

(All amounts in Rand millions unless otherwise stated)

**1 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

**1.1 Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), South African Statements of Generally Accepted Accounting Practice and the South African Companies Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement or the statement of changes in equity. The principal accounting policies used by the group are consistent with those of the previous year, except for early adoption of revised/issued standards set out below.

**Summary of standards revised/issued**

Standard	Revised/ issued	Description	Early adopted	Retro- spective change	2004 changes	2003 changes	Impact
IAS 1	2003	Presentation of Financial Statements	✓	✓	✓	✓	Affected the presentation of minority interest and other disclosures. Disclosed critical judgements and key assumptions. Tax of associates adjusted to be included with income from associates before tax.
IAS 2	2003	Inventories	✓	✓	✗	✗	No material effect on the group's policies.
IAS 8	2003	Accounting Policies, Changes in Accounting Estimates and Errors	✓	✓	✗	✗	No material effect on the group's policies. Disclosed the impact of new standards not yet adopted.
IAS 10	2003	Events after the Balance Sheet Date	✓	✓	✗	✗	No material effect on the group's policies.
IAS 16	2003	Property, Plant and Equipment	✗	✓	✗	✗	As set out below.
IAS 17	2003	Leases	✓	✓	✗	✗	No material effect on the group's policies.
IAS 21	2003	The Effects of Changes in Foreign Exchange Rates	✗	✓	✗	✗	As set out below.
IAS 24	2003	Related Party Disclosures	✓	✓	✓	✓	Affected the identification of related parties and some other related-party disclosures.
IAS 27	2003	Consolidated and Separate Financial Statements	✓	✓	✗	✗	No material effect on the group's policies.
IAS 28	2003	Investments in Associates	✓	✓	✗	✗	No material effect on the group's policies.
IAS 31	2003	Interest in Joint Ventures	✓	✓	✗	✗	No material effect on the group's policies.
IAS 32	2003	Financial Instruments: Disclosure and Presentation	✓	✓	✗	✗	No material effect on the group's policies.
IAS 33	2003	Earnings per Share	✓	✓	✗	✗	No material effect on the group's policies.
IAS 36	2004	Impairment of Assets	✓	✓	✗	✗	No material effect on the group's policies.
IAS 38	2004	Intangible Assets	✓	✓	✓	✗	Ceased to amortise goodwill.
IAS 39	2003	Financial Instruments: Recognition and Measurement	✓	✗	✗	✗	No material effect on the group's policies.

Standard	Revised/ issued	Description	Early adopted	Retro- spective change	2004 changes	2003 changes	Impact
IFRS 2	2004	Share-based Payment	X	✓	X	X	As set out below.
IFRS 3	2004	Business Combinations	✓	X	✓	X	Accumulated amortisation as at 30 June 2003 has been eliminated with a corresponding decrease in the cost of goodwill. From the year ended 30 June 2003 onwards, goodwill, which is included in the carrying value of the investment in associates, is tested annually for impairment. Acquiree's identifiable contingent liabilities to be recognised at fair value at acquisition date.
IFRS 4	2004	Insurance Contracts	X	✓	X	X	As set out below.
IFRS 5	2004	Non-current Assets Held for Sale and Discontinued Operations	X	✓	X	X	As set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management and the board to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The group has not yet adopted the following standards which are only effective for financial years commencing on or after 1 January 2005. The group will adopt these statements by no later than 1 July 2005:

*IAS 16 Property, plant and equipment (revised 2003)*

The impact of the early adoption of IAS 16 (revised 2003) would be the separate classification and amortisation/depreciation of significant components of property, plant and equipment. The group is currently in the process of determining the impact of such classification. The future implementation should not substantially affect the financial statements.

*IAS 21 The effects of changes in foreign exchange rates (revised 2003)*

This standard provides guidance on determining the functional currency of an operation. Although no effect on the group's policies is anticipated, the impact of this standard on the group's Zimbabwean operations is currently being assessed.

*IFRS 2 Share-based payment*

The estimated effect of the early adoption of IFRS 2 would have impacted on current year results as follows:

Decrease in retained earnings:	
Estimated cost of share-based payment	R21.7 million
Decrease in basic and diluted earnings per share (cents per share)	32.6 cents
Estimated adjustment to opening retained income	R10.9 million

*IFRS 4 Insurance contracts*

The impact of adoption of the standard is currently being assessed. No material effect on the group's policies is anticipated.

*IFRS 5 Non-current assets held for sale and discontinued operations*

The impact of the early adoption of IFRS 5 would be the separate disclosure on the face of the income statement of the loss from the discontinued operations of Barplats Investments Limited (Note 30). Non-current assets held-for-sale would be reclassified as current assets in the balance sheet.

## 1.2 Consolidation

The consolidated financial statements include those of Impala Platinum Holdings Limited, its subsidiaries, associates, joint ventures and special purpose entities.

### *Subsidiaries*

Subsidiary undertakings, are those companies (including special purpose entities) in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 1.5).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiary undertakings are accounted for at cost in the company.

### *Associates*

Associates are undertakings in which the group has a long-term interest and over which it exercises significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are accounted for by the equity method of accounting in the group. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 1.5).

The purchase method of accounting is used to account for the acquisition of associates by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition profit or loss for the year, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes the excess or deficit of the purchase price over the fair value of attributable assets of the associate at date of acquisition, net of any accumulated impairment loss. In addition, the carrying value of the investment in foreign associates includes any exchange differences arising on translation.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associated undertakings are accounted for at cost in the company.

***Joint ventures***

The group's interest in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Joint ventures are accounted for at cost in the company.

***Special purpose entities***

Special purpose entities (SPEs) are those undertakings that are created to satisfy specific business needs of the group, which has the right to obtain the majority of the benefits of the SPE and is exposed to risk incident to the activities thereof.

SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

In order to comply with the directive issued by the JSE Securities Exchange South Africa on 16 February 2004, the group results include the consolidation of the Implats Share Incentive Trust.

**1.3 Foreign currency translation*****Functional and presentation currency***

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in South African Rand, which is the functional and presentation currency of Impala Platinum Holdings Limited.

***Group companies***

Income statements of foreign subsidiaries, associates and joint ventures are translated into South African Rand at average exchange rates for the year and the assets and liabilities are translated at rates ruling at the balance sheet date. The exchange differences arising on translation of assets and liabilities of foreign subsidiaries and associates are transferred directly to other reserves. On disposal of the foreign entity such translation differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

***Transactions and balances***

Foreign currency transactions are accounted for at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at year-end exchange rates. Gains and losses arising on settlement of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

**1.4 Property, plant and equipment*****Mining assets***

Mining assets are recorded at cost less accumulated amortisation and less any accumulated impairment losses. Expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity and working costs incurred on mines prior to the commencement of production, are capitalised to mining assets. Interest on borrowings, specifically to finance establishment of mining assets, is capitalised until production is achieved.

Mining assets are amortised using the units-of-production method based on estimated economically recoverable proved and probable Mineral Reserves, limited to a maximum period of 25 years.

***Mining exploration***

Expenditure on mining exploration in new areas of interest is charged against income as incurred. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated amortisation and less any accumulated impairment losses.

***Other fixed assets***

Other fixed assets are recorded at cost less accumulated depreciation and less any accumulated impairment losses. Land is not depreciated. Other assets are depreciated on the straight line basis over their useful lives as follows:

Rolling stock, heavy vehicles and earthmoving equipment	10 years
Motor vehicles	5 years
Information technology assets	3 years
Buildings	30 years

Buildings are not depreciated when the residual value equals or exceeds the carrying value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**1.5 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment loss. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing (Note 1.6).

**1.6 Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are considered to be impaired when the higher of the asset's fair value, less cost to sell, and its value in use is less than the carrying amount.

The recoverability of the long-lived assets is reviewed by management on a regular basis, based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. It is therefore possible that changes could occur which may affect the recoverability of the mining assets. The recoverable amounts of non-mining assets are determined by reference to market values. Where the recoverable amount is less than the carrying value, the impairment is charged against income to reduce the carrying value to the recoverable amount of the asset. The revised carrying amounts are amortised over the remaining lives of such affected assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**1.7 Investments**

The group classifies its investments in the following categories: financial assets held for trading at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

***Financial assets held for trading at fair value through profit and loss***

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as financial assets held for trading at fair value through profit and loss and included in current assets.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (Note 1.13). Loans and receivables are subsequently carried at amortised cost using the effective interest method less any accumulated impairment loss.

***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity, and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets. Held to maturity investments are subsequently carried at amortised cost using the effective interest method less any accumulated impairment loss.

***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of listed investments are based on current closing market prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are reversed through the income statement.

**1.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

**1.9 Leases**

Leases where the group assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lower of the estimated present value of the underlying lease payments and the fair value of the asset. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element is expensed to the income statement, as a finance charge, over the lease period.

The property, plant and equipment acquired under finance leasing contracts is amortised in terms of the group accounting policy. (Paragraph 1.4).

Leases of assets under which substantially all the benefits and risks of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement in the period in which they occur. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**1.10 Inventories**

***Metal inventories***

Platinum, palladium and rhodium are treated as main products and other platinum group and base metals produced as by-products. Metals mined by the group, including in-process metal contained in matte produced by the smelter and precious metal concentrate in the base and precious metal refineries, are valued at the lower of average cost of production and fair value less cost to complete and sell. Quantities of in-process metals are based on latest available assays. The average cost of production is taken as total costs incurred on mining and refining, including amortisation, less net revenue from the sale of by-products, allocated to main products on a units produced basis. Refined by-products are valued at their fair value less cost to sell. Stocks of metals purchased or recycled by the group are valued at the lower of cost or fair value less cost to sell.

***Stores and materials***

Stores and materials are valued at the lower of cost or net realisable value, on a first-in-first-out basis. Obsolete, redundant and slow moving stores are identified and written down to net realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

**1.11 Financial instruments**

Financial instruments carried on the balance sheet include cash and bank balances, money market instruments, investments, receivables, trade creditors, metal leases, borrowings and forward commitments.

The group participates in financial instruments that reduce risk exposure to foreign currency and future metal price fluctuations. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

**1.12 Derivative financial instruments**

Metal futures, options and lease contracts are entered into to preserve and enhance future revenue streams. Forward exchange contracts are entered into to hedge anticipated future transactions.

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at fair value. The method of recognising the resulting gain or loss is dependant on the nature of the item being hedged. On the date that the derivative contract is entered into, the group designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecasted transaction or a firm commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity. Changes in the fair value of derivatives that are designated as fair value hedges are recognised in the income statement.

Certain derivative transactions, while providing effective economic hedges under group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any such derivative instruments are recognised immediately in the income statement.

**1.13 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to the income statement.

**1.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are charged to finance costs in the income statement. When borrowings are utilised to fund qualifying capital expenditure, such borrowings costs that are directly attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred.

### 1.15 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

### 1.16 Environmental obligations

#### *Rehabilitation costs*

The net present value of future rehabilitation cost estimates of disturbances at year-end are recognised and provided for in full in the financial statements. The estimates are reviewed annually to take into account the effects of inflation and changes in the estimates. Discount rates that reflect the time value of money are utilised in calculating the net present value.

Annual increases in the provision, as a result of the change in the net present value, are charged to income and are split between finance costs and inflationary adjustments.

The net present value of additional environmental disturbances and changes in the cost estimates are capitalised to mining assets along with a corresponding increase in the rehabilitation provision. The rehabilitation asset is amortised in terms of the group's accounting policy (Refer paragraph 1.4).

Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

#### *Ongoing rehabilitation cost*

The cost of the ongoing current programmes to prevent and control pollution is charged against income as incurred.

#### *Impala Pollution, Rehabilitation and Closure Trust Fund*

Annual contributions are made to this trust fund, created in accordance with statutory requirements, to provide for the estimated cost of rehabilitation during and at the end of the life of Impala Platinum Limited's mines. Income earned on monies paid to the trust is accounted for as investment income. The trust investments are included under held-to-maturity investments.

### 1.17 Employee benefits

#### *Defined benefit and defined contribution retirement plans*

The group operates or participates in a number of defined benefit and defined contribution retirement plans for its employees. The pension plans are funded by payments from the employees and by the relevant group companies and contributions to these funds are expensed as incurred. The assets of the different plans are held by independently managed trust funds. These funds are governed by either the South African Pension Fund Act of 1956 or Zimbabwean law. The defined benefit plans are multi-employer plans, where sufficient information is not available to account for them as defined benefit plans, and they are in substance accounted for as defined contribution plans. Defined benefit plans are subject to actuarial valuations at intervals of no more than three years.

#### *Post-employment medical obligations*

The group provides post-retirement healthcare benefits to qualifying employees and retirees. The expected costs of these benefits are accrued over the period of employment. Valuations of these obligations are carried out annually by independent qualified actuaries. Actuarial gains or losses as a result of these valuations, are recognised in the income statement as incurred.

#### *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

## ***Bonus plans***

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration production and safety performance. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## ***Equity compensation plans***

The group's share option plan provides for the granting of options to key employees who are able to purchase shares at a price equal to the middle market price on the trading day preceding the date upon which the remuneration committee approved the granting of the options.

The scheme is administrated through the Impala Share Incentive Trust. Shares are issued to the trust as required. Employees are entitled to exercise their options at the option price.

The maximum number of share options outstanding in terms of the share scheme may not exceed 3.5% of the issued share capital of Impala Platinum Holdings Limited.

Vesting of options first occurs two years after the granting of the options, limited to a maximum of 25% of the total options granted. In subsequent years an additional 25% per year vests. All outstanding options expire within 10 years from the date of granting the options.

## **1.18 Deferred income tax**

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, post-retirement medical benefits, tax losses carried forward and fair value adjustment on assets acquired from business combinations.

## **1.19 Revenue recognition**

Revenue comprises the fair value in respect of the sale of metals produced, metals purchased and toll income received by the group. Revenue is recognised when the risks and rewards of ownership transfer, net of sales taxes and discounts.

### ***Sales of metals mined and metals purchased***

Sales are recognised when a group entity has delivered products to the customer and collectibility of the related receivables is reasonably assured.

### ***Toll income***

Toll refining income is recognised at date of declaration or dispatch of metal from the refinery in accordance with the relevant agreements with customers.

### ***Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow

discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant.

#### ***Dividend income***

Dividend income is recognised when the shareholder's right to receive payment is established, at the accrual date.

### **1.20 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the board of directors.

### **1.21 Comparatives**

The group previously disclosed interest and dividend income within 'finance costs – net'. Current inclusion in 'other gains – net' is in terms of the provisions of IAS 1. 'Share of profit of associates' previously excluded the income tax charge of R98.5 million (2003: R215.7 million). Inclusion of the tax charge in 'share of profit of associates' is in terms of the provisions of IAS 1. The group has separately disclosed the Marula business segment for segmental reporting purposes. The group previously included the Marula business segment under the Impala business segment.

## **2 Financial risk management**

### **2.1 Financial risk factors**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group, from time to time, uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury/hedging committee) under policies approved by the Board of Directors, which identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The risk committee approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments, non-derivative financial instruments and investing excess liquidity.

#### **2.1.1 Market risk**

##### *Foreign exchange risk*

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage foreign exchange risk arising from future commercial transactions, recognised assets and liabilities, the group, from time to time, uses forward contracts within board approval limits. Group treasury/hedging committee is responsible for managing the net position in each foreign currency.

##### *Securities price risk*

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale financial assets. Group treasury continually monitors this exposure.

##### *Commodity price risk management*

The group is exposed to fluctuations in metal prices. From time to time, the group enters into metal futures, options or lease contracts to manage the fluctuations in its metal prices thereby preserving and enhancing its revenue streams. At 30 June 2004, the group had no metal futures, options or lease contracts in place (2003: nil).

#### **2.1.2 Credit risk management**

The group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The group has policies that limit the amount of credit exposure to any single financial institution.

The potential concentration of credit risk consists mainly of cash and cash equivalents, trade debtors and other receivables.

The group limits its counter party exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counter party is managed by setting exposure limits which are reviewed regularly by the board of directors.

The group is exposed to credit-related losses in the event of non-performance by counter parties to derivatives instruments. The counter parties to these contracts are major financial institutions. The group continually monitors its positions and the credit ratings of its counter parties and limits the amount of contracts it enters into with any one party.

Trade debtors comprise a number of customers, dispersed across different geographical areas. Ongoing credit evaluations are performed on the financial condition of these and other receivables. Trade debtors are presented net of the allowance for doubtful debts.

**2.1.3 Interest rate risk management**

The group monitors its exposure to fluctuating interest rates. Cash and cash equivalents are primarily invested with short-term maturity dates. The group's primary exposures in respect of long term borrowings are detailed in note 15. At 30 June 2004, the group did not consider there to be any significant concentration of interest rate risk.

**2.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group treasury/hedging committee aims to maintain flexibility in funding by keeping committed credit lines available.

**2.2 Accounting for derivative financial instruments and hedging activities**

The group's risk management policy on hedging is not prescriptive regarding the available financial instruments to be used, but financial limits and exposures are set by the Board. Due to the extent of these hedges, hedge accounting is not applied and therefore changes in the fair value of any derivative instruments are recognised in the income statement immediately.

**2.3 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The listed market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

**3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimated impairment of assets**

The group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates of future commodity prices and exchange rates. Estimates are based on management's interpretation of market forecasts.

The main assumptions include:

- long-term real platinum index price of R6 100.00 (2003: R6 100.00) per ounce and
- long-term real discount rate, a range of 10% to 12% (2003: 10% to 12%) for South African and 15% to 17% (2003: 15% to 17%) for Zimbabwean assets.

### Provisions

Provisions for post-retirement medical liability and future rehabilitation cost have been determined, based on calculations which require the use of estimates. (Note 17, 18)

### Post-employment medical benefits

Actuarial parameters used by independent valutors assume 7.35% (2003: 8.00%) as the long-term medical inflation rate and a 9.5% (2003: 10.0%) risk free interest rate corresponding to the yields on long-dated high-quality bonds.

### Future rehabilitation obligation

The net present value of current rehabilitation estimates is based on the assumption of a long-term net real interest rate of 4% (2003: 4%).

## 4 Segment information

### Segment reporting

The group is an integrated PGM and associated base metal producer. On a primary basis, the business segments are:

- mine-to-market primary PGM producer, including marketing of metals produced by the group (Impala);
- mine-to-concentrate local and foreign primary PGM producers (Marula, Barplats, Zimbabwe) and
- toll-refiner for third party material (Impala Refining Services– IRS).

The comparative for 2003 has been restated to separately disclose the Marula segment.

### Primary reporting format – business segments

Year ended 30 June 2004

(All amounts in Rand millions unless otherwise stated)	Impala lease area segment	Marula segment	Barplats disposed segment	Zimbabwe segment	IRS segment	Inter-segment adjustment	Total
<b>Sales from:</b>							
Metals mined	7 679.2			71.5			<b>7 750.7</b>
Metals purchased	3 419.5				3 480.0	(3 176.8)	<b>3 722.7</b>
Toll income					371.5	(35.8)	<b>335.7</b>
Inter-company concentrate sales		94.4	112.9	864.4		(1 071.7)	<b>–</b>
Total sales	11 098.7	94.4	112.9	935.9	3 851.5	(4 284.3)	<b>11 809.1</b>
<b>Segment operating expenses for:</b>							
Metals mined	4 656.8	111.3	117.8	597.0			<b>5 482.9</b>
Metals purchased	3 421.2				3 122.4	(4 284.4)	<b>2 259.2</b>
Other cost					201.7		<b>201.7</b>
Gross cost	8 078.0	111.3	117.8	597.0	3 324.1	(4 284.4)	<b>7 943.8</b>
Adjusted for increase in metal inventories	(160.9)			(33.3)	(188.6)	(11.6)	<b>(394.4)</b>
Cost of sales	7 917.1	111.3	117.8	563.7	3 135.5	(4 296.0)	<b>7 549.4</b>
<b>Gross profit</b>	<b>3 181.6</b>	<b>(16.9)</b>	<b>(4.9)</b>	<b>372.2</b>	<b>716.0</b>	<b>11.7</b>	<b>4 259.7</b>
Segment assets	8 580.5	2 203.2		1 724.7	1 654.3		<b>14 162.7</b>
Unallocated assets						570.6	<b>570.6</b>
Associates							<b>2 304.6</b>
<b>Total assets</b>							<b>17 037.9</b>
Segment liabilities	1 709.3	97.4		163.3	1 024.9		<b>2 994.9</b>
Unallocated liabilities						3 230.1	<b>3 230.1</b>
<b>Total liabilities</b>							<b>6 225.0</b>

## 4 Segment information (continued)

(All amounts in Rand million unless otherwise stated)	Impala lease area segment	Marula segment	Barplats disposed segment	Zimbabwe segment	IRS segment	Inter-segment adjustment	Total
<b>Other segment items:</b>							
Capital expenditure (mining and other)	1 200.8	504.7	3.8	142.9			1 852.2
Depreciation	3.6				4.1		7.7
Amortisation	481.5	16.6	14.7	59.5			572.3
<b>Statistical information:</b>							
Total metals produced							
Platinum (000 oz)	1 090				871		1 961
Palladium (000 oz)	501				545		1 046
Rhodium (000 oz)	116				135		251
Nickel (000 t)	6.9				9.5		16.4
PGM in concentrate produced included in IRS refined metal (000 oz)							
		36.6	37.3	249.8			323.7
<b>Gross margin analysis:</b>							
Metals mined (%)	41.5						41.5
Metals purchased – Impala (%)	0.0						0.0
Metals purchased – IRS (%)					18.6		18.6
Inter-company concentrate sales (%)							
		(17.9)	(4.3)	39.8			30.7
<b>Year ended 30 June 2003</b>							
<b>Sales from:</b>							
Metals mined	8 877.5			38.0			8 915.5
Metals purchased	2 463.2				2 695.6	(2 445.5)	2 713.3
Toll income					218.2	(40.0)	178.2
Inter-company concentrate sales			154.6	658.1		(812.7)	–
Total sales	11 340.7		154.6	696.1	2 913.8	(3 298.2)	11 807.0
<b>Segment operating expenses for:</b>							
Metals mined	4 105.5		189.8	518.8		(40.0)	4 774.1
Metals purchased	2 448.9				2 283.4	(3 258.2)	1 474.1
Other cost					142.0		142.0
Gross cost	6 554.4		189.8	518.8	2 425.4	(3 298.2)	6 390.2
Adjusted for decrease/ (increase) in metal inventories							
	124.9			(17.5)	(12.1)	37.8	133.1
Cost of sales	6 679.3		189.8	501.3	2 413.3	(3 260.4)	6 523.3
<b>Gross profit</b>	4 661.4		(35.2)	194.8	500.5	(37.8)	5 283.7
<b>Segment assets</b>							
Segment assets	8 618.0	1 661.0	248.7	1 276.3	1 502.2		13 306.2
Unallocated assets						754.2	754.2
Associates							2 208.9
<b>Total assets</b>							16 269.3
<b>Segment liabilities</b>							
Segment liabilities	2 381.3	4.5	79.9	376.3	829.2		3 671.2
Unallocated liabilities						2 301.8	2 301.8
<b>Total liabilities</b>							5 973.0

#### 4 Segment information (continued)

(All amounts in Rand million unless otherwise stated)	Impala lease area segment	Marula segment	Barplats disposed segment	Zimbabwe segment	IRS segment	Inter-segment adjustment	Total
<b>Other segment items:</b>							
Capital expenditure (mining and other)	1 135.5		544.4	112.2			1 792.1
Depreciation	2.3				1.2		3.5
Amortisation	344.0		45.3	63.1			452.4
<b>Statistical information:</b>							
Total metals produced							
Platinum (000 oz)	1 040				633		1 673
Palladium (000 oz)	478				415		893
Rhodium (000 oz)	134				81		215
Nickel (000 t)	8.0				6.7		14.7
PGM in concentrate produced included							
in IRS refined metal (000 oz)			48.8	180.6			229.4
<b>Gross margin analysis:</b>							
Metals mined (%)	52.3						52.3
Metals purchased – Impala (%)	0.6						0.6
Metals purchased – IRS (%)					17.2		17.2
Inter-company concentrate sales							
(%)			(22.8)	28.0			18.8
<b>Notes to business segment analysis:</b>							
<b>Assets, liabilities and capital expenditure.</b>							
Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred taxation, investments and derivatives held for trading or designated as hedges of borrowings.							
Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.							
Capital expenditure comprises additions to property, plant and equipment (Note 5), including additions resulting from acquisitions through business combinations (Notes 5, 38).							
<b>Sales</b>							
<b>Metals mined</b>							
Reflect the mine-to-market sales primarily from the Impala lease area.							
<b>Metals purchased</b>							
Revenue from metals purchased is recognised within two separate legal entities:							
– for Impala Platinum this incorporates sales of metals purchased principally from IRS of R3 176.8 million (2003: R2 445.5 million).							
– for IRS this includes sales from purchases of metals from refining customers. The majority of sales are to Impala Platinum, and a portion directly to the market.							
<b>Toll income</b>							
Fees earned by IRS for treatment of metals from third party refining customers.							

(All amounts in Rand millions unless otherwise stated) 2004      2003
**4 Segment information (continued)**
**Inter-company concentrate sales**

Sales of concentrate from Barplats (discontinued operation), Marula and Zimbabwe mining activities to IRS.

**Segment operating expenses for:**
**Gross cost**

Comprises total costs associated with the mining, refining and purchase of metals.

**Inter-segment adjustments**

Elimination of inter-segment sales, purchases and unrealised profit in the group.

**Inter-segment transfers**

Inter-segment transfers are based on market related prices.

**Secondary reporting format – geographical segments**

Although the group's business segments are managed on a world-wide basis, they operate in two geographical areas. South Africa is the home country of the parent company and the main operating company. The areas of operation are principally mining and toll-refining activities in South Africa and Zimbabwe.

**Analysis of sales by destination**
**Main products**

Asia	3 400.5	3 467.0
North America	3 044.0	2 987.9
Europe	1 641.9	1 489.6
South Africa	820.6	1 629.3
	8 907.0	9 573.8

**By-products**

South Africa	1 873.4	1 452.1
North America	238.8	232.5
Asia	331.6	235.7
Europe	122.6	134.7
	2 566.4	2 055.0

**Toll income**

South Africa	324.5	148.5
North America	9.9	8.1
Asia	1.1	1.5
Europe	0.2	20.1
	335.7	178.2
	11 809.1	11 807.0

Sales and toll income are allocated based on the country in which the customer is located.

Zimbabwe operations did not contribute more than 10% of consolidated sales.

**Analysis of sales by category**
**Sales of goods**

Precious metals	10 051.3	10 569.8
Base metals	1 422.1	1 059.0
Revenue from services		
Toll-refining	335.7	178.2
	11 809.1	11 807.0

(All amounts in Rand millions unless otherwise stated) 2004 2003**4 Segment information (continued)**

Other segment information	Sales		Total assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003
	South Africa	11 737.6	11 769.0	13 000.4	12 776.4	1 709.3
Zimbabwe	71.5	38.0	1 724.7	1 276.3	142.9	112.2
Other			8.2	7.7		
Investment in associates			2 304.6	2 208.9		
	<b>11 809.1</b>	11 807.0	<b>17 037.9</b>	16 269.3	<b>1 852.2</b>	1 792.1

Total assets and capital expenditure are allocated based on where the assets are located. Sales are allocated based on the country in which the sale originated.

**5 Property, plant and equipment****Mining assets**

These comprise expenditure on shafts, plant and equipment, mining development and general capital expenditure.

## Cost

Opening book amount	11 086.6	7 996.3
Acquisition of subsidiaries and joint venture (Note 38)	–	1 822.6
Disposal of subsidiary	(215.7)	–
Exchange adjustment on translation of foreign subsidiaries and joint venture	(236.0)	(469.5)
Additions	1 794.7	1 749.7
Addition of rehabilitation asset (Note 18)	27.5	37.2
Disposals	(15.5)	(49.7)
	<b>12 441.6</b>	11 086.6
Accumulated amortisation		
Opening book amount	2 308.0	1 811.5
Acquisition of subsidiaries and joint venture (Note 38)	–	44.1
Exchange adjustment on translation of foreign subsidiaries and joint venture	(18.5)	–
Charge for the year	572.3	452.4
Disposals	(13.0)	–
	<b>2 848.8</b>	2 308.0
Net book amount	<b>9 592.8</b>	8 778.6

**Other assets**

These comprise expenditure on freehold land and buildings, plant and equipment, motor vehicles, furniture and leased equipment.

## Cost

Opening book amount	42.1	46.9
Acquisition of subsidiaries and joint venture (Note 38)	–	6.4
Exchange adjustment on translation of foreign subsidiaries and joint venture	(6.6)	–
Additions	30.0	5.2
Disposals	(2.5)	(16.4)
	<b>63.0</b>	42.1

(All amounts in Rand millions unless otherwise stated) 2004      2003
**5 Property, plant and equipment (continued)**

Accumulated depreciation		
Opening book amount	11.8	13.3
Acquisition of subsidiaries and joint venture (Note 38)	–	3.0
Exchange adjustment on translation of foreign subsidiaries and joint venture	(2.1)	–
Charge for the year	7.7	3.5
Adjustment/(disposals)	2.8	(8.0)
	<u>20.2</u>	<u>11.8</u>
Net book amount	42.8	30.3
<b>Closing net book amount</b>	<b>9 635.6</b>	<b>8 808.9</b>

**6 Investments in associates**
**i) Lonplats (comprising Western Platinum Limited and Eastern Platinum Limited)**

Share of post acquisition retained income	2 874.9	2 585.4
Shares at cost	430.8	430.8
Amortisation of goodwill arising on acquisition	(102.9)	(102.9)
Dividends received	(1 741.4)	(1 456.8)
Net book amount	<u>1 461.4</u>	<u>1 456.5</u>

A loan facility of nil (2003: R81.5 million) has been guaranteed in favour of banking institutions, available for utilisation by the associates, of which nil was utilised at year-end (2003: R81.5 million). The guarantee was no longer required and withdrawn during April 2004.

Goodwill included in carrying value:

At cost	185.0	185.0
Accumulated amortisation	(102.9)	(102.9)
Net book amount	<u>82.1</u>	<u>82.1</u>

Shares beneficially owned in the undermentioned companies involved in the business of mining, refining and marketing of PGMs:

Number of shares

Western Platinum Limited

Ordinary shares	7 319 924	6 779 924
Participating preference shares	–	540 000
Effective holding: 27.1%		

Eastern Platinum Limited

Ordinary shares	149 110	134 444
Participating preference shares	–	14 666
Effective holding: 27.1%		

Summarised balance sheet as at 31 March

Capital and reserves	5 071.8	5 065.9
Non-current liabilities	2 059.8	1 785.5
Current liabilities	605.9	524.3
	<u>7 737.5</u>	<u>7 375.7</u>

(All amounts in Rand millions unless otherwise stated) 2004      2003

## 6 Investments in associates (continued)

Non-current assets	7 036.3	6 139.9
Current assets	701.2	1 235.8
	<u>7 737.5</u>	<u>7 375.7</u>

The associate companies prepare their financial statements to 30 September to conform to the financial year of their holding company. Only publicly available information for these associate companies has been used for equity accounting purposes. Consequently, results for the twelve months to 31 March have been included in the equity accounted earnings for the year, of which the results for the last six months are reviewed by the company's auditors. There were no changes in the percentage ownership interests in the associates during the year ended 30 June 2004.

The group is currently in the process of negotiating a deal in terms of the requirements of the mining charter (refer directors' report).

### ii) Two Rivers Platinum (Proprietary) Limited

Shares at cost	45.0	45.0
Shareholder's loan	271.8	229.8
Net book amount	<u>316.8</u>	<u>274.8</u>

The company holds various PGM mineral rights. Trial mining is presently being conducted and the result will be evaluated towards the end of calendar year 2004.

#### Shareholding

Number of shares		
Ordinary shares	270	270
Effective holding: 45.0%		

There was no change in the percentage ownership interest in the associate during the year ended 30 June 2004.

#### Summarised balance sheet as at 30 June

Capital and reserves	101.6	101.0
Non-current liabilities	604.3	510.8
Current liabilities	5.6	1.6
	<u>711.5</u>	<u>613.4</u>
Non-current assets	690.0	604.8
Current assets	21.5	8.6
	<u>711.5</u>	<u>613.4</u>

The results of the associate are based on audited financial statements.

(All amounts in Rand millions unless otherwise stated)	2004	2003
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## 6 Investments in associates (continued)

### iii) Aquarius Platinum (South Africa) (Proprietary) Limited

Share of results	53.6	22.6
Unearned profit in the group	(10.1)	(18.0)
	43.5	4.6
Shares at cost	16.9	16.9
Shareholder's loan	466.0	456.1
Net book amount	526.4	477.6

Impala Platinum Holdings Limited has provided a guarantee to Investec Bank Limited on behalf of Aquarius Platinum (South Africa) (Proprietary) Limited for a loan facility granted of R175.0 million (2003: R175.0 million), of which R175.0 million (2003: R175.0 million) has been utilised at year-end.

This guarantee is set to expire upon completion of certain project completion tests, relating to the Marikana project. If the project completion tests are not met, then the guarantee will reduce proportionally in line with the loan repayments to Investec Bank Limited, which are expected to start by no later than the end of calendar year 2004.

Shares beneficially owned in the undermentioned company involved in the business of mining, refining and marketing of PGMs:

#### Shareholding

Number of shares		
Ordinary shares	250	250
Effective holding: 25.0%		

There was no change in the percentage ownership interest in the associate during the year ended 30 June 2004.

#### Summarised balance sheet as at 30 June

Capital and reserves	231.5	107.4
Non-current liabilities	2 171.4	2 110.0
Current liabilities	388.0	495.7
	2 790.9	2 713.1
Non-current assets	2 191.4	2 116.3
Current assets	599.5	596.8
	2 790.9	2 713.1

The equity accounted results of the associate for the year are based on audited financial statements.

#### Summary of investments in associates

Lonplats (comprising Western Platinum Limited and Eastern Platinum Limited)	1 461.4	1 456.5
Two Rivers Platinum (Proprietary) Limited	316.8	274.8
Aquarius Platinum (South Africa) (Proprietary) Limited	526.4	477.6
<b>Total investments in associates</b>	<b>2 304.6</b>	<b>2 208.9</b>

(All amounts in Rand millions unless otherwise stated) 2004      2003

## 7 Available-for-sale financial investments

### Investments in listed shares

Comprise shares in the following listed company:

Aquarius Platinum Limited

Beginning of the year	229.7	422.5
Exchange differences	(27.7)	(41.6)
Share price movement	(30.3)	(151.2)
End of the year	171.7	229.7

During the year, the group maintained its strategic shareholding in Aquarius Platinum Limited, holding 7 141 966 shares (2003: 7 141 966) which amounts to approximately 8.6% (2003: 8.9%) of the issued share capital of that company. The shares are listed on the Australian Stock Exchange and the London Stock Exchange. The fair value of these shares as at the close of business on 30 June 2004 by reference to Stock Exchange quoted prices and closing exchange rates was R171.7 million (2003: R229.7 million).

### Investment in unlisted shares

Shares beneficially owned in the undermentioned concern at fair value:

Silplat (Proprietary) Limited	14.7	–
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<b>Total available-for-sale investments</b>	<b>186.4</b>	<b>229.7</b>
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## 8 Held-to-maturity investments

Investment in interest-bearing securities	89.0	74.9
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The investment is held through the Impala Pollution, Rehabilitation and Closure Trust Fund (Note 18). The fund is an irrevocable trust under the group's control. The funds are invested primarily in interest-bearing securities.

## 9 Non-current receivables and prepayments

### Loans

Barplats Investments Limited	114.8	–
Less: current portion of loan (Note 11)	(45.9)	–
Messina Platinum Mines Limited	–	23.5
Less: current portion of loan (Note 11)	–	(23.5)
	<b>68.9</b>	<b>–</b>

The Barplats Investments Limited loan bears interest at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 3% nominal annual compounded and capitalised monthly in arrears. The loan capital is repayable in three annual instalments: 40% on 31 May 2005 and equal payments of the balance in the second and third year respectively on the anniversary date. The loan is secured by a mortgage bond over property and mineral rights.

The Messina Platinum Mines Limited loan bore interest at JIBAR plus 6% and was repaid in 2004.

(All amounts in Rand millions unless otherwise stated)	2004	2003
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## 9 Non-current receivables and prepayments (continued)

The carrying amount of the loan approximates its fair value.

### Prepayments

Royalty prepayment	73.7	78.6
Charged to the income statement during the year	(4.9)	(4.9)
	68.8	73.7
Less: current portion of prepayment (Note 11)	(5.0)	(4.9)
	63.8	68.8

Royalty prepayment represents the payment of royalties settled through an issue of shares to the mineral right holders of the Impala mining lease area during 1999.

<b>Total non-current receivables and prepayments</b>	<b>132.7</b>	<b>68.8</b>
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## 10 Inventories

Refined metal		
At cost	290.7	172.2
At fair value less cost to sell	34.6	37.4
	325.3	209.6
In-process metal	790.9	512.2
Exchange adjustment on translation of foreign subsidiaries and joint venture	(15.9)	–
Metal inventories	1 100.3	721.8
Stores and materials inventories	129.5	125.6
	1 229.8	847.4

## 11 Current receivables and prepayments

Trade receivables	1 362.2	1 070.4
Receivables from related parties (Note 39)	246.3	82.0
Advances and loan facilities provided to related parties (Note 39)	245.8	70.0
Other receivables	163.8	129.4
Employee receivables	84.4	82.2
South African Revenue Services (Value Added Tax)	53.3	173.4
Current portion of loans (Note 9)	45.9	23.5
Prepayments	37.6	37.6
Current portion of prepayments (Note 9)	5.0	4.9
Interest receivable	1.9	13.7
Implats Share Incentive Trust	–	19.1
	2 246.2	1 706.2

Trade and other foreign receivables include advances of R789.8 million (2003: R551.8 million) to customers which are secured by in-process metal inventories held as collateral against these advances.

The uncovered foreign currency denominated balances as at 30 June were as follows:

Trade and other receivables (US\$ million)	208.3	118.5
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The credit exposures by country are as follows:

North America	624.6	574.8
South Africa	544.0	354.1
Asia	159.9	97.6
Europe	33.7	43.9
	1 362.2	1 070.4

Other receivables represent primarily a South African exposure.

(All amounts in Rand millions unless otherwise stated) 2004 2003

## 12 Cash and cash equivalents

Short-term bank deposits	900.4	2 014.3
Cash at bank	303.8	310.2
	<b>1 204.2</b>	<b>2 324.5</b>

The weighted average effective interest rate on short-term bank deposits was 8.4% (2003: 12.1%) and these deposits have an average maturity of 30 days.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

Cash and cash equivalents	1 204.2	2 324.5
Bank overdrafts (Note 15)	(17.2)	–
	<b>1 187.0</b>	<b>2 324.5</b>

The uncovered foreign currency denominated balances as at 30 June were as follows:

Bank balances (US\$ million)	61.0	65.4
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The credit exposures by country are as follows:

South Africa	1 006.3	2 158.1
Europe	141.8	5.2
Mauritius	45.4	157.4
Zimbabwe	6.5	2.2
Asia	4.2	1.6
	<b>1 204.2</b>	<b>2 324.5</b>

## 13 Ordinary shares, share premium and share options

### Share capital and share premium

	Number of shares (millions)	Ordinary shares R million	Share premium R million	Total R million
At 30 June 2002	66.554	13.3	589.6	602.9
Issued to the share option scheme	0.040	0.0	14.9	14.9
At 30 June 2003	66.594	13.3	604.5	617.8
Adjustment as a result of consolidating share trust	(0.084)	(0.0)	(18.7)	(18.7)
Issued by the share option scheme	0.103	0.0	26.2	26.2
At 30 June 2004	66.613	13.3	612.0	625.3

The total authorised ordinary share capital comprise 100 million (2003: 100 million) shares with a par value of 20 cents each. All issued shares are fully paid.

<b>Authorised amount</b>	<b>20.0</b>	20.0
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Up to 10% of the unissued shares may be issued by the directors at their discretion until the next annual general meeting. The directors' report sets out additional details in respect of the share option scheme.

(All amounts in Rand millions unless otherwise stated)

2004

2003

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**13 Ordinary shares, share premium and share options (continued)**
**Share options**

Movement in the number of share options outstanding was as follows (000):

At beginning of year	<b>960.3</b>	613.1
Granted	<b>335.4</b>	511.7
Exercised	<b>(102.4)</b>	(98.6)
Lapsed/forfeited	<b>(98.9)</b>	(65.9)
At end of year	<b>1 094.4</b>	960.3

Refer to the directors' report for details on share options held by directors and key management personnel.

Share options were granted to employees during the year at an average market share price of R575.00 per share (2003: R558.76 per share) and expire during 2014 (2003: share options expire during 2013).

The number of shares held by the Trust at year end totalled 8 350 (2003: 83 584).

Share options outstanding (number in thousands) at the end of the year have the following terms:

Option price Rand per share	Vesting years									Total number
	2001	2002	2003	2004	2005	2006	2007	2008	2009	
52.50	0.1	0.3	1.4							<b>1.8</b>
57.50			2.5							<b>2.5</b>
146.00		3.8	4.5	19.8						<b>28.1</b>
200.00		0.8	4.2	17.5	21.3					<b>43.8</b>
281.00				11.0	11.0	11.0				<b>33.0</b>
344.00			1.5	5.6	11.7	11.7				<b>30.5</b>
381.00				1.0	7.6	7.6	7.6	7.6		<b>31.4</b>
401.00					4.5	4.5	4.5	4.5		<b>18.0</b>
482.61						1.0	1.0	1.0	1.0	<b>4.0</b>
484.10				1.0	15.1	15.1	15.1	15.1		<b>61.4</b>
507.00	0.8	2.1	7.0	52.2	53.8	51.9	50.9			<b>218.7</b>
507.12						33.1	33.1	33.1	33.1	<b>132.4</b>
515.82				0.3		7.4	7.4	7.4	7.4	<b>29.9</b>
522.00				0.5	0.5	0.5	0.5			<b>2.0</b>
539.40						1.0	1.0	1.0	1.0	<b>4.0</b>
556.00				5.7	5.2	5.2	5.2			<b>21.3</b>
587.00						17.0	17.0	17.0	17.0	<b>68.0</b>
589.99					4.6	4.6	4.6	4.6		<b>18.4</b>
594.25				1.4	15.7	15.7	15.7	15.7		<b>64.2</b>
600.00				1.4	67.7	67.7	67.7	67.7		<b>272.2</b>
611.48						2.2	2.2	2.2	2.2	<b>8.8</b>
<b>Total 2004</b>	<b>0.9</b>	<b>7.0</b>	<b>21.1</b>	<b>117.4</b>	<b>218.7</b>	<b>257.2</b>	<b>233.5</b>	<b>176.9</b>	<b>61.7</b>	<b>1 094.4</b>
Total 2003	1.1	9.3	73.0	138.6	229.1	202.0	188.7	118.5	–	<b>960.3</b>

(All amounts in Rand millions unless otherwise stated)

### 13 Ordinary shares, share premium and share options (continued)

Share options were granted to directors and employees at the market share price on the following dates:

During financial year 2004	Date	Number of shares	Market	
			share price (Rand)	Amount (R million)
	27 Aug 2003	31 804	515.82	16.4
	18 Sep 2003	3 840	539.40	2.1
	6 Nov 2003	27 232	611.48	16.7
	16 Feb 2004	136 194	587.00	79.9
	22 Apr 2004	132 235	507.12	67.1
	6 May 2004	4 102	482.61	2.0
	<b>Total</b>	<b>335 407</b>		<b>184.2</b>

During financial year 2003	Date	Number of shares	Market	
			share price (Rand)	Amount (R million)
	16 Aug 2002	68 232	484.10	33.0
	8 Nov 2002	294 867	600.00	176.9
	25 Nov 2002	19 545	557.35	10.9
	21 Jan 2003	72 512	594.25	43.1
	2 Apr 2003	17 956	401.00	7.2
	5 May 2003	38 654	381.00	14.7
	<b>Total</b>	<b>511 766</b>		<b>285.8</b>

### 14 Other reserves

	Surplus of cost over carrying value of minorities	Available-for-sale investments	Translation of foreign subsidiaries	Total
Balance 1 July 2002		393.4	152.3	545.7
Revaluation (Note 7)		(192.8)		(192.8)
Currency translation differences			(314.1)	(314.1)
Balance 30 June 2003		200.6	(161.8)	38.8
Revaluation (Note 7, 16)		(48.6)		(48.6)
Currency translation differences			(265.8)	(265.8)
Acquisition of Zimbabwe Platinum Mines Limited minorities	(350.7)			(350.7)
Balance 30 June 2004	<b>(350.7)</b>	<b>152.0</b>	<b>(427.6)</b>	<b>(626.3)</b>

(All amounts in Rand millions unless otherwise stated) 2004      2003

## 15 Borrowings

### Current

Indwa Investments Limited	500.0	–
Absa Bank Limited	51.4	118.9
Bank overdrafts	17.2	–
Debentures	–	85.8
	<b>568.6</b>	<b>204.7</b>

### Non-current

Absa Bank Limited	–	62.7
	–	62.7

### Total borrowings

<b>568.6</b>	<b>267.4</b>
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The Indwa Investments Limited loan facility bears current interest at 8.4% per annum and is repayable within one year.

The Absa bank loan was obtained to finance the Ngezi/SMC Project and is payable over two years commencing March 2003. The loan bears interest at London Interbank Offer Rates (LIBOR) plus 5% per annum. The average interest rate during the year was 7.55% (2003: 7.25%). The debt is secured by project sales revenue, guarantees by Impala Platinum Holdings Limited (30%) and Zimbabwe Platinum Mines Limited (70%), a pledge and cession of the Special Mining Lease No.1 mining agreement, mineral rights pertaining to the Ngezi South Claims and a pledge of shares in the following subsidiaries:

- Makwiro Platinum Mines (Private) Limited
- Hartley Minerals Zimbabwe (Private) Limited
- Hartley Platinum Mines (Private) Limited

The debentures were secured by a pledge of freehold properties included in mining assets with a book value of nil (2003: R178.0 million). Half of the debentures bore interest at a fixed rate of 18.9% per annum, with the other half at 10.1% (2003: 15.1%) per annum. These debentures were repaid on 30 June 2004.

The effective interest rates for the year were as follows:

	%	%
Debentures (Rand)	15.25	17.00
Bank loans (Rand)	8.30	–
Bank loans (US\$)	6.36	6.12

	Carrying amounts		Fair values	
	2004	2003	2004	2003
The carrying amount and fair value of the bank loan is as follows:	–	62.7	–	62.7

The fair values are based on discounted cash flows using a discount rate based on the borrowing rate that the directors expect would be available to the group at the balance sheet date. The carrying amounts of short-term borrowings approximate their fair value.

(All amounts in Rand millions unless otherwise stated) 2004      2003

## 15 Borrowings (continued)

Maturity of non-current borrowings:		
Between 1 and 2 years	–	62.7

### Borrowing powers

In terms of the articles of association of the companies in the group, the borrowing powers of the group are determined by the directors but are limited to ordinary shareholders' interest.

Ordinary shareholders' interest	10 684.8	9 877.4
Currently utilised	568.6	267.4

## 16 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

### Deferred tax assets

– Deferred tax asset to be recovered after more than 12 months	(9.4)	–
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### Deferred tax liabilities – net

#### Deferred tax assets:

– Deferred tax asset to be recovered after more than 12 months	(131.0)	(161.4)
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#### Deferred tax liabilities:

– Deferred tax liability to be recovered after more than 12 months	2 402.9	2 048.1
	2 271.9	1 886.7

Deferred income taxes are calculated at the prevailing tax rates of the different fiscal authorities where the asset or liability originates.

The movement on the deferred income tax account is as follows:

At the beginning of the year	1 886.7	1 389.6
Acquisition of interest in subsidiaries and joint venture (Note 38)	56.7	49.9
Exchange adjustment on translation of foreign subsidiaries and joint venture	(10.9)	46.4
Tax charged to equity (Note 14)	(9.4)	–
Income statement charge (Note 32)	339.4	400.8
<b>Net deferred tax liability at the end of the year</b>	<b>2 262.5</b>	<b>1 886.7</b>

Deferred tax assets and liabilities are attributable to the following items:

### Deferred tax liabilities

Property, plant and equipment	2 356.4	1 874.2
Other	46.5	173.9
	2 402.9	2 048.1

### Deferred tax assets

Substantially long term provisions	(123.5)	(119.2)
Other	(16.9)	(42.2)
	(140.4)	(161.4)

<b>Net deferred tax liability</b>	<b>2 262.5</b>	<b>1 886.7</b>
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(All amounts in Rand millions unless otherwise stated) 2004      2003

## 17 Pension and other post-retirement obligations

### Pension and provident plans

Independent funds provide pension and other benefits to all permanent employees and their dependants. At the end of the financial year the following funds were in existence:

- Impala Provident Fund                      – Mine Employees Pension Fund (industry fund)
- Impala Platinum Refineries              – Mining Industry Pension Fund Zimbabwe (industry fund)
- Provident Fund                              – National Social Security Scheme Zimbabwe (industry fund)
- Impala Workers Provident Fund        – Old Mutual – Zimasco Pension Fund
- Impala Supplementary Pension Fund
- Sentinel Pension Fund (industry fund)

### Post-employment medical benefits

The amounts recognised in the income statement were as follows:

Current service cost	3.0	3.3
The total charge is included in operating expenses (Note 25)		
Movement in the liability recognised in the balance sheet:		
At beginning of year	63.5	66.9
Total expense – as shown above	3.0	3.3
Contributions paid	(4.2)	(6.7)
At end of year	62.3	63.5

## 18 Provision for future rehabilitation

### Future rehabilitation obligation

At beginning of year	200.2	140.6
Acquisition of subsidiaries and joint venture net of foreign currency exchange adjustment	–	6.2
Disposal of subsidiary (Note 30)	(24.2)	–
Exchange adjustment on translation of foreign subsidiaries and joint venture	(1.0)	–
Present value of additional rehabilitation obligations (Note 5)	27.5	37.2
Charge to the income statement	11.6	31.6
	214.1	215.6
Less: utilised during year	(6.8)	(15.4)
At end of year	207.3	200.2

Current cost rehabilitation estimate is R455.7 million (2003: R404.4 million)

The movement of the investment in the Impala Pollution, Rehabilitation and Closure Trust Fund, is as follows:

At beginning of year	74.9	60.9
Interest accrued	5.8	5.1
Contributions	8.3	8.9
At end of year	89.0	74.9

(All amounts in Rand millions unless otherwise stated) 2004      2003

## 18 Provision for future rehabilitation (continued)

Future value of rehabilitation obligation	1 830.9	1 747.9
Future value of rehabilitation trust investment	(964.2)	(811.1)
Future net environmental rehabilitation obligation	<u>866.7</u>	<u>936.8</u>

The future value of the rehabilitation obligation was calculated by inflating the current rehabilitation cost over 25 years to an estimated future rehabilitation cost.

The future value of the rehabilitation trust investment was calculated by assuming that the present balance in the rehabilitation trust will be invested at a risk free rate over 25 years. The shortfall will be funded by ongoing contributions to the trust.

Guarantees have been provided to the various Minerals and Energy Departments to satisfy the requirements of the Minerals and Energy Development Act with respect to environmental rehabilitation (Note 36).

## 19 Trade and other payables

Trade payables	1 542.5	1 547.5
Royalties payable	395.0	597.8
Leave liability	180.0	198.8
Payables to related parties (Note 39)	471.0	285.9
Forward commitments (Note 37)	158.7	125.8
Other payables	127.9	88.7
	<u>2 875.1</u>	<u>2 844.5</u>

The uncovered foreign currency denominated balances as at 30 June were as follows:

Trade and other payables (US\$ million)	15.9	9.5
Forward commitments (Note 37)	25.7	16.7
	<u>41.6</u>	<u>26.2</u>

### Royalties payable

Comprises the accrual for royalty payments to the holders of mineral rights. The calculation is based on mining taxable income and is only finalised once that has been assessed by the South African Revenue Services. Payments are made in accordance with an agreed schedule.

### Leave liability

Employee entitlements to annual leave are recognised on an ongoing basis. The liability for annual leave as a result of services rendered by employees is accrued up to the balance sheet date.

## 20 On-mine operations

On-mine costs exclude amortisation and comprise the following principal categories:

Labour	2 009.4	1 866.3
Materials and other mining costs	1 492.4	1 262.4
Utilities	165.9	122.4
	<u>3 667.7</u>	<u>3 251.1</u>

(All amounts in Rand millions unless otherwise stated) 2004      2003
**21 Concentrating and smelting operations**

Concentrating and smelting costs exclude amortisation and comprise the following principal categories:

Labour	173.6	145.2
Materials and other costs	551.1	470.6
Utilities	242.7	185.3
	<b>967.4</b>	<b>801.1</b>

**22 Refining operations**

Refining costs exclude amortisation and comprise the following principal categories:

Labour	205.8	176.7
Materials and other costs	238.7	199.7
Utilities	32.7	35.1
	<b>477.2</b>	<b>411.5</b>

**23 Net foreign exchange transaction losses**

The exchange differences charged to the income statement are included as follows:

Sales	198.9	327.4
Forward cover contracts	17.1	1.4
	<b>216.0</b>	<b>328.8</b>

**24 Other operating expenses**

Other costs comprise the following principal categories:

Corporate costs	167.9	147.0
Selling and promotional expenses	65.8	89.2
Rehabilitation provision – inflation adjustment (Note 18)	7.5	16.4
	<b>241.2</b>	<b>252.6</b>

**25 Employee benefit expenses**

Employment costs

Wages and salaries	2 368.7	2 162.2
Pension costs – defined contribution plans	80.3	56.0
Pension costs – defined benefit plans	–	9.6
Other post retirement benefits (Note 17)	3.0	3.3
	<b>2 452.0</b>	<b>2 231.1</b>

**26 Other (income)/expenses**

Exploration expenditure	8.4	38.6
Recoupment of investment in Brandrill Limited	–	(0.6)
Amortisation of goodwill arising on acquisition of associates	–	6.8
Export incentive	(16.4)	–
Other	(3.4)	9.9
	<b>(11.4)</b>	<b>54.7</b>

(All amounts in Rand millions unless otherwise stated) 2004 2003

## 27 Other gains – net

Other gains consist of the following principal categories:		
Interest income		
Short-term bank deposits	70.8	251.4
Loans and advances	11.8	32.9
Settlement discounts	9.3	10.7
Interest bearing securities	8.0	5.1
Employee loans	6.9	7.5
Other	0.6	0.9
	<b>107.4</b>	<b>308.5</b>
Fair value gains/(losses) on financial instruments	18.1	(8.0)
Dividends received	11.2	16.2
Metal lease fees	1.9	2.4
	<b>31.2</b>	<b>10.6</b>
<b>Total other gains – net</b>	<b>138.6</b>	<b>319.1</b>

## 28 Finance costs

Bank borrowings	(56.4)	(7.8)
Debentures	(3.9)	(10.5)
Other	(2.7)	(2.4)
Rehabilitation provision – adjustment for time value of money (Note 18)	(4.1)	(12.6)
	<b>(67.1)</b>	<b>(33.3)</b>

## 29 Share of profit of associates

Lonplats (comprising Western Platinum Limited and Eastern Platinum Limited) (Note 6 i)	289.5	653.7
Makwiro Platinum Mines (Private) Limited	–	25.0
Zimbabwe Platinum Mines Limited	–	17.0
Mimosa Investments Limited (formerly ZCE Platinum Limited)	–	(4.0)
Aquarius Platinum (South Africa) (Proprietary) Limited (Note 6 iii)	38.9	33.3
	<b>328.4</b>	<b>725.0</b>

## 30 Sale of subsidiary

### i) Barplats Investments Limited

On 10 February 2004 the board of directors announced its intention to dispose of Barplats Investments Limited (Barplats), a subsidiary and reporting segment. Barplats houses the Crocodile River Mine and the Kennedy's Vale Mine. On 9 March 2004 a contract was signed with the Salene Consortium for the sale of Barplats for R388.8 million.

The decision to sell Barplats was based on several factors which included difficult mining conditions, complex geology, high cost structure and, given current market conditions, the mine was unprofitable. A further aggravating factor was the pre-feasibility study at Kennedy's Vale Mine resulting in a project that is not viable due to current market conditions.

The process of selling Barplats was completed on 31 May 2004 with the approval of the Competitions Board of the transaction.

(All amounts in Rand millions unless otherwise stated) 2004      2003
**30 Sale of subsidiary (continued)**
**Barplats Investments Limited (continued)**

 The income statement of Barplats for the 11 months ended 31 May  
 (2003: 12 months ended 30 June) is as follows:

Sales	112.9	154.6
Operating expenses	(107.5)	(198.2)
Other (expense)/income	(33.5)	11.1
Tax	0.0	0.0
Loss for the year	(28.1)	(32.5)
Profit on sale of subsidiary	322.3	–
	<u>294.2</u>	<u>(32.5)</u>

**Barplats business segment**

Balance sheet as at 31 May 2004/30 June 2003

Non-current assets	206.2	217.9
Current assets	1.3	30.8
Total assets	<u>207.5</u>	<u>248.7</u>

Capital and reserves attributable to the equity holders of the holding company	67.2	102.2
Non-current liabilities	24.2	29.4
Current liabilities	116.1	117.1
Total equity and liabilities	<u>207.5</u>	<u>248.7</u>

**Cash flow statement**

Cash flows from operating activities	(29.5)	3.9
Cash flows from investing activities	(3.0)	(34.8)
Cash flows from financing activities	32.5	30.9
Net movement in cash and cash equivalents	–	–

**Cash effect of sale of subsidiary**

Property, plant and equipment	215.7
Inventories	0.2
Trade and other receivables	2.1
Cash and cash equivalents	0.2
Provision for future rehabilitation	(24.2)
Trade and other payables	<u>(116.1)</u>
Book value of net assets sold	77.9
Minority interest	(11.4)
Profit on sale of subsidiary	<u>322.3</u>
Proceed from sale of investment	388.8
Cash balance disposed	<u>(0.2)</u>
Net cash effect	<u>388.6</u>

(All amounts in Rand millions unless otherwise stated) 2004      2003

### 31 Profit before tax

The following items have been charged in arriving at profit before tax:		
Auditors' remuneration		
Fees for audit services	2.9	2.3
Fees for other services	0.2	0.3
Provisions		
Post-retirement medical benefits (Note 17)	3.0	3.3
Environmental rehabilitation charge (Note 18)	11.6	31.6
Amortisation of assets		
Goodwill of associate (Note 26)	–	6.8
Mining assets (Note 5)	572.3	452.4
Depreciation of other assets (Note 5)	7.7	3.5
Repairs and maintenance expenditure on property, plant and equipment	161.5	141.3
Operating lease rentals	1.5	1.5
Professional fees	57.9	49.4
Employee benefit expense (Note 25)	<u>2 452.0</u>	<u>2 231.1</u>

### 32 Income tax expense

Current tax		
Mining	395.0	724.1
Non-mining	223.2	188.6
Prior year under provision	–	1.6
	<u>618.2</u>	<u>914.3</u>
Deferred tax (Note 16)		
Current year	360.9	400.8
Change in rate	(21.5)	–
	<u>339.4</u>	<u>400.8</u>
Secondary tax on companies	140.3	251.0
Foreign tax	43.4	55.6
Capital gains tax	–	0.4
	<u>183.7</u>	<u>307.0</u>
Tax for the year	<u>1 141.3</u>	<u>1 622.1</u>

(All amounts in Rand millions unless otherwise stated)	2004	2003
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### 32 Income tax expense (continued)

The tax of the group's profit differs as follows from the theoretical charge that would arise using the basic tax rate:

	%	%
Normal tax rate for companies	30.0	30.0
Adjusted for:		
Disallowable expenditure	0.4	1.5
Exempt income	(2.4)	(0.1)
Effect of different tax rates of associates	(2.4)	(4.3)
Effect of taxation of foreign subsidiaries	(1.3)	–
Secondary tax on companies	3.4	5.0
Effective tax rate	<u>27.7</u>	<u>32.1</u>

### 33 Earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders of the company	2 963.0	3 415.1
Weighted average number of ordinary shares in issue (millions)	66.580	66.562

#### Basic earnings per share (cents)

From continuing operations	4 008	5 180
From discontinuing operations	442	(49)
	<u>4 450</u>	<u>5 131</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option scheme. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Profit attributable to equity holders of the company	2 963.0	3 415.1
Weighted average number of ordinary shares in issue (millions)	66.580	66.562

Adjustments for share options (millions)	0.117	0.152
Weighted average number of ordinary shares for diluted earnings per share (millions)	<u>66.697</u>	<u>66.714</u>

#### Diluted earnings per share (cents)

From continuing operations	4 001	5 168
From discontinuing operations	441	(49)
	<u>4 442</u>	<u>5 119</u>

(All amounts in Rand millions unless otherwise stated) 2004 2003

### 33 Earnings per share (continued)

The calculation for headline earnings per share is based on the basic earnings per share calculation adjusted for the following items:

Profit attributable to equity holders of the company	2 963.0	3 415.1
Add: amortisation of goodwill	–	6.8
Less: profit on sale of investment in Brandrill Limited	–	(0.6)
Less: profit on sale of Barplats Investments Limited	(322.3)	–
Headline earnings	<u>2 640.7</u>	<u>3 421.3</u>

#### Headline earnings per share (cents)

– basic	3 966	5 140
– diluted	<u>3 959</u>	<u>5 128</u>

### 34 Dividends per share

At the Board Meeting on 27 August 2004, a final dividend in respect of 2004 of 1 600 cents per share amounting to a total dividend of R1 065.9 million was approved. Standard Tax on Companies (STC) on the dividend will amount to R123.1 million.

These financial statements do not reflect this dividend and related STC payable. The dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2005.

#### Dividends paid

Final dividend No. 71 for 2003 of 1 750 (2002: 2 600) cents per share	1 165.4	1 730.4
Interim dividend No. 72 for 2004 of 500 (2003: 900) cents per share	332.6	599.3
	<u>1 498.0</u>	<u>2 329.7</u>

#### Dividend cover relating to dividends paid and proposed in the financial year

Based on net profit	2.1	1.9
Based on headline earnings (Note 33)	<u>1.9</u>	<u>1.9</u>

(All amounts in Rand millions unless otherwise stated)	2004	2003
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### 35 Cash generated from operations

Reconciliation of net profit to cash generated from operations:		
Profit	2 963.0	3 415.1
Adjustments for:		
Profit on disposal of subsidiary (Note 30)	(322.3)	–
Minority interest	17.4	(166.9)
Income tax expense (Note 32)	1 141.3	1 622.1
Depreciation (Note 31)	7.7	3.5
Amortisation (Note 31)	572.3	452.4
Fair value (profit)/loss on financial instruments (Note 27)	(18.1)	8.0
Interest income (Note 27)	(107.4)	(308.5)
Dividend income (Note 27)	(11.2)	(16.2)
Finance cost (Note 28)	67.1	33.3
Amortisation of goodwill (Note 26)	–	6.8
Share of results of associates (Note 29, 6)	(328.4)	(725.0)
Non-cash transactions	–	(293.8)
Retirement benefit obligations (Note 17)	3.0	3.3
Payments made for post-retirement benefits (Note 17)	(4.2)	(6.7)
Environmental rehabilitation charge (Note 18, 28)	11.6	28.3
Payments made for rehabilitation (Note 18)	(6.8)	(15.4)
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Inventories	(398.5)	131.2
Trade and other receivables	(634.2)	(133.5)
Payables	(473.2)	(571.6)
Accruals	661.0	868.9
Cash generated from operations	<b>3 140.1</b>	<b>4 335.3</b>

### 36 Contingent liabilities and guarantees

At year end the group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Related party contingencies		
Lonplats (comprising Western Platinum Limited and Eastern Platinum Limited)	–	81.5
Aquarius Platinum (South Africa) (Proprietary) Limited	175.0	175.0
	<b>175.0</b>	<b>256.5</b>
Makwiro Platinum Mines (Private) Limited, guaranteed by:		
Impala Platinum Holdings Limited	15.4	54.5
Zimbabwe Platinum Mines Limited	36.0	127.1
Collateral security for employee housing	7.3	7.8
Department of Minerals and Energy	103.7	–
Registrar of Medical Aids	5.0	–
<b>Total contingencies</b>	<b>342.4</b>	<b>445.9</b>

Due to the uncertainties regarding the timing and amounts, potential outflows cannot be quantified.

(All amounts in Rand millions unless otherwise stated) 2004 2003

### 37 Commitments

Commitments at the balance sheet date but not recognised in the financial statements are as follows:

#### Mining property, plant and equipment

Commitments contracted for	603.2	986.3
Approved expenditure not yet contracted	1 844.4	1 882.7
	<b>2 447.6</b>	<b>2 869.0</b>

Not later than 1 year	625.0	1 650.5
Later than 1 year not later than 5 years	1 822.6	1 114.3
Later than 5 years	–	104.2
	<b>2 447.6</b>	<b>2 869.0</b>

#### Operating lease rentals for mining accommodation

Not later than 1 year	2.3	2.1
Later than 1 year not later than 5 years	10.8	10.1
Later than 5 years	10.2	13.2
	<b>23.3</b>	<b>25.4</b>

This expenditure will be funded internally and if necessary, from borrowings.

#### Metal purchase commitments

From time to time, in order to finance third party refining, Impala Refining Services Limited sells refined metal, held on behalf of third parties, into the market with a commitment to repurchase at a later date.

The forward commitments, recognised in the financial statements, were as follows:

Foreign currency US\$ millions	25.7	16.7
Fair value R millions (not later than 1 year) (Note 19)	158.7	125.8

### 38 Business combinations

#### i) Zimbabwe Platinum Mines Limited

During September 2003 an offer to the minorities of Zimbabwe Platinum Mines Limited was made at R20.40 (A\$4.08) per share. The result of this offer was the acquisition of 30.6 million shares for a consideration of R599.4 million (A\$125.8 million).

A further 1.6 million shares have been acquired by year end for an amount of R32.5 million (A\$6.7 million).

The result of these transactions was to increase the holding of the group in Zimbabwe Platinum Mines Limited from 50.5% to 83.4%.

The increase in its shareholding in Zimbabwe Platinum Mines Limited, during the previous financial year, resulted in the fair value of net assets acquired being in excess of the purchase consideration. In previous financial years, purchases resulted in a surplus of purchase price over net assets which was offset against the above mentioned excess.

(All amounts in Rand millions unless otherwise stated) 2004      2003
**38 Business combinations (continued)**

Details of net assets acquired and goodwill are as follows:

Purchase consideration:

Cash paid	631.9	209.2
Carrying value of investment in associate	–	252.8
Total purchase consideration	631.9	462.0
Carrying value of minorities acquired	(281.2)	–
Transfer to other reserves	(350.7)	–
Fair value of net assets acquired	–	(596.8)
Surplus of net assets over purchase consideration	–	(134.8)

The fair value of net assets approximated to the book value of net assets acquired, and no plant closure provisions or other restructuring provisions were established.

The assets and liabilities arising from the acquisition in the prior year are as follows:

Cash and cash equivalents	129.2
Property, plant and equipment (Note 5)	1 190.6
Mining interests	235.2
Inventories	51.2
Receivables	164.8
Payables	(79.5)
Borrowings	(319.5)
Minority interests	(775.2)
Fair value of net assets acquired	596.8
Surplus of net assets over purchase consideration	(134.8)
Total purchase consideration	462.0
Less:	
Carrying value of associate investment	(252.8)
Cash and cash equivalents in subsidiary acquired	(129.2)
Cash outflow on acquisition	–      80.0

**ii) Mimosa Investments Limited (formerly ZCE Platinum Limited)**

On 1 July 2002 the group acquired a further 15% of the share capital of Mimosa Investments Limited (which owns Mimosa Mining Company (Private) Limited), involved in the mining of PGMs in Zimbabwe. This increased the group's holding to 50% and consequently the company's results were proportionally consolidated as from that date. The acquired business contributed revenues of R246.7 million and operating profit of R108.5 million to the group, before elimination of inter-group transactions, for the period from 31 August 2002 to 30 June 2003, and its proportional assets and liabilities at 30 June 2003 were respectively R504.4 million and R111.4 million.

(All amounts in Rand millions unless otherwise stated)

2004

2003

### 38 Business combinations (continue)

133

#### ii) Mimosa Holdings Limited (formerly ZCE Platinum Limited)

Details of net assets acquired are as follows:

Purchase consideration:

Cash paid	130.3
Carrying value of associate investment	270.2
Total purchase consideration	400.5
Fair value of net assets acquired	400.5

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Other than for mining assets, the fair value of the net assets acquired approximated the book value of the net assets acquired, and no plant closure provisions or other restructuring provisions were established.

The assets and liabilities arising from the acquisition in the prior year are as follows:

Cash and cash equivalents	99.9
Property, plant and equipment (Note 5)	356.1
Available-for-sale investments	0.1
Inventories	7.3
Receivables	14.5
Payables	(6.9)
Borrowings	(11.1)
Rehabilitation provision	(9.5)
Deferred tax	(49.9)
Fair value of net assets acquired	400.5
Less:	
Carrying value of associate investment	(270.2)
Cash and cash equivalents in joint venture acquired	(99.9)
Cash outflow on acquisition	30.4

(All amounts in Rand millions unless otherwise stated)	2004	2003
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### 39 Related party transactions

The following transactions were carried out with related parties:

#### Sales of goods and services to associates

Sales of services

Refining fees	255.4	129.6
Interest	5.5	0.1
	<b>260.9</b>	<b>129.7</b>

#### Purchases of goods and services from associates

Purchases of mineral concentrates	1 314.6	856.2
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#### Key management compensation

Key management compensation has been disclosed in the directors' report.

#### Year-end balances arising from sales/purchases of goods/services

Payables to associates	471.0	285.9
Receivables from associates	246.3	82.0

#### Loans to related parties

Loans to directors and key management of the company have been disclosed in the directors' report.

Loans to associates:

Beginning of the year	70.0	–
Loans advanced during year	1 129.5	70.0
Loan repayments received	(953.7)	–
Interest charged	4.7	0.1
Interest received	(4.7)	(0.1)
End of the year	245.8	70.0

#### Contingencies

Guarantees provided (Note 36)	175.0	256.5
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#### Share options granted to directors

The aggregate number of share options granted to the directors and key management is disclosed in the directors' report.

### 40 Principal subsidiaries

The principal subsidiaries of the group are set out in Annexure A.

(All amounts in Rand millions unless otherwise stated) 2004      2003

#### 41 Interest in joint venture

The group has a 50% interest in a joint venture, Mimosa Investments Limited (previously ZCE Platinum Limited), which is involved in the business of mining PGMs. The following amounts represent the group's 50% share of the assets and liabilities and sales and results of the joint venture and are included in the consolidated balance sheet and income statement:

Property, plant and equipment	<b>364.5</b>	367.7
Current assets	<b>8.4</b>	42.6
	<b>372.9</b>	410.3
Provisions for liabilities and charges	<b>(43.6)</b>	(67.3)
Current liabilities	<b>(67.8)</b>	(21.5)
	<b>(111.4)</b>	(88.8)
Net assets	<b>261.5</b>	321.5
Sales	<b>246.7</b>	159.4
Inter-group sales are eliminated on consolidation.		
Profit before tax	<b>108.5</b>	57.9
Income tax expense	<b>(16.2)</b>	(14.1)
Profit after tax	<b>92.3</b>	43.8

There are no contingent liabilities relating to the group's interest in the joint venture.

#### 42 Events after the balance sheet date

Post balance sheet events are disclosed in the directors' report.