

Notes to the company financial statements

Year ended 30 June

(All amounts in rand millions unless otherwise stated)

	Note	2006	2005
1 Investments in subsidiaries, associates and joint ventures			
Associates		1,013.2	861.5
Subsidiaries and joint venture (Annexure A)		1,812.1	1,119.7
		<u>2,825.3</u>	<u>1,981.2</u>
Associates			
At cost			
Two Rivers Platinum (Proprietary) Limited		550.8	399.1
Aquarius Platinum (South Africa) (Proprietary) Limited		462.4	462.4
Total investments in associates		<u>1,013.2</u>	<u>861.5</u>
2 Available-for-sale financial investments			
Investment in listed shares			
Comprises shares in the following listed company			
Aquarius Platinum Limited			
Beginning of the year		261.7	171.7
Exchange differences		29.6	38.7
Share price movement		455.1	51.3
End of the year		<u>746.4</u>	<u>261.7</u>
During the year, the company maintained its strategic shareholding in Aquarius Platinum Limited, holding 7,141,966 shares (2005: 7,141,966) which amounts to approximately 8.6% (2005: 8.6%) of the issued share capital of that company. The company is listed on the Australian Stock Exchange, the London Stock Exchange and the JSE Limited. The fair value of these shares as at the close of business on 30 June 2006 by reference to stock exchange quoted prices and closing exchange rates was R746.4 million (2005: R261.7 million).			
Investment in unlisted shares			
Shares beneficially owned in the under mentioned concern at fair value:			
Silplat (Proprietary) Limited		14.7	14.7
		<u>761.1</u>	<u>276.4</u>
3 Other receivables			
Loans to BEE companies			
Current		435.8	–
Non-current		39.6	–
		<u>475.4</u>	<u>–</u>
Loans granted to Tubatse Platinum (Pty) Limited, the Marula Community Trust and Mmakau Mining (Pty) Limited in terms of a BEE transaction. The current portion is repayable on 5 July 2006 and the non-current portion on approval and adoption by the board of directors of Marula Platinum Limited of a feasibility study on any aspect and/or portion of the non-cash producing portion of the Marula mine. Interest at prime less 3 percent is payable on the outstanding balance of the loan.			

Year ended 30 June

(All amounts in rand millions unless otherwise stated)

2006 2005

4 Trade and other receivables

Other receivables	66.0	88.8
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5 Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents comprise cash and bank balances.

6 Share capital

Authorised amount	20.0	20.0
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The total authorised ordinary share capital comprise 100 million (2005: 100 million) shares with a par value of 20 cents each. All issued shares are fully paid.

	Number of shares issued (million)	Ordinary shares (R million)	Share premium (R million)	Total (R million)
At 30 June 2004	66.621	13.3	646.6	659.9
Issued to the Impala Share Incentive Trust	0.224	0.1	99.4	99.5
Cost of equity compensation plans			22.3	22.3
At 30 June 2005	66.845	13.4	768.3	781.7
Issued to the Impala Share Incentive Trust	0.336	0.1	166.5	166.6
Cost of equity compensation plans			28.3	28.3
At 30 June 2006	67.181	13.5	963.1	976.6

Up to 10% of the unissued shares may be issued by the directors at their discretion until the next annual general meeting.

7 Other reserves

Fair value adjustment: Available-for-sale investment

Balance 1 July 2004	152.0	200.6
Revaluation	90.0	(58.0)
Deferred tax charged to equity	(13.4)	9.4
Balance 30 June 2005	228.6	152.0
Revaluation (Note 2)	484.7	90.0
Deferred tax charged to equity (Note 8)	(70.3)	(13.4)
Balance 30 June 2006	643.0	228.6

8 Deferred income tax

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 liability		
– Deferred tax asset to be recovered after more than 12 months	(74.3)	(4.0)

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

Year ended 30 June

(All amounts in rand millions unless otherwise stated)

	2006	2005
8 Deferred income tax (continued)		
The movement on the deferred income tax account is as follows:		
At the beginning of the year	(4.0)	9.4
Tax charge to equity (Note 7)	(70.3)	(13.4)
Net deferred tax liability at the end of the year	<u>(74.3)</u>	<u>(4.0)</u>
9 Trade and other payables		
Trade payables	<u>4.8</u>	<u>26.1</u>
10 Other income/(expenses)		
Exploration expenditure	(12.7)	(6.4)
Restructuring of investment in associate	–	(2.1)
Reversal of impairment/(impairment) of investment in subsidiary ¹	193.9	(248.2)
Professional fees	(18.5)	(6.2)
Net foreign exchange transaction gains	0.1	0.9
Profit on sale of share in Marula Platinum (Pty) Ltd	89.7	–
Corporate, listing and other related costs	(11.2)	(7.3)
	<u>241.3</u>	<u>(269.3)</u>
¹ Refer Note 5 of consolidated financial statements		
11 Other gains		
Other gains consist of the following principal categories:		
Interest income	0.2	1.8
Dividends received – investments	7.1	0.7
Dividends received – subsidiaries	6,346.5	1,456.4
	<u>6,353.8</u>	<u>1,458.9</u>
12 Profit before tax		
The following items have been charged in arriving at profit before tax:		
Auditors' remuneration		
Fees for audit services	0.7	0.5
Professional fees	<u>18.5</u>	<u>6.2</u>
13 Income tax expense		
Current tax		
Charge for the year	<u>2.3</u>	<u>1.3</u>
The tax of the company's profit differs as follows from the theoretical charge that would arise using the basic tax rate:		
	%	%
Normal tax rate for companies	29.0	29.0
Adjusted for:		
Disallowable expenditure	(1.1)	6.6
Exempt income	(27.9)	(35.5)
Effective tax rate	<u>0.0</u>	<u>0.1</u>

Year ended 30 June

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2006 2005

14 Dividends per share

At the board meeting on 25 August 2006, a final dividend in respect of 2006 of 2,200 cents per share amounting to R1,523.2 million was approved. Secondary Tax on Companies (STC) on the dividend will amount to R190.4 million.

These financial statements do not reflect this dividend and the related STC payable. The dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2007.

Dividends paid

Final dividend No. 75 for 2005 of 1,800 (2004: 1,600) cents per share	1,181.9	1,065.8
Interim dividend No. 76 for 2006 of 1,000 (2005: 500) cents per share	661.9	333.4
Special dividend No. 2 for 2005 of 5,500 (2005: nil) cents per share	3,624.1	–
	<u>5,467.9</u>	<u>1,399.2</u>

15 Cash generated from operations

Reconciliation of net profit to cash generated from operations:

Profit attributable to equity holders of the company	6,592.8	1,188.3
Adjustments for:		
Income tax expense (Note 13)	2.3	1.3
Interest income (Note 11)	(0.2)	(1.8)
Dividend income (Note 11)	(7.1)	(0.7)
Profit on sale of investment (Note 10)	(89.7)	–
(Reversal of impairment)/impairment of investment in subsidiary	(193.9)	248.2
Changes in working capital:		
Trade and other receivables	22.8	(80.4)
Trade and other payables	(21.3)	15.9
Cash generated from operations	<u>6,305.7</u>	<u>1,370.8</u>

16 Contingent liabilities and guarantees

Guarantees

At year end the company 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

Aquarius Platinum (South Africa) (Proprietary) Limited	–	146.3
Zimbabwe Platinum Mines (Pvt) Limited	22.6	3.3
Two Rivers Platinum (Proprietary) Limited	210.6	–
Department of Minerals and Energy	296.9	288.0
Total guarantees	<u>530.1</u>	<u>437.6</u>

Owing to uncertainties regarding the timing and amounts, if any, potential outflows cannot be quantified.