AngloGold's primary listing is on the Johannesburg Stock Exchange. The company is also listed on the London, Paris, Brussels and New York stock exchanges.

Graeme Williams

Financial review

The past year saw gold production decline by 10 per cent to 215,4 tonnes (6.9 million ounces) against a planned reduction of 17 per cent. Despite this, gold revenue improved marginally to R12 003 million as the received price of gold rose by 9 per cent to R58 636 per kilogram. This was achieved in part by the devaluation of the rand and the success of the hedging programme where the increase in the price received was 2 per cent higher than the increase in the rand spot price of gold.

Notwithstanding the fall in production, cash costs per kilogram produced decreased by 2 per cent to R40 439 per kilogram. Aided by a 20 per cent devaluation of the rand against the dollar, this resulted in an 18 per cent reduction in cash costs to $229 per ounce. The disposal of marginal shafts and increased labour productivity were the main reasons for the decline. There was a corresponding 37 per cent increase in gold operating profit.

Gross capital expenditure amounted to R948 million, while the sale of shafts realised R403 million, leading to net capital expenditure of R545 million. This is 40 per cent or R362 million less than in 1997.

Expenditure on exploration amounted to R204 million and income from associates to R221 million. This, together with other net expenditure of R132 million, resulted in a 29 per cent increase in profit before tax. Taxation more than doubled to R886 million due to the higher operating profit and the capital recoupment from the sale of shafts, leaving profit after tax 12 per cent higher at R2 215 million. After deducting the lower appropriation for capital expenditure, available profit totalled R1 661 million, 20 per cent up on 1997.

An interim dividend of 750 cents per share and a final dividend of 800 cents per share were declared for the year.

On an International Accounting Standards (IAS) basis, the operating margin rose from 5 per cent to 20 per cent while return on total capital employed increased from 7 per cent to 21 per cent. This enabled the group to generate cash flow from operations of R2 786 million. This was primarily applied to the paying of R615 million in tax, a gross reinvestment in new projects of R948 million, and in dividend payments of R1 414 million. After taking account of other activities and movements in working capital, cash resources increased by R154 million to R1 318 million.

For an explanation of the differences between the accounting bases used, please refer to page 69.