Income statement

Sales

Unit sales decreased by 15.4% to 9 922 kg (3 PGE + Au) compared to the previous year as a result of lower production and an increase in inventory following the fire. Despite a 14.9% increase in the US dollar basket price to US$686 per ounce, the sustained strength of the rand resulted in the average rand basket price increasing by 5.1% to R137 517 per kg. The net result was that sales revenues for the current year declined by 9.6% to R1 555 million.

Concentrate purchases

The purchase of custom concentrate was suspended during the year.

Refining and realisation costs

Refining and realisation costs decreased by 5.5% in line with the lower sales volumes and the strength of the rand against the euro.

Depreciation and impairments

The depreciation charge increased by 6.3%.

Sales

	F2005			F2004		
	Units sold	Average price received	Revenue R000	Units sold	Average price received	Revenue R000
	Kg	R/kg	Kg	R/kg		
Platinum	6 098	171 186	1 043 894	7 365	171 534	1 263 358
Palladium	2 937	40 287	118 315	3 379	47 123	159 243
Rhodium	687	269 687	185 318	742	123 701	91 759
Gold	200	84 484	16 880	247	85 892	21 239
Sub-total – 3PGE+Au	9 922	137 517	1 364 407	11 733	130 874	1 535 599
Nickel			150 966			152 135
Copper			17 312			14 586
Other by-product revenue			21 816			18 079
Total sales revenue			**1 554 501**			**1 720 399**

Cost of sales

Cost of sales decreased by 3.9% in line with the lower sales volumes, as shown in detail in the table below.

Cost of sales

	F2005 R000	F2004 R000
Labour	501 364	449 268
Stores	370 431	353 272
Utilities	87 015	85 588
Sundries	160 020	169 732
Decommissioning and restoration	2 726	3 311
Total operating costs	1 121 556	1 061 171
Concentrates purchased	20 075	14 632
Refining and realisation	57 222	60 569
Leased metal costs	–	(14 149)
Depreciation and impairments	103 646	97 527
Change in metal inventories	(19 444)	115 467
Cost of sales	**1 283 055**	**1 335 217**

Operating costs

Total operating costs increased by 5.7% compared to the previous year. Labour costs were 11.6% higher primarily as a result of the slower development programme following the fire, with resultant labour charges being expensed to working costs, and an increase in overtime work post the resumption of production. Stores costs increased by 4.9%, utilities by 1.7% while sundries decreased by 5.7%.

Change in inventories

The change in metal inventories is as a result of an increase in unrefined metal inventory.

Investment income

Investment income declined to R29 million as a consequence of the lower average cash balance and lower interest rates.

Net sundry revenue/(expenditure)

The proceeds of the insurance claim of R76 million, together with currency and metal hedging losses of R1 million are primarily responsible for the net sundry revenue of R75 million compared to net sundry expenditure of R36 million during the previous year.

Hedging

The palladium hedging programme was continued during the current year, with a further 17 000 ounces of palladium being hedged at an average price of US$200 per ounce, resulting in a net gain of R1 million, inclusive of the outstanding metal hedging contracts at year end.

The currency hedging programme, in terms of which US$24 million was hedged at an average rate of US$1.00 = R6.32 resulted in a minor loss. In terms of IAS 39 – Financial Instruments: Recognition and Measurement, the currency hedging instruments outstanding at year end have been recognized at fair value at the end of the period, with a gain of R2 million included in net sundry revenue/(expenditure).

Tax charge
The total tax charge of 34% is 5% higher than the statutory rate of 29%. This additional 5% is accounted for by secondary tax on companies of 6.5% and permanent differences of 1.4%, reduced by a deferred tax credit of 2.9% following the reduction in the tax rate.

Net income
The profit attributable to shareholders was largely unchanged, falling by only 0.6%.

Cash flow
Operating cash flow
Operating cash flow declined by R134 million to R379 million.The cash generated from the operations was largely unchanged at R458 million compared to R454 million in F2004 whilst interest income declined from R37 million in F2004 to R28 million as a consequence of the lower average cash balance and lower interest rates. Working capital increased slightly by R3 million compared to a decrease of R139 million in F2004. Tax payments amounted to R104 million (F2004 – R118 million).

Investing cash flow
The net investing cash flow was R134 million (F2004 – R118 million), and comprised capital expenditure of R139 million, less sundry disposals of R5 million. The development programme (R30 million); access infrastructure to 1 level and 14.5 level (R24 million); additional pumping capacity (R6 million); extensions to backfill infrastructure (R12 million); safety equipment (R17 million) and employee housing (R9 million) were the major contributors to the capital expenditure of R139 million.

Planned capital expenditure for 2006 amounts to a total of R157 million and includes the following major items: access infrastructure to 1 level and 14.5 level (R40 million); development through 20 line fault fissure (R26 million); a furnace slag treatment facility (R14 million); additional backfill facilities (R14 million) and additional ventilation capacity (R14 million).

Financing cash flows
In line with the policy of maximising distributions to shareholders, the company made a repayment of share premium of 20 cps, absorbing R46 million and paid an interim dividend of 25 cps, which together with the final dividend of 60 cps in respect of F2004, absorbed some R197 million.

Balance sheet
The company's balance sheet remains strong, with cash and cash equivalents at the year end of R506 million (F2004 – R502 million) and net current assets of R539 million (F2004 – R563 million). The net unfunded environmental decommissioning and restoration liability is R8 million (F2004 – R3 million). This increase is largely attributable to a change in the discount rate. Apart from this liability and the deferred tax provision of R325 million (F2004 – R332 million) the company has no debt.