
Aluminium	33.8	24.4	53.6
Copper	40.5	42.2	94.1
Zinc	83.8	68.6	179.3
Other	1.9	1.4	(4.3)
<b>Group EBITDA</b>	<b>160.0</b>	<b>136.6</b>	<b>322.7</b>
Goodwill amortisation	(0.2)	(0.2)	(0.5)
Depreciation	(37.1)	(32.0)	(71.8)
Operating exceptional items	(2.6)	(1.3)	(13.3)
<b>Group operating profit</b>	<b>120.1</b>	<b>103.1</b>	<b>237.1</b>

### Depreciation

Class of Business	Six months ended	Six months ended	Year ended
	30 September 2004	30 September 2003	31 March 2004
	\$ million	\$ million	\$ million
Aluminium	9.4	7.7	18.1
Copper	14.7	14.3	28.5
Zinc	12.6	9.2	23.6
Other	0.4	0.8	1.6
	<b>37.1</b>	<b>32.0</b>	<b>71.8</b>

### Profit on Ordinary Activities Before Taxation

Class of Business	Six months ended	Six months ended	Year ended
	30 September 2004	30 September 2003	31 March 2004
	\$ million	\$ million	\$ million
Aluminium	23.9	18.7	22.8
Copper	13.9	16.8	37.9
Zinc	74.0	60.6	163.9
Other	2.1	(1.8)	12.1
	<b>113.9</b>	<b>94.3</b>	<b>236.7</b>
Share of loss in associate before taxation	(1.8)	(1.5)	(3.3)
<b>Profit on ordinary activities before taxation</b>	<b>112.1</b>	<b>92.8</b>	<b>233.4</b>

# Notes to the Financial Information *continued*

## 3. Segmental Analysis *continued*

### (a) By Class of Business *continued*

#### Net Assets

Class of Business	As at	As at	As at
	30 September 2004 \$ million	30 September 2003 (restated) \$ million	31 March 2004 (restated) \$ million
Aluminium	533.7	253.6	353.9
Copper	209.8	296.8	160.2
Zinc	454.4	344.6	391.4
Other	85.0	65.7	82.8
<b>Net assets before net cash/(debt), goodwill and minority interests</b>	<b>1,282.9</b>	<b>960.7</b>	<b>988.3</b>
Goodwill	3.3	3.6	3.6
Net cash/(debt)	113.7	(379.7)	422.3
Equity minority interests	(443.7)	(442.5)	(423.3)
<b>Net assets</b>	<b>956.2</b>	<b>142.1</b>	<b>990.9</b>

#### Net Cash/(Debt)

Class of Business	As at	As at	As at
	30 September 2004 \$ million	30 September 2003 \$ million	31 March 2004 \$ million
Aluminium	(264.5)	0.7	(75.8)
Copper	76.8	(387.7)	(318.0)
Zinc	10.6	16.2	43.9
Other	290.8	(8.9)	772.2
	<b>113.7</b>	<b>(379.7)</b>	<b>422.3</b>

At 30 September 2003 and 31 March 2004, copper net cash/(debt) included loans of \$87.2 million and \$17.3 million respectively, which were raised to purchase the zinc business, Hindustan Zinc Limited ("HZL").

# Notes to the Financial Information *continued*

## 3. Segmental Analysis *continued*

### (b) By Location

#### Net Assets/(Liabilities)

Location	As at 30 September 2004 \$ million	As at 30 September 2003 (restated) \$ million	As at 31 March 2004 (restated) \$ million
Australia	11.6	23.7	11.9
India	1,235.6	934.1	999.7
Other	35.7	2.9	(23.3)
<b>Net assets before net cash/(debt), goodwill and minority interests</b>	<b>1,282.9</b>	<b>960.7</b>	<b>988.3</b>
Goodwill	3.3	3.6	3.6
Net cash/(debt)	113.7	(379.7)	422.3
Equity minority interests	(443.7)	(442.5)	(423.3)
<b>Net assets</b>	<b>956.2</b>	<b>142.1</b>	<b>990.9</b>

## 4. Exceptional Items

### (a) Operating Exceptional Items

	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 (restated) \$ million	Year ended 31 March 2004 (restated) \$ million
Restructuring and redundancies	(2.6)	(1.3)	(13.3)
<b>Gross effect of operating exceptional items</b>	<b>(2.6)</b>	<b>(1.3)</b>	<b>(13.3)</b>
Taxation	0.9	0.4	4.8
Minority interests	0.9	0.5	5.4
<b>Net effect of operating exceptional items</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(3.1)</b>

During the period ended 30 September 2004, HZL incurred Voluntary Retirement Scheme ("VRS") costs of \$2.6 million (30 September 2003 – \$1.3 million in BALCO). In the year ended 31 March 2004, HZL and BALCO incurred VRS costs of \$13.3 million.

# Notes to the Financial Information *continued*

## 4. Exceptional Items *continued*

### (b) Non-operating Exceptional Items

	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 (restated) \$ million	Year ended 31 March 2004 (restated) \$ million
Profit on sale of fixed asset investment	–	–	0.6
Profit/(loss) on disposal of tangible fixed assets	1.4	0.9	(1.8)
<b>Gross effect of non-operating exceptional items</b>	<b>1.4</b>	<b>0.9</b>	<b>(1.2)</b>
Taxation	(0.5)	(0.3)	0.4
Minority interests	(0.4)	(0.3)	–
<b>Net effect of non-operating exceptional items</b>	<b>0.5</b>	<b>0.3</b>	<b>(0.8)</b>

## 5. Tax on Profit on Ordinary Activities

### Reconciliation of Group Tax Charge

	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 \$ million	Year ended 31 March 2004 \$ million
<b>Tax charge/(credit) for the period/year</b>			
UK corporation tax at 30% (31 March 2004 – 30%)	–	–	4.6
Indian corporation tax at 36.59% (30 September 2003 and 31 March 2004 – 35.88%)	25.4	22.2	69.6
Adjustments in respect of prior year	–	(2.4)	(4.9)
Minimum alternate tax	1.5	1.2	0.7
Current tax on exceptional items	0.5	–	(1.2)
Dividend distribution tax on overseas subsidiaries	1.4	–	–
<b>Total current tax</b>	<b>28.8</b>	<b>21.0</b>	<b>68.8</b>
Deferred tax	13.6	7.0	11.2
Deferred tax on exceptional items	(0.9)	(0.1)	(4.0)
<b>Total deferred tax</b>	<b>12.7</b>	<b>6.9</b>	<b>7.2</b>
<b>Total tax charge</b>	<b>41.5</b>	<b>27.9</b>	<b>76.0</b>
Group effective tax rate	37.1%	30.1%	32.6%



# Notes to the Financial Information *continued*

## 6. Earnings per Ordinary Share

### (a) Earnings per Share on the Profit for the Period/Year

#### (i) Basic Earnings per Share on the Profit for the Period/Year

	Six months ended 30 September 2004	Six months ended 30 September 2003 (restated)	Year ended 31 March 2004 (restated)
Profit for the financial period/year (\$ million)	34.9	26.4	72.3
Weighted average number of shares of the Company in issue (millions)	286.4	286.0	286.0
<b>Earnings per share on profit for the period/year (US cents/share)</b>	<b>12.2</b>	<b>9.2</b>	<b>25.3</b>

#### (ii) Diluted Earnings per Share on the Profit for the Period/Year

	Six months ended 30 September 2004	Six months ended 30 September 2003 (restated)	Year ended 31 March 2004 (restated)
Profit for the financial period/year before dilutive adjustments (\$ million)	34.9	26.4	72.3
Adjustment in respect of convertible bond in Sterlite (\$ million)	(1.4)	–	(1.3)
Profit for the financial period/year after dilutive adjustments (\$ million)	33.5	26.4	71.0
Weighted average number of shares in the Company in issue after dilutive adjustments (millions)	288.4	286.0	286.2
<b>Diluted earnings per share on profit for the period/year (US cents/share)</b>	<b>11.6</b>	<b>9.2</b>	<b>24.8</b>

For the purposes of the 30 September 2003 and 31 March 2004 results, the Earnings per share (“EPS”) calculation has assumed that the number of Ordinary Shares in issue immediately after Listing (being 286,000,000) had been in issue from 1 April 2003. The Directors believe that this pro-forma EPS provides a more meaningful comparison of the Group’s ongoing business than using the statutory EPS which would only reflect shares issued at the date of Listing.

The only other issue of shares subsequent to the Listing were 388,000 Ordinary Shares issued pursuant to the exercise of the first tranche of awards under the Vedanta Resources Share Reward Plan (“Reward Plan”) on 26 February 2004, and the issue of these shares has been used in determining the 30 September 2004 and 31 March 2004 weighted average number of shares.

The second tranche of awards under the Reward Plan and the outstanding awards under the Vedanta Resources Long Term Incentive Plan are reflected in the diluted EPS figure through an increased number of weighted average shares.

## Notes to the Financial Information *continued*

### 6. Earnings per Ordinary Share *continued*

#### (b) Earnings per Share Based on Underlying Profit

The Group's Underlying Profit is the profit for the financial period/year after adding back the operating and non-operating exceptional items and their resultant tax and minority interest effects, as shown in the table below:

	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 (restated) \$ million	Year ended 31 March 2004 (restated) \$ million
<b>Profit for the financial period/year</b>	<b>34.9</b>	<b>26.4</b>	<b>72.3</b>
Net effect of operating exceptional items (Note 4a)	0.8	0.4	3.1
Net effect of non-operating exceptional items (Note 4b)	(0.5)	(0.3)	0.8
<b>Underlying Profit for the period/year</b>	<b>35.2</b>	<b>26.5</b>	<b>76.2</b>

#### (i) Basic Earnings per Share on Underlying Profit for the Period/Year

	Six months ended 30 September 2004	Six months ended 30 September 2003 (restated)	Year ended 31 March 2004 (restated)
Underlying Profit for the financial period/year (\$ million)	35.2	26.5	76.2
Weighted average number of shares in the Company in issue (millions)	286.4	286.0	286.0
<b>Earnings per share on Underlying Profit for the period/year (US cents/share)</b>	<b>12.3</b>	<b>9.3</b>	<b>26.6</b>

#### (ii) Diluted Earnings per Share on Underlying Profit for the Period/Year

	Six months ended 30 September 2004	Six months ended 30 September 2003 (restated)	Year ended 31 March 2004 (restated)
Underlying Profit for the financial period/year before dilutive adjustments (\$ million)	35.2	26.5	76.2
Adjustment in respect of convertible bond in Sterlite (\$ million)	(1.4)	–	(1.3)
Underlying Profit for the financial period/year after dilutive adjustments (\$ million)	33.8	26.5	74.9
Weighted average number of shares in the Company in issue after dilutive adjustments (millions)	288.4	286.0	286.2
<b>Diluted earnings per share on profit for the period/year (US cents/share)</b>	<b>11.7</b>	<b>9.3</b>	<b>26.2</b>

# Notes to the Financial Information *continued*

## 7. Dividend

The Directors have declared an interim dividend of US 5.5 cents per Ordinary Share (30 September 2003 – nil, 31 March 2004 – final dividend of US 5.5 cents per share) equating to a total interim dividend of \$15.8 million (30 September 2003 – nil, 31 March 2004 – \$15.8 million).

## 8. Consolidated Reconciliation of Movement in Equity Shareholders' Funds

	Share capital \$ million	Share premium account \$ million	Merger reserve \$ million	Other reserves \$ million	Profit and loss account \$ million	Total \$ million
<b>Equity shareholders' funds at 1 April 2004 (per Annual Report)</b>	<b>28.6</b>	<b>18.6</b>	<b>4.4</b>	<b>8.3</b>	<b>926.2</b>	<b>986.1</b>
Prior year adjustment (note 2)	–	–	–	–	4.8	4.8
<b>Equity shareholders' funds at 1 April 2004 (restated)</b>	<b>28.6</b>	<b>18.6</b>	<b>4.4</b>	<b>8.3</b>	<b>931.0</b>	<b>990.9</b>
Retained profit for the period	–	–	–	–	19.1	19.1
Loss on reduction of minority interest due to increase in interest in subsidiary shareholding	–	–	–	–	(19.5)	(19.5)
Foreign exchange differences	–	–	–	0.1	(34.4)	(34.3)
<b>Equity shareholders' funds at 30 September 2004</b>	<b>28.6</b>	<b>18.6</b>	<b>4.4</b>	<b>8.4</b>	<b>896.2</b>	<b>956.2</b>

## 9. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Six months ended 30 September 2004 \$ million	Six months ended 30 September 2003 \$ million	Year ended 31 March 2004 \$ million
Operating profit	120.1	103.1	237.1
Depreciation	37.1	32.0	71.8
Goodwill amortisation	0.2	0.2	0.5
Increase in stocks	(79.6)	(0.9)	(16.1)
Increase in debtors	(38.2)	(35.8)	(77.2)
Increase in creditors	51.5	33.4	263.1
Increase/(decrease) in other long term creditors	5.5	(0.6)	(6.6)
Other non cash items	0.2	(3.1)	23.7
<b>Net cash inflow from operating activities</b>	<b>96.8</b>	<b>128.3</b>	<b>496.3</b>

Net cash inflow from operating activities is stated after cash outflows relating to operating exceptional items of \$2.6 million in the six months ended 30 September 2004 (30 September 2003 – \$1.3 million, 31 March 2004 – \$13.3 million).

## Notes to the Financial Information *continued*

### 10. Analysis of Net Cash/(Debt)

	At 1 April 2004 \$ million	Cash flow \$ million	Other non-cash changes \$ million	Foreign exchange differences \$ million	At 30 September 2004 \$ million
Cash at bank and in hand	52.7	(26.5)	–	(1.0)	25.2
Debt due within one year	(295.3)	195.8	(165.3)	17.3	(247.5)
Debt due beyond one year	(523.6)	(169.0)	65.4	17.4	(609.8)
	<b>(766.2)</b>	<b>0.3</b>	<b>(99.9)</b>	<b>33.7</b>	<b>(832.1)</b>
Current asset investments	1,188.5	(207.1)	–	(35.6)	945.8
<b>Net cash/(debt)</b>	<b>422.3</b>	<b>(206.8)</b>	<b>(99.9)</b>	<b>(1.9)</b>	<b>113.7</b>

The non-cash movement in debt of \$99.9 million in the six months ended 30 September 2004 relates to the re-financing of project capital work in progress creditors.

# Independent Review Report to Vedanta Resources plc

## Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2004 which comprises the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Reconciliation of Movement in Equity Shareholders' Funds and Consolidated Statement of Total Recognised Gains and Losses together with the related notes 1 to 10. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

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

## Review Work Performed

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

## Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2004.

## Deloitte & Touche LLP

Chartered Accountants  
London  
United Kingdom

24 November 2004

# Notice of Interim Dividend

Notice is hereby given that an interim dividend on the Company's Ordinary Share capital in respect of the year to 31 March 2005 will be payable as follows:

Amount	US 5.5 cents per Ordinary Share
Currency conversion date	Wednesday 24 November 2004
Ex-dividend on the London Stock Exchange from the commencement of trading on	Wednesday 15 December 2004
Record date	Friday 17 December 2004
Dividend warrants posted	Thursday 13 January 2005
Payment date of dividend	Friday 14 January 2005

Shareholders may elect to receive the dividend in UK Pounds Sterling if they wish. The Board has determined that the exchange rate to be applied to convert the dividend into UK Pounds Sterling will be £0.537 to the US Dollar, equating to 2.9535 pence per Ordinary Share. This exchange rate is based on the average exchange rate for the five business days prior to the announcement of the Company's interim results on 25 November 2004.

Shareholders wishing to receive their dividend in UK Pounds Sterling, should notify the Company's Registrars by 31 December 2004. The Company's Registrars can also arrange for dividends to be paid direct into shareholders' UK bank accounts. This arrangement will only be available in respect of dividends paid in UK Pounds Sterling.

The Company's Registrars are Computershare Investor Services PLC and can be contacted at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH or on telephone number +44 (0) 870 702 0000.

By order of the Board

**Matthew Hird**

Company Secretary

24 November 2004

# Glossary and Definitions

## **Attributable Profit**

Profit for the financial period/year before dividends to the shareholders of Vedanta Resources plc

## **BALCO**

Bharat Aluminium Company Limited, a company incorporated in India

## **Board**

The board of Directors of the Company

## **Capital Employed**

Net assets before net cash/(debt) and equity minority interests

## **Cash Tax Rate**

Current taxation as a percentage of profit on ordinary activities before taxation

## **CMT**

Copper Mines of Tasmania Pty Ltd, a company incorporated in Australia

## **Company or Vedanta**

Vedanta Resources plc

## **Directors**

The directors of the Company

## **Dollar or \$**

United States Dollars, the currency of the United States of America

## **EBITDA**

Profit before interest, taxation, depreciation, goodwill amortisation and exceptional items (see note 3)

## **EBITDA Margin**

EBITDA as a percentage of turnover

## **Effective Holding and Economic Interest**

The Group's Economic Interest in operating companies is different to its Effective Holdings as a consequence of the Sterlite shares owned by the SEWT. The Effective Holdings are derived by combining the Group's direct and indirect shareholdings in the operating companies. The SEWT is treated as an ESOP trust, its shares held in Sterlite are recorded as a reduction in shareholders' funds, as if the shares were cancelled. This has the effect of the Group's Economic Interest being higher compared to its Effective Holdings. The Group's Economic Interest is the basis on which the Attributable Profit and net assets are determined in the consolidated accounts

## **EPS**

Earnings per share

## **Government**

The Government of the Republic of India

## **Group**

The Company and its subsidiary undertakings and, where appropriate, its associated undertakings

## **HZL**

Hindustan Zinc Limited, a company incorporated in India

## **KCM**

Konkola Copper Mines PLC, a company incorporated in Zambia

## **Listing**

The listing of the Company's Ordinary Shares on the London Stock Exchange on 10 December 2003

## **LME**

The London Metal Exchange

## **MALCO**

Madras Aluminium Company Limited, a company incorporated in India

## **mt**

Metric tonnes

## **MW**

Megawatts of electrical power

## **Ordinary Shares**

Ordinary Shares of US 10 cents each in the Company

## **Return on Capital Employed or ROCE**

Profit before interest, taxation, operating and non-operating exceptional items, tax effected at the Group's effective tax rate as a percentage of Capital Employed (excluding project capital work in progress)

## **Reward Plan**

The Vedanta Resources Share Reward Plan

## **SEWT**

The Sterlite Employee Welfare Trust, a long term investment plan for Sterlite senior management

---

## Glossary and Definitions *continued*

### **SOVL**

Sterlite Opportunities and Ventures Limited, a company incorporated in India

### **Sterlite**

Sterlite Industries (India) Limited, a company incorporated in India

### **TCM**

Thalanga Copper Mines Pty Ltd, a company incorporated in Australia

### **TC/RC**

Treatment charge/refining charge being the terms used to set the smelting and refining costs

### **tpa**

Metric tonnes per annum

### **Twin Star Holdings Group**

Twin Star Holdings Limited, a company incorporated in Mauritius and its subsidiaries and associated undertaking

### **Underlying Profit**

Profit for the period/year after adding back operating and non-operating exceptional items and their resultant tax and minority interest effects (see note 6)

### **Vedanta Alumina**

Vedanta Alumina Limited, a company incorporated in India

### **VRHL**

Vedanta Resources Holdings Limited, a company incorporated in the United Kingdom





Vedanta Resources plc  
16 Berkeley Street  
Mayfair  
London  
W1J 8DZ

Tel +44 (0)20 7499 5900  
[www.vedantaresources.com](http://www.vedantaresources.com)