General manager's review

Results of operations

Output of precious metals in concentrate marginally exceeded last year's level by 2.3%, rising to 340 547 PGM oz. With the higher output and a reduction in the metals inventory, sales volumes increased sharply by 27.9% to 377 239 oz.

The higher sales volumes and a 19.9% increase in the US$ basket price to US$597/oz were partly offset by the strongly performing South African currency over the period. This had an anticipated effect on sales revenues, capping the increase at 16.9% to R1 720 million.

A **strong focus** on **cost control** was maintained and **yielded a positive result**, with total operating costs rising by **5.3%**, translating into a **marginal rise of 2.7%** in unit cash costs to R99 532/kg. Cost of sales was higher at R1 332 million and includes an amount of R15 million for concentrates purchased to **optimise smelter efficiencies**, and a credit of R14 million relating to metal leased during the previous financial year, and returned in F2004.

Profit attributable to shareholders at R 253.7 million was 7.7% lower than in F2003. A final dividend of 60 cents per share was declared, together with a capital repayment of 20 cents per share. Combined with an interim dividend of 45 cents declared in February, the total distribution for the year was 125 cents per share (F2003: 145 cents per share)

Production

Output of precious metals in concentrate (3PGE + Au) in the second half of the year was some 14% or 25 000 oz lower than that achieved in the first half as a consequence of variations in facies types mined, the effects of public holidays, and hoisting delays encountered subsequent to the installation of newly designed skips, which were introduced for safety considerations. The higher than expected incidence of potholing and poor ground conditions encountered impacted on stoping productivity, resulting in a marginal increase of 0.96% in overall stoping production to 436 205 m^2.

Tonnage milled in the year was marginally higher than in F2003 at 2.23 Mt (F2003: 2.22 Mt). However, an improvement in the head grade, from both the Merensky and UG2 reef, resulted in the average combined head grade increasing to 5.5 g/t (F2003: 5.3 g/t).

Work continues on improving extraction rates on the UG2 reef horizon, by selective mining of some highly stressed areas below the Merensky reef pillars, using backfill as support. The increase in the stoping width on the UG2 reef from 135 cm to 150 cm, by extracting the Leader 2 chromitite, has created more favourable mining conditions without any negative impact on the headgrade.

Development

Total development metres were 15.9% lower than the previous year owing primarily to delays experienced in the sealing and support of footwall drives traversing the major faults and water bearing fissures. However, good acceptance of cementitious grout and chemicals to seal primarily the 20 line fissure fault to the west of the mine, bodes well for the development programme in the future.

Expenditure incurred in opening up new reserves in the upper levels of the mine, as well as the sealing of the 20 line fissure fault, is capitalised. All other development to maintain production is included in operating costs.

A total of 2.5 km of mining face was lost during the year due to potholing and poor ground conditions, resulting in the ore reserve availability on the Merensky reef decreasing to 15 months at the end of June 2004 from 20 months at the end of the previous financial year. The UG2 ore reserve decreased to 24 months' availability as planned.

Metallurgical processes

Recovery rates in the metallurgical complex remained at satisfactory levels during the year under review:

- Merensky concentrator: 88.4% (F2003: 88.6%)
- UG2 concentrator: 79.8% (F2003: 80.3%)

The smelter feed was 7.2% higher for the year at 90 295 tonnes of concentrate, with very good recoveries of 3PGEs and gold. This included 1 632 tonnes of custom material.

The base metals removal plant (BMR) performed in line with expectations.

Metallurgical R&D work at the UG2 concentrator resulted in the introduction of an external sparger column cell as a final concentrate cleaner. This has been a successful innovation, contributing to improved concentrate upgrade ratios and reducing the total chrome content in the smelter feed. A patent has since been registered for the sparger column cell.

Summary of results

Merensky reef	F2004	F2003
Development metres	**10 713**	13 596
Square metres mined	**322 451**	317 677
Tonnes mined	**1 853 220**	1 896 010
Tonnes milled	**1 541 234**	1 582 421
Head grade (g/t)	**6.0**	5.9
Metals in concentrate produced (kg)	**8 190**	7 937
Ore reserve availability (months)	**15**	20
UG2 reef		
Development metres	**1 690**	1 147
Square metres mined	**113 754**	114 373
Tonnes mined	**687 382**	638 614
Tonnes milled	**691 353**	636 717
Head grade (g/t)	**4.3**	4.0
Metals in concentrate produced (kg)	**2 402**	1 968
Ore reserve availability (months)	**24**	38
Combined reefs		
Development metres	**12 403**	14 743
Square metres mined	**436 205**	432 050
Tonnes mined	**2 540 602**	2 534 624
Tonnes milled	**2 232 587**	2 219 138
Head grade (g/t)	**5.5**	5.3
Metals in concentrate produced (kg)	**10 592**	10 354

Overview of the market

Platinum

For the year under review, demand for platinum continued its increasing trend as auto companies purchased metal to re-stock their inventories which were depleted during the previous year. Sales of diesel vehicles grew rapidly, particularly in Europe, prompting strong demand growth in this sector.

In contrast however, demand for platinum jewellery dropped off markedly, particularly in Japan and China. In China, a market which has flourished dramatically in recent years, the upward surge in the price of platinum has had a two-fold effect, firstly, exerting immense pressures on fabrication margins and secondly, initiating a movement amongst some manufacturers to substitute palladium for platinum as the metal of choice.

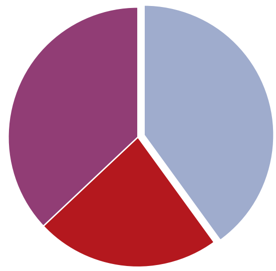
Faced with strong overall demand for platinum and attractive prices, platinum producers have increased the volumes of metal delivered to the market. South African mine expansions, although less than initially anticipated, nevertheless continued to enhance global supplies. In addition, Russian sales of metal increased as producers globally sought to take advantage of higher sales prices.

During recent months, the platinum price has performed well, driven by the bouyant demand and the spectre of on-going supply deficits. In addition, the heightened interest and focussed activities of global commodity funds has further fuelled the upward price trend, at the same time creating the risk of marked price corrections and the potential for high-momentum volatility.

Palladium

Compared to the lacklustre performance of palladium during 2002, the metal was able to show some demand recovery during this period of review. Demand during 2003 thus rose by some 10% to approximately 5.3 million oz (Johnson Matthey), reflecting a modest phase of recovery. Supplies of metal however, picked up significantly; South African mines brought more metal to mill as ratios of UG2 production increased, whilst Russian supplies to the market remained steady.

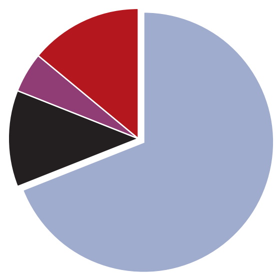
More so than for platinum, palladium's recent price movements have been driven by the feverish interest in palladium futures markets by fund groups, especially on the New York and Tokyo exchanges. From a price of $193.00 at the end of December 2003 the market moved to a high of $333 during mid-April 2004. However, fuelled now by speculative interest, the price has since retraced to a modest $205, on the back of profit-taking as funds sought to liquidate their long positions.



Platinum demand by application
Total in 2003: 6.52 million oz

Autocatalyst (net)	40%
Industrial	23%
Jewellery	37%

Source: Johnson Matthey 2004



Palladium demand by application
Total in 2003: 5.26 million oz

Autocatalyst (net)	69%
Other	12%
Dental	5%
Electronics	14%

Source: Johnson Matthey 2004

Auto manufacturers such as DaimlerChrysler have responded to the need for cleaner air by investing in various technologies to reduce exhaust emissions. In August 2004 DaimlerChrysler delivered its first fuel cell cars to customers in Germany, Japan, Singapore and the US in the largest practical fleet testing program for fuel cell vehicles worldwide. In 2003 auto manufacturers purchased over 3Moz of platinum for use in autocatalysts.

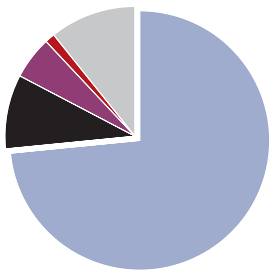
Financial review

Income statement

Sales

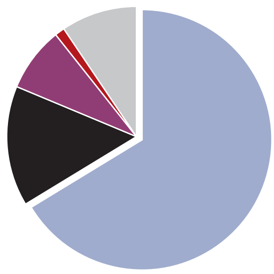
As set out in the accompanying table, unit sales increased by 27.9% to 11 733kg (3PGE+Au). Despite a 19.9% increase in the US$ basket price to US$597 per ounce (see graph on page 12), the sustained strength of the Rand resulted in the average Rand basket price declining by 9.9% to R130 874 per kg. The net result was that sales revenues for the current year increased by 16.9% to R1 720 million.

	F2004 Units sold kg	F2004 Average price Received R/kg	F2004 Revenue R000	F2003 Units sold kg	F2003 Average price received R/kg	F2003 Revenue R000
Platinum	7 365	171 534	1 263 358	5 571	175 249	976 290
Palladium	3 379	47 123	159 243	2 771	79 415	220 049
Rhodium	742	123 701	91 759	645	183 221	118 223
Gold	247	85 892	21 239	187	87 172	18 159
Sub-total – 3PGE + Au	11 733	130 874	1 535 599	9 174	145 273	1 332 721
Nickel			152 135			106 261
Copper			14 586			11 626
Other by-product revenue			18 079			21 391
Total sales revenue			**1 720 399**			**1 471 999**



Sales revenue
F2004

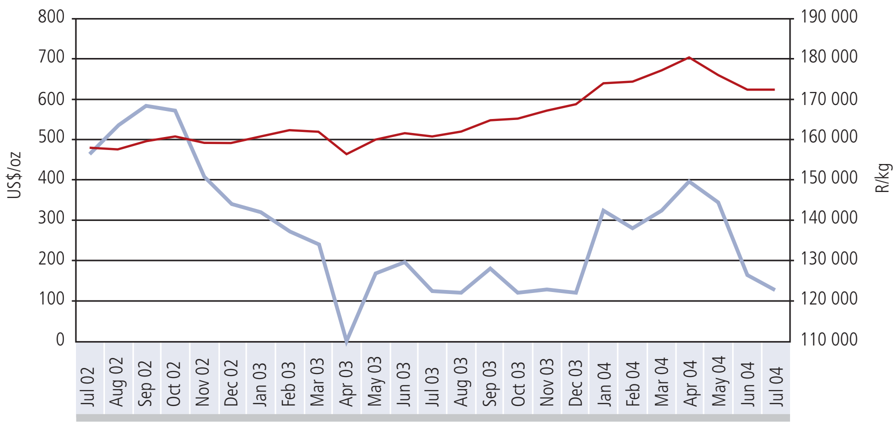
Platinum	73.4%
Palladium	9.3%
Rhodium	5.3%
Gold	1.2%
Other	10.8%



Sales revenue
F2003

Platinum	66.3%
Palladium	15.0%
Rhodium	8.0%
Gold	1.2%
Other	9.5%

Basket prices



3PGE+Au

Cost of sales

Cost of sales increased by 22.6% in line with the higher sales volumes, as shown in the table below.

	F2004 R000	F2003 R000
Labour	445 665	401 860
Stores	353 272	346 201
Utilities	85 588	81 217
Sundries	169 732	173 822
Decommissioning and restoration	3 311	1 227
Total operating costs	1 057 568	1 004 327
Concentrates purchased	14 632	–
Refining and realisation	60 569	68 549
Leased metal costs	(14 149)	14 149
Depreciation and impairments	97 527	89 059
Change in metal inventories	115 467	(89 513)
Cost of sales	1 331 614	1 086 571

Operating costs

Total operating costs increased by 5.3% compared to the previous year. Labour costs were 10.9% higher, in line with the F2003 wage increases, whilst stores costs increased marginally by 2.0%. The increase in the decommissioning and restoration costs follows a reassessment of both the remaining life of mine, which is now estimated at 18 years, as well as a reassessment of the total costs.

Concentrate purchases

During the year the company purchased concentrates at a cost of R15 million in order to optimise smelter efficiencies.

Refining and realisation costs

Refining and realisation costs decreased by 11.6%, returning to more normal levels after the higher costs incurred in toll refining the concentrates during the smelter shutdown in the previous year.

Leased metal costs

The metal that was leased during the previous year was returned in the current year, resulting in a credit of R14 million.

Depreciation and impairments
The depreciation charge increased following a reassessment of the estimated life of the mine referred to above.

Change in inventories
The change in metal inventories is as a result of the higher unit sales volumes.

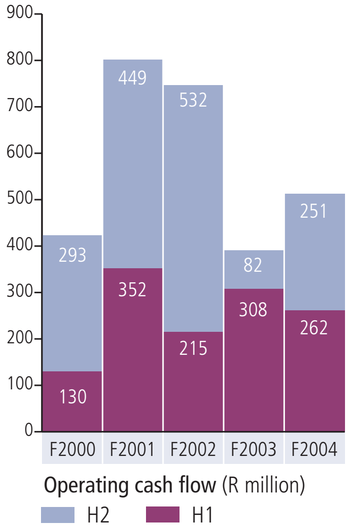
Investment income
Net investment income declined to R38 million as a consequence of the lower average cash balance and lower interest rates.

Net sundry revenue/(expenditure)
Metal hedging losses, partially offset by currency hedging gains, were primarily responsible for the net sundry expenditure increasing to R36 million compared to net sundry revenue of R24 million during the previous year.

Hedging
During the previous year the company embarked on a hedging programme to protect its revenues from any potential decline in the prices of platinum and palladium. This programme was continued during the current year, with a further 51 500 oz of platinum being hedged at an average price of US$674.87. The programme was suspended in December 2003 when the anticipated decline did not materialize. The platinum and palladium contracts that matured during the year resulted in a net loss of R49 million. There were no outstanding metal hedging contracts at year end.

In addition, the company hedged a portion of its foreign currency revenue in order to partially mitigate the effects of the continued strength of the rand. A realised gain of R6 million is included in net sundry revenue/(expenditure), and in terms of AC 133 – Financial Instruments: Recognition and Measurement, the currency hedging instruments outstanding at year end have been recognised at fair value at the end of the period, with a gain of R4 million being included in net sundry revenue/(expenditure).

Tax charge
The total tax charge of 35%, compared to the standard rate of 30%, is accounted for by Secondary Tax on Companies – 3.3%, permanent differences – 1.1% and a prior year adjustment of 0.6%.



Operating cash flow (R million)

Net income
The profit attributable to shareholders fell by 7.7% to R254 million compared to R275 million in the previous year.

Cash flow
Operating cash flow
The company generated strong cash flows, with operating cash flow amounting to R513 million compared to R390 million in F2003. The cash generated from operations declined by R46 million to R454 million whilst interest income declined from R63 million in F2003 to R37 million as a consequence of the lower average cash balance and lower interest rates. Working capital decreased by R139 million compared to an increase of R98 million in F2003. This decrease was primarily as a result of the decrease in metal inventories. Tax payments amounted to R118 million (F2003 – R76 million).

Investing cash flow

The net investing cash flow was R118 million (F2003 – R172 million), and comprised capital expenditure of R123 million, and sundry disposals of R5 million. The development programme (R38 million); access infrastructure to 1 level and 14.5 level (R20 million); improvements to hoisting arrangements (R12 million) and additional refrigeration plants (R15 million) were the major contributors to the capital expenditure of R123 million.

Planned capital expenditure for 2005 amounts to a total of R136 million and includes the following major items: the development programme (R33 million); development through the 20 line fissure fault (R11 million); furnace slag treatment facility (R12 million); additional backfill facilities (R10 million); and access infrastructure to 1 level and 14.5 level (R33 million).

Financing cash flows

In line with its policy of maximising distributions to shareholders, the company made a repayment of share premium of 35 cps, absorbing R81 million and paid an interim dividend of 45 cps, absorbing some R104 million, and has declared a final dividend of 60 cps. In addition, a further repayment of share premium of 20 cps will be made.

Balance sheet

The company's balance sheet remains strong, with cash and cash equivalents at the year end of R502 million (F2003 – R295 million) and net current assets of R563 million (F2003 – R512 million). The net environmental decommissioning and restoration liability is R3 million (F2003 – R1 million). Apart from this liability and the deferred tax provision of R332 million (F2003 – R330 million) the company has no debt.

Glyn Lewis
General manager
21 September 2004