

Balance Sheets *at 31 March 2004*

R000	Note	Group		Company	
		2004	2003	2004	2003
ASSETS					
NON CURRENT ASSETS					
Property, plant and equipment	3	450 175	368 363		
Share Incentive Trust loan	4			950	1 166
Interest in subsidiaries	5			72 132	72 251
		450 175	368 363	73 082	73 417
CURRENT ASSETS					
Inventories	6	6 614	13 256		
Trade and other receivables		72 163	61 649	16	2
Bank balance and cash		16 922	400		
Taxation				40	40
		95 699	75 305	56	42
TOTAL ASSETS		545 874	443 668	73 138	73 459
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital and premium	7	84 657	87 403	93 816	93 816
Reserves	8	108 411	84 853	(20 753)	(20 407)
Total shareholders' funds		193 068	172 256	73 063	73 409
NON CURRENT LIABILITIES					
Long-term borrowings	9	110 048	97 262		
Deferred tax	10	59 276	51 185		
		169 324	148 447		
CURRENT LIABILITIES					
Trade and other payables		57 792	56 402	75	50
Current portion of long-term borrowings	9	125 161	66 034		
Shareholders for dividend					
Taxation		529	529		
		183 482	122 965	75	50
TOTAL EQUITY AND LIABILITIES		545 874	443 668	73 138	73 459

for the year ended 31 March 2004 **Income Statements**

R000	Note	Group		Company	
		2004	2003	2004	2003
REVENUE	11	549 298	370 584	120	120
OPERATING PROFIT before finance charges	12	61 333	53 600	4 462	1 768
FINANCE CHARGES	13	24 876	16 460		
NET PROFIT before taxation		36 457	37 140	4 462	1 768
TAXATION	14	8 091	15 483		
NET PROFIT after taxation		28 366	21 657	4 462	1 768
EARNINGS ATTRIBUTABLE					
TO ORDINARY SHAREHOLDERS		28 366	21 657	4 462	1 768
ORDINARY DIVIDENDS	16	4 808	1 580	4 808	1 603
ACCUMULATED PROFIT for the year		23 558	20 077	(346)	165
ACCUMULATED PROFIT at beginning of year		69 098	49 021	(20 407)	(20 572)
ACCUMULATED PROFIT at end of year		92 656	69 098	(20 753)	(20 407)
EARNINGS PER SHARE (cents)					
Attributable earnings	15.1	23.1	17.3		
Headline earnings	15.2	23.1	14.6		
Cash equivalent earnings	15.3	107.8	48.9		
DIVIDENDS PER SHARE (cents)					
Interim		2.0	1.25		
Final		2.5	1.75		
		4.5	3.0		
SHARES IN ISSUE AT END OF YEAR (000)		128 225	128 225		
WEIGHTED AVERAGE NUMBER OF SHARES (000)		122 545	125 014		

Statements of Changes in Equity *for the year ended 31 March 2004*

R000 GROUP	Note	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Reverse on Acquisition of Subsidiaries	Total
Balance at 31 March 2002 as previously stated	17	1 276	87 639		49 021	15 755	153 691
Change in accounting policy				(1 166)			(1 166)
Balance at 31 March 2002 restated		1 276	87 639	(1 166)	49 021	15 755	152 525
Share buy-back		(7)	(339)				(346)
Profit for the year ended 31 March 2003					21 657		21 657
Dividend paid					(1 580)		(1 580)
Balance at 31 March 2003		1 269	87 300	(1 166)	69 098	15 755	172 256
Share buy-back		(42)	(2 920)				(2 962)
Profit for the year ended 31 March 2004					28 366		28 366
Dividend paid				83	(4 808)		(4 725)
Share options exercised				133			133
Balance at 31 March 2004		1 227	84 380	(950)	92 656	15 755	193 068

COMPANY	Share Capital	Share Premium	(Accumulated Loss)	Total
Balance at 31 March 2002	1 390	92 426	(20 572)	73 244
Profit for the year ended 31 March 2003			165	165
Balance at 31 March 2003	1 390	92 426	(20 407)	73 409
Loss for the year ended 31 March 2004			(346)	(346)
Balance at 31 March 2004	1 390	92 426	(20 753)	73 063

for the year ended 31 March 2004 **Cash Flow Statements**

R000	Note	Group		Company	
		2004	2003	2004	2003
Cash receipts from customers		538 784	345 982		
Cash paid to suppliers and employees		377 798	267 910		
CASH FLOW FROM OPERATING ACTIVITIES		132 928	58 800	(357)	(102)
Cash generated from/(absorbed by) operations	20.1	160 986	78 072	(357)	1 160
Interest received		1 626	10		
Interest paid		(24 876)	(16 460)		
Dividends received				4 808	1 613
Dividends paid	20.2	(4 808)	(2 813)	(4 808)	(2 885)
Normal tax paid	20.3		(9)		10
Secondary tax paid	20.3				
CASH FLOW FROM INVESTING ACTIVITIES		(184 407)	(169 662)		
Purchase of tangible property, plant and equipment					
Rebuilt assets			(14 831)		
Additions		(188 670)	(190 634)		
Decrease in other financial assets		1 166			
Proceeds on disposal of tangible property		3 097	35 803		
CASH FLOW FROM FINANCING ACTIVITIES		68 001	96 504	357	102
Proceeds / payments of long-term borrowings		70 963	96 850	238	49
Share buy-back scheme		(2 962)	(346)		
Proceeds of outside shareholders' loans					
Advances to subsidiary companies				119	53
NET INCREASE IN CASH AND CASH EQUIPMENT		16 522	(14 358)		
Cash and cash equivalents at beginning of year		400	14 758		
Cash and cash equivalents at end of year	20.4	16 922	400		
Cash flow per ordinary share (cents)		108.5	47.0		
Cash realisation rate (%)		100.6	97.7		

Notes to the Annual Financial Statements

1 ACCOUNTING POLICIES

The group financial statements are prepared in accordance with the historical cost convention and incorporate the following principal accounting policies, which conform with the South African Statements of Generally Accepted Accounting Practice. These policies are consistent in all material respects with those applied in the previous year.

1.1 Revenue

The invoiced values of sales and services rendered excluding value added tax in respect of opencast mining, earthmoving and contracts are recognised at the date when the significant risks and rewards of ownership are transferred to the buyer.

1.2 Basis of consolidation

The group financial statements include the results, cash flows and financial position of the company and of its subsidiary companies. The results and cash flows of subsidiaries are included from the effective date of acquisition and up to the effective date of their disposal. Intergroup transactions and balances are eliminated on consolidation.

1.3 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Freehold land is not depreciated. Depreciation is calculated on the reducing balance method at rates considered appropriate to reduce book values over the useful lives of the assets, to estimate residual values.

The following depreciation rates are applied:

	%
Buildings	2
Plant and equipment	15
Motor vehicles	20
Furniture, fittings and equipment	20

1.3.1 Rebuilt assets

Rebuilt assets are significant items of opencast mining equipment that are rebuilt internally, which extends their useful lives, thereby achieving a substantial improvement in efficiency. The value of these assets includes the cost of spare parts, labour, and overheads and is limited to the asset's market value. Expenditure on repairs and maintenance on these assets thereafter are expensed when incurred.

1.4 Inventories

Inventories are valued at average cost or actual cost using the first-in-first-out method. Work in progress is valued at cost, including direct costs and overheads. Maintenance spares are valued at cost less an allowance for obsolescence. In all cases inventories are valued at the lower of average or actual cost and realisable value.

1.5 Contracts in progress

Contracts in progress are valued at cost, after adjusting for all known contingencies, plus profit recognised, less amounts received and receivable. Progress payments received in excess of the measured value of work determined on each contract are included in the contracts in progress. Cost includes direct cost and overheads. Profit is brought to account on the percentage of completion basis. Where a loss is anticipated on any particular contract, provision is made for such a loss.

1.6 Taxation

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Secondary Taxation on Companies is provided in respect of expected dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year.

Notes to the Annual Financial Statements

1.7 Foreign currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Gains and losses arising from the settlement of such transactions are recognised in the income statements.

Monetary assets and liabilities designated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the period in which they occur.

1.8 Retirement benefits

Provision is made for retirement benefits for eligible employees by way of a provident fund. The fund is a defined contribution plan under which amounts to be paid as retirement benefits are determined by contributions to the fund together with investment earnings thereon. Contributions are charged against income in the year of payment.

1.9 Bank balance

The bank balances are in accordance with bank statement balances.

1.10 Presentations

All amounts in the financial statements, reports and supporting schedules are stated to the nearest R000 except where otherwise indicated.

1.11 Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, investments, receivables, trade creditors and borrowings. These instruments are generally carried at their estimated fair value. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

Gains and losses arising from changes in the fair value of financial instruments subsequent to initial recognition are included in net profit or loss for the period.

1.12 Cash flows

For the purpose of the cash flow statements, cash includes cash on hand, deposits held on call with banks, investments in money market instruments and bank overdrafts.

1.13 Segment

All segment revenue and expenses are directly attributable to the segment. Segment assets include all operating assets used by a segment and consist principally of property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

1.14 Trade and other receivables

Trade and other receivables are stated at fair value. Bad debts are written off.

1.15 Trade and other payables

Trade and other payables are stated at fair value.

1.16 Dividends payable

Dividends payable are recognised as a liability in the year in which they are declared.

1.17 Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

Notes to the Annual Financial Statements

1.18 Discontinuing operation

A discontinuing operation is a significant distinguishable component of the group's business that is abandoned, disposed of or terminated pursuant to a single formal plan, and which represents a separate major line of business. The profit or loss on sale or abandonment of a discontinuing operation is determined from the formalised discontinuance date.

2 DEFINITIONS

2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available on demand together with any highly liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.

2.2 Cash flow per ordinary share

This focuses on the cash stream actually achieved in the year under review. It is calculated by dividing the attributable cash flow from operations (after adjusting for minority interests) by the weighted average number of ordinary shares in issue during the year.

2.3 Cash realisation rate

This is the percentage of the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.

2.4 Current ratio

Current assets divided by current liabilities. Current liabilities include short-term borrowings and interest-free liabilities other than deferred tax.

2.5 Dividend cover

Earnings per ordinary share divided by dividends per ordinary share.

2.6 Dividend yield

Dividends per ordinary share divided by the closing share price on the JSE.

2.7 Earnings per ordinary share

2.7.1 Attributable earnings basis

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

2.7.2 Headline earnings basis

Earnings attributable to ordinary shareholders adjusted for expenditure and income not incurred in the ordinary course of business, divided by the weighted average number of ordinary shares in issue during the year.

2.7.3 Cash equivalent basis

Earnings attributable to ordinary shareholders adjusted for non-cash items in attributable earnings, including the cash flow portion attributable to outside shareholders, divided by the weighted average number of ordinary shares in issue during the year.

2.8 Earnings yield

Earnings per ordinary share divided by the closing share price on the JSE.

2.9 Gearing ratio

Interest-bearing debt, divided by shareholders' funds.

2.10 Price earnings ratio

The closing share price on the JSE divided by earnings per ordinary share.



Notes to the Annual Financial Statements

3 PROPERTY, PLANT AND EQUIPMENT

R000

Group

Group	2004			2003		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land and buildings	1 884	175	1 709	1 884	147	1 737
Plant and equipment	700 459	267 342	433 117	596 674	243 605	353 069
Motor vehicles	32 583	17 967	14 616	28 104	15 657	12 447
Furniture, fittings and equipment	4 691	3 958	733	5 083	3 973	1 110
	739 617	289 442	450 175	631 745	263 382	368 363

Certain assets are encumbered as set out in note 9.

	Land and Buildings	Plant and Equipment	Motor Vehicles	Furniture, Fittings and Equipment	Total 2004	Total 2003
Movements of fixed assets						
Net book value at beginning of year	1 737	353 069	12 447	1 110	368 363	238 521
Additions		181 918	6 747		188 665	190 634
Disposals		(28 237)	(1 472)	(194)	(29 903)	(27 535)
Depreciation	(28)	(73 633)	(3 106)	(183)	(76 950)	(48 088)
Rebuilt assets						14 831
Net book value at end of year	1 709	433 117	14 616	733	450 175	368 363

A register of land and buildings is maintained in terms of paragraph 22(3) of Schedule 4 of the South African Companies Act. The register is available for inspection at the company's registered office.

Notes to the Annual Financial Statements

	Group		Company	
	2004	2003	2004	2003
4 SHARE INCENTIVE TRUST LOAN				
Maximum number of Schamin shares authorised to be made available to scheme			10 000 000	10 000 000
Number of shares made available at inception of scheme			2 200 233	2 200 233
Number of shares available to be distributed as share options to enable directors and staff to acquire shares in the company			2 200 233	2 200 233
An analysis of the Scharrig Share Incentive Trust loan is as follows:				
Balance at beginning of loan period			1 166	946
Loan repaid - dividends			(83)	(49)
Write-up of loan				269
Share options exercised			(133)	
Balance at end of year			950	1 166

The unallocated shares are under the control of the trustees of the scheme.

5 INTEREST IN SUBSIDIARIES

Share at cost	21 005	21 005
Amounts owing by subsidiaries	51 127	51 246
	72 132	72 251

6 INVENTORIES

Work in progress	1 750	5 050
Consumables	2 349	761
Finished goods	2 515	7 445
	6 614	13 256

Notes to the Annual Financial Statements

	Group		Company	
	2004	2003	2004	2003
7 SHARE CAPITAL AND PREMIUM				
Authorised share capital				
160 000 000 ordinary shares of				
1 cent each	1 600	1 600	1 600	1 600
Issued share capital				
128 225 340 (2003: 128 225 340)				
ordinary shares of 1 cent each	1 269	1 276	1 390	1 390
Shares held by subsidiary in holding company (share buy-back)	(42)	(7)		
Share Incentive Trust	(19)	(11)		
	1 208	1 258	1 390	1 390
Share premium balance at beginning of year	87 300	87 639	92 426	92 426
Premium on shares held by subsidiary in holding				
company (share buy-back)	(2 920)	(339)		
Share Incentive Trust	(931)	(1 155)		
Balance at end of year	83 449	86 145	92 426	92 426
Total share capital and premium	84 657	87 403	93 816	93 816

The unissued shares are under the control of the directors until the next annual general meeting.

RECONCILIATION

Share capital and premium as per company	93 816
Write-off of goodwill in 1996	(953)
Share buy-back	
-shares cancelled	(3 813)
-shares held by subsidiary in holding company	(3 443)
-shares held in Share Incentive Trust	(950)
Share capital and subsidiary in holding company	84 657

At the annual general meeting held on 4 September 2003, members passed a special resolution authorising *inter alia*, the purchase of a maximum of 25 648 068 shares in Schamin. By March 2004, when the company entered its 'closed period' a wholly-owned subsidiary had purchased 4 177 306 shares at a cost of R2 961 924, giving an average cash of 70.9 cents per share. As the shares were purchased by a wholly-owned subsidiary of Schamin none of the shares will be cancelled nor will the JSE listing in respect of these shares be terminated at this time. The directors have authority until the next annual general meeting to purchase a further 19 334 301 ordinary shares, equivalent to 7.27% of the total issued capital.

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003
8 RESERVE				
Non-distributable reserves				
Reserves on acquisition of subsidiaries	15 755	15 755		
Distributable reserves				
Retained income/(accumulated loss)	92 656	69 098	(20 753)	(20 407)
	<u>108 411</u>	<u>84 853</u>	<u>(20 753)</u>	<u>(20 407)</u>
9 LONG-TERM BORROWINGS				
Secured				
Suspensive sale agreements				
Amount owing in respect of plant, vehicles and equipment with book values amounting to R289.5 million (2003: R179.8 million)	235 209	163 296		
The effective average interest rate applicable to these liabilities is 2% below prime.				
Aggregate repayments due as follows:-				
Year ended 31 March				
-2005	125 161			
-2006	128 592			
-2007 and later	15 447			
Deferred finance charges	(33 991)			
	<u>235 209</u>			
Less: Suspensive sale portion payable within twelve months reflecting under current liabilities			125 161	66 034
			<u>110 048</u>	<u>97 262</u>
10 DEFERRED TAX				
Balance at beginning of year	51 185	35 901		
Original temporary differences on property, plant and equipment	8 091	15 284		
Balance at end of year	<u>59 276</u>	<u>51 185</u>		

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003
11 REVENUE				
Group				
Revenue is derived from opencast mining and contracting revenue in respect of earthmoving and construction.				
Company				
Administration fees				
12 OPERATING PROFIT before finance charges				
After allowing for the following:				
Income				
Dividends received from subsidiary			4 808	1 603
Profit on disposal of property, plant and equipment		8 911		
Write-up of share trust loan		269		269
Interest received	1 626	10		10
EXPENSES				
Cost of sale	389 048	277 261	466	184
Auditor's remuneration				
Audit fees - current year	256	257	75	50
Property, plant and equipment				
Loss on disposal of property, plant and equipment	419			
Depreciation				
- plant and equipment	73 633	44 883		
- motor vehicles	3 106	2 615		
- furniture, fitting and equipment	183	562		
- property	28	28		
Scrapping of property, plant and equipment	26 391	643		
Number of employees at year-end	1 191	903		
included in staff costs				
- defined contribution plan expense	3 145	2 174		
Operating lease payments				
- land and buildings	153	502		

Notes to the Annual Financial Statements

DIRECTORS' EMOLUMENTS

R000

2004

Director	Basic	Other Benefits	Share Options	Provident	Total
GC Bailey*	186	15			201
TR Hendry			19		19
J Holland	324	146	19	26	515
C Moorcroft	324	173	19	25	541
AJ Reinecke	638	126	19	50	833
T Scharrighuisen		534			534
	1 472	994	76	101	2 643

2003

Director	Basic	Other Benefits	Share Options	Provident	Total
GC Bailey*	327	102		56	485
TR Hendry					
J Holland	261	126		17	404
C Moorcroft	269	175		19	463
AJ Reinecke	508	115		33	656
T Scharrighuisen		272			272
	1 365	790		125	2 280

* GC Bailey passed away in 2003. The tables above reflect monies due and owing to him.

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003
13 FINANCE CHARGES				
Interest paid				
Suspensive sale agreements	24 587	13 980		
Bank overdrafts and other	289	2 480		
	<u>24 876</u>	<u>16 460</u>		

14 TAXATION

South African normal tax				
Secondary tax on companies		199		
South African deferred tax	8 091	15 284		
	<u>8 091</u>	<u>15 483</u>		
Reconciliation of rate of tax	%	%	%	%
Normal tax rate	30	30	30	30
Effective rate of additional taxes				
Secondary tax on companies		0.5		
Loss (unutilised)/created	(8.1)	10.5	(1.8)	(2.9)
Dividend income			(28.2)	(27.1)
Permanent differences	0.3	0.7		
	<u>22.2</u>	<u>41.7</u>	<u>0.0</u>	<u>0.0</u>

Further tax charges

Mining taxation income is determined after the deduction of all material mining capital expenditure. Such expenditure amounts to R181.9 million (2003:R199.1 million) in the current year. Capital expenditure not set off against mining income amounts to R236 million (2003:R193 million). This unutilised amount is available to be set off against future mining income. No provision is made for taxes that might become payable if retained earnings are distributed by way of dividend.

Estimated assessable losses available for set off against future taxable income are as follows:

Total assessable losses	235 534	193 057
Applied to reduce deferred tax	<u>197 582</u>	<u>181 936</u>

Notes to the Annual Financial Statements

R000	Note	Group		Company	
		2004	2003	2004	2003
15 EARNINGS PER SHARE					
15.1	Attributable earnings basis	23.1	17.3		
	The calculation of earnings per share is based on attributable earnings of R28 366 (2003:R21 657) of shares in issue of 122 545 (2003:125 014).				
15.2	Headline earnings basis	23.1	14.6		
	The calculation of earnings per share is based on headline earnings of R28 366 (2003:R18 332) and weighted average number of shares in issue of 122 545 (2003:125 014). This basis highlights the sustainable earnings per share reconciliation between earnings and headline earnings.				
	Net profit for the year adjusted for:	28 366	21 657		
	Write-up of share trust loan		(269)		
	Profit on disposal of property, plant and equipment		(3 056)		
	Headline earnings attributable to ordinary shareholders	28 366	18 332		
15.3	Cash equivalent basis	107.8	48.9		
	The calculation is based on attributable cash equivalent earnings of R132 126 (2003:R61 208) and weighted average number of shares in issue of 122 545 (2003:125 014).				
	This basis recognises the potential of the earnings stream to generate cash and is consequently an indicator of the underlying quality of earnings.				
	It is derived as follows:				
	Earnings attributable to ordinary shareholders	28 366	21 657		
	Adjusted for:				
	Non cash items	15.4	103 760	39 551	
	Cash equivalent earnings		132 126	61 208	
15.4	Non cash items				
	Depreciation and scrapping of property, plant and equipment	103 341	48 731		
	Profit on disposal of property, plant and equipment	419	(8 911)		
	Write-up of share trust loan		(269)		
		103 760	39 551		

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003
16 DIVIDEND				
Dividend no. 13 of 1.25 cents per share paid on 9 December 2002 to members recorded on 6 December 2002		1 580		1 603
Dividend no. 14 of 1.75 cents per share paid on 30 June 2003 to members recorded on 27 June 2003	2 244		2 244	
Dividend no. 15 of 2.0 cents per share paid on 1 December 2003 to members recorded on 28 November 2003	2 564		2 564	
	4 808	1 580	4 808	1 603

17 CHANGES IN ACCOUNTING POLICY

In order to comply with new South African Statements of Generally Accepted Accounting Practice regarding the consolidation of share incentive trusts, the Scharrig Share Trust is now consolidated.

18 BORROWING POWERS

The company's borrowing powers are unlimited in term of the articles of association.

19 CAPITAL COMMITMENTS

Capital expenditure contracted for in respect of plant and equipment	91 175	95 269
Capital expenditure authorised by the directors not contracted for in respect of plant and equipment	NIL	NIL

The group has contracted with the non-executive Chairman to purchase the land and building which it presently occupies, for the amount of R13.5 million.

These amounts will be financed by facilities extended by the group's bankers.

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003
20 NOTES TO THE CASH FLOW STATEMENTS				
20.1 Reconciliation of net profit before taxation to cash generated from operations				
Profit before taxation	36 457	37 140	4 462	1 768
Adjustment				
(Loss)/profit on disposal of tangible property, plant and equipment	419	(8 911)		
Depreciation and scrapping of property, plant and equipment	103 341	48 731		
Investments income	(1 626)	(10)	(4 808)	(1 603)
Finance charges	24 876	16 460		
Write-up of share trust loan		(269)		(269)
Operating profit/(loss) before working capital charges	163 467	93 141	(346)	(104)
(Decrease)/increase in working capital	(2 481)	(15 069)	(11)	1 264
Decrease/(increase) in inventories	6 642	(8 249)		
(Decrease)/increase in trade and other receivables	(10 514)	(24 602)	14	1 289
Increase/(decrease) in trade and other payables	1 391	17 782	(25)	(25)
Cash generated from operations	160 986	78 072	(357)	1 160
20.2 Dividends paid				
Dividends unpaid at beginning of year		1 282		1 282
Dividends paid to Scharrig Share Trust		(49)		
Dividends charged to income statements	4 808	1 580	4 808	1 603
Dividends unpaid at end of year				
	4 808	2 813	4 808	2 885
20.3 Taxation paid				
Taxation at beginning of year	(529)	(339)	40	30
Taxation charged to income statements		(199)		
Taxation unpaid/(prepaid) at end of year	529	529	(40)	(40)
		(9)		(10)

Notes to the Annual Financial Statements

R000	Group		Company	
	2004	2003	2004	2003

20.4 Cash and cash equivalents

Cash on hand and balance with banks	16 922	400		
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20.5 Segment information

	Opencast Mining and Earthmoving	Diamond Mining	Second-Hand Equipment	Consolidated
	R000	R000	R000	R000
Cash flow from 2004				
- operating activities	133 871		(943)	132 928
- investing activities	(184 403)		(4)	(184 407)
- financing activities	68 294		(293)	68 001
	17 762		(1 240)	16 522
2003				
- operating activities	85 686	(17 301)	(9 585)	58 800
- investing activities	(177 763)	9 404	(1 303)	(169 662)
- financing activities	83 716	472	12 316	96 504
	(8 361)	(7 425)	1 428	(14 358)

21 CONTINGENT LIABILITIES

Guarantees

- 21.1 The company's bankers hold letters of guarantee for the amount of R5.5 million (2003: R5.5 million) in respect of performance bonds.

22 RETIREMENT BENEFIT INFORMATION

Defined contribution funds

Scharrig Group Provident Fund	3 145	2 174
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The Fund is open to membership by all full-time employees of group companies.

23 RELATED PARTY TRANSACTIONS

Related party relationships exist between the subsidiaries in the group. All purchasing and selling transactions as well as rental arrangements are conducted at arm's-length.

Notes to the Annual Financial Statements

24 SEGMENT REPORT

The group is organised into three major operating divisions, namely opencast mining and earthmoving, diamond mining and second-hand equipment trading. Financial information about business segments is presented in the following report:

2004	Opencast Mining and Earthmoving R000	Diamond Mining R000	Second-Hand Equipment R000	Consolidated R000
Revenue				
External sale	544 530		4 768	549 298
Net profit before taxation	41 436	(675)	(4 304)	36 457
Other information				
Segment assets	537 746	521	7 607	545 874
Segment liabilities	292 237		764	293 001
Capital expenditure	190 634			190 634
Depreciation / amortisation	76 630	107	213	76 950
	Opencast Mining and Earthmoving R000	Diamond Mining R000	Second-Hand Equipment R000	Consolidated R000
2003				
Revenue				
External sale	330 688	2 493	37 403	370 584
Net profit before taxation	36 433	1 429	(722)	37 140
Other information				
Segment assets	424 938	6 160	12 570	443 668
Segment liabilities	192 666	11 573	15 459	219 698
Capital expenditure	183 183	7 451		190 634
Depreciation / amortisation	45 604	2 400	84	48 088

25 FINANCIAL INSTRUMENTS

25.1 Risk management activities

In the normal course of its operations, the group is exposed to currency, interest rate, liquidity and credit risk. In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring. General corporate hedging unrelated to any specific project is not undertaken. The group also does not issue or acquire derivative instruments for trading purposes.

Credit risk

The group financial instruments do not request a concentration of credit risk as the group deals with a number of major clients. Accounts receivable are regularly monitored and assessed and where necessary an adequate level of provision is maintained.

Foreign currency risk

The group has potential exchange exposure in respect of items denominated in foreign currencies comprising of transactional

Notes to the Annual Financial Statements

exposure in terms of imports incurred in currencies other than the Rand. The group does not currently hedge its exposure to foreign exchange rates.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities giving rise to interest rate risk. In the ordinary course of business the group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded for the maximum extent possible by investing only with top financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with several banking counterparties to meet the group's normal and contingency funding requirements.

25.2 Fair value of financial instruments

On-balance sheet financial instruments:

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arm's-length transaction between willing parties.

The estimated values of the group's financial instruments are:

	31 March 2004		31 March 2003	
	Carrying Amount R000	Fair Value R000	Carrying Amount R000	Fair Value R000
Financial assets				
Cash and cash equivalents	16 922	16 922	400	400
Trade and other receivables	72 163	72 163	61 649	61 649
Financial liabilities				
Trade and other payables	57 792	57 792	56 402	56 402
Long-term borrowings (including current portion)	235 209	235 209	163 296	163 296

The following methods and assumptions were used to estimate the fair value of each class of on-balance sheet financial instruments:

Accounts receivable accounts payable, and cash and cash equivalents

The carrying amounts approximate fair values due to the short maturity of these instruments.

Long-term borrowings

The carrying amount is considered to approximate fair value.

Notes to the Annual Financial Statements

26 Restatement of comparatives

A recent ruling given by the GAAP Monitoring panel has provided more clarity regarding the consolidation of share incentive scheme trusts. Consequently the group has changed its accounting policy in respect of the Scharrig Share Incentive Scheme Trust ("share trust"). The share trust is now consolidated to the extent that the group issued share capital is under the control of the group. These shares are shown as treasury shares. The prior year comparatives have been restated as follows:

	Previously stated	Adjustment	Restated
Balance sheet			
Employee share incentive scheme (R000)	1 166	(1 166)	
Treasury shares (R000)		1 166	1 166
Number of shares			
Shares in issue - weighted (000)	127 214	(2 200)	125 014
Earnings per share			
Attributable earnings per share (cents)	17	0.3	17.3
Headline earnings per share	14.4	0.2	14.6

Movement in the share trust for the period under review can be summarised as follows:

	2004	2003
Opening balance	2 200	2 200
Shares exercised	(245)	
Closing balance	1 955	2 200

Information on Subsidiary Companies

Name of subsidiary <i>All (Proprietary) limited unless otherwise stated</i>	Issued share capital in Rands unless otherwise stated	% held by Schamin		Shares at cost R000		Owing to Schamin by subsidiary R000		Main business
		2004	2003	2004	2003	2004	2003	
		Scharrighuisen Administration	100	100	100			
Scharrighuisen Opencast Mining	100	100	100	21 004	21 004	51 127	51 246	A
Robust Opencast Resources	100	100	100					B
Rynov Investments	1	100	100					C
Edencliff	1000	50	50	1	1			E
Caston Plant Sales	100	100	100					D
				21 005	21 005	51 127	51 246	

Main Business

A Opencast mining and mining services

B Administration services

C Property investments

D Second-hand trading in plant and equipment

E Non-operating

Analysis of Shareholders

Category	Number of Shareholders	%	Number of Shares Held	%
Directors - Direct	3	0.39	210 519	0.16
Directors - Indirect	1	0.13	40 724 036	31.76
Pension/Provident Funds, Insurance				
Companies & other Corporate bodies	156	20.13	51 098 391	39.85
Individuals				
Holders of 5 000 or more shares	138	17.80	35 626 105	27.79
Holders of less than 5 000 shares	477	61.55	566 289	0.44
	775	100.00	128 225 340	100.00
Shareholder spread				
Public	764	98.58	22 799 215	
Non-public				
Directors	4	0.52	40 934 555	
Scharrig Share Incentive Scheme	1	0.12	1 955 000	
Associates	5	0.65	36 107 551	
Single holdings in excess of 10% (Mutual)	1	0.13	26 429 019	
	755	100.00	128 225 340	
Major shareholders owning 5% or more of the ordinary shares in issue				
Old Mutual			26 429 019	20.61
HC Scharrighuisen			24 310 548	18.96
The Reinier Trust			13 659 962	10.65
The Regardt Trust			13 627 098	10.63
The Michiel Trust			13 436 976	10.48
			91 463 603	71.33
Directors' shareholdings				
	Beneficial			
	Direct	Indirect	Total	Percentage
J Holland	46 519		46 519	0.11
C Moorcroft	164 000		164 000	0.40
A J Reinecke	40 000		40 000	0.10
T Scharrighuisen		40 724 036	40 724 036	99.39
	250 519	40 724 036	40 974 555	100.00

No changes in directors' shareholdings have occurred since 28 February 2004.



JSE Performance

	15 months									
	2004	2003	2002	2001	2000	1999	1998	1996	1995	1994
Number of shares traded (000)	15 672	1 503	8 017	25 526	14 243	22 420	38 393	4 871	2 453	13 811
- % of total issued shares	12.2	1.17	6.25	18.4	10.2	16.1	27.6	3.6	4	11.6
Value of shares traded (R000)	12 563	714	3 528	6152	2 231	7 551	26 090	6 110	11 405	31 463
Prices quoted (cents per share)										
- highest	150	56	60	37.14	38	72	112	260	311	320
- lowest	50	35	33	14.34	11	15	37	72	190	188
- closing	110	53	43	47 254	16	17	37	75	260	320
Market capitalisation at year-end (R000)	141 047	67 959	55 137	47 254	22 238	23 627	51 424	101 988	353 561	379 840
Price earnings ratio	4.76	3.12	6.62	7.9	5.3	(1.0)	2.7	7.5	15.3	11.2
Earnings yield	21.0	32.0	6.62	7.9	5.3	(1.0)	2.7	7.5	15.3	11.2
Dividend yield	2.27	5.66	5.23	3.7			10.8	5.3	1.5	2.5