

2007

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Notes to the company financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006

Basis of preparation and accounting policies

The basis of preparation and principal accounting policies are disclosed on page 168 to page 185. Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the company financial statements.

1 Investments in subsidiaries, associates and joint ventures

Associates	873.3	1,013.2
Subsidiaries and joint venture (see page 228)	19,430.4	1,812.1
	<u>20,303.7</u>	<u>2,825.3</u>
Associates		
At cost		
Two Rivers Platinum (Proprietary) Limited (group note 7 i)	669.8	550.8
Aquarius Platinum (South Africa) (Proprietary) Limited (group note 7 ii)	203.5	462.4
Total investments in associates	<u>873.3</u>	<u>1,013.2</u>

2 Available-for-sale financial investments

Investment in listed shares		
Comprise shares in the following listed company		
Aquarius Platinum Limited		
Beginning of the year	746.4	261.7
Exchange differences (note 7)	176.3	29.6
Share price movement (note 7)	620.5	455.1
End of the year	<u>1,543.2</u>	<u>746.4</u>

During the year, the group maintained its strategic shareholding in Aquarius Platinum Limited of 7,141,966 shares (2006: 7,141,966) which amounts to approximately 8.6% (2006: 8.6%) of the issued share capital of that company. The company is listed on the Australian Securities Exchange, the London Stock Exchange and the JSE. The fair value of these shares as at the close of business on 30 June 2007, by reference to stock exchange-quoted prices and closing exchange rates, was R1,543.2 million (2006: R746.4 million)

Investment in unlisted shares

Fair value of shares beneficially owned in:		
Silplats (Proprietary) Limited	14.7	14.7
	<u>1,557.9</u>	<u>761.1</u>

3 Other receivables

Loans to BEE companies		
Current	–	435.8
Non-current	39.6	39.6
	<u>39.6</u>	<u>475.4</u>

Loans granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Mining (Pty) Ltd in terms of a BEE transaction. The R435.8 million was repaid on 5 July 2006 and the remainder is repayable on approval and adoption by the board of directors of Marula Platinum (Pty) 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.



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4 Trade and other receivables		
Other receivables	84.1	66.0
5 Cash and cash equivalents		
For the purposes of the cash flow statement, the cash and cash equivalents comprise cash and bank balances.	0.0	0.0
6 Share capital		
A subdivision of shares was approved at the annual general meeting held on 12 October 2006.		
The ordinary shares of the holding company were sub-divided whereby each ordinary share of 20 cents was sub-divided into eight ordinary shares of 2.5 cents each. The sub-divided shares commenced trading on the JSE Limited on 6 November 2006.		
The earnings and dividends per share reported for the previous financial year were recalculated, using the sub-divided number of shares, to enable comparison with the current reporting period.		
The authorised share capital of the holding company after the sub-division is as follows: 844,008,000 (2006: 800,000,000) ordinary shares with a par value of 2.5 cents each		
	21.1	20.0

Ordinary A shares authorised during the year were converted to ordinary shares.

The issued share capital of the holding company after the subdivision are as follows:

	Number of shares issued (million)	Ordinary shares (R million)	Share premium (R million)	Share based payment reserve (R million)	Total (R million)
At 30 June 2005	534.761	13.4	713.3	55.0	781.7
Issued to the share option scheme	2.653	0.1	166.5		166.6
Cost of equity compensation plan				28.3	28.3
At 30 June 2006	537.414	13.5	879.8	83.3	976.6
Issued to the share option scheme	1.937	0.1	79.0		79.1
Issued to Employees Share Option Participation Plan	16.433	0.3	2,645.9		2,646.2
Issued to the Royal Bafokeng Nation	75.115	1.8	12,484.4		12,486.2
Share issue cost ⁽¹⁾			(17.6)		(17.6)
Cost of equity compensation plan				17.1	17.1
BEE compensation charge				1,790.0	1,790.0
At 30 June 2007	630.899	15.7	16,071.5	1,890.4	17,977.6

During the period under review 16.4 million shares (2.1 million shares prior to the sub-division) were issued in terms of an approved Employee Share Ownership Programme. The programme was put in place in 2006 and the shares were incorporated in calculations for 2006. The associated share-based payment costs for the year under review amounted to R183.8 million which is included in cost of sales.

In addition 75.1 million shares were issued to the Royal Bafokeng Nation.

⁽¹⁾ Includes an accrual of R10.0 million relating to the prospectus that will be issued according to the UK listing requirements.

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	Year ended 30 June	
	2007	2006
(All amounts in rand millions unless otherwise stated)		
7 Other reserves		
Fair value adjustment: Available-for-sale investments		
Balance 1 July 2005	228.6	152.0
Revaluation	484.7	90.0
Deferred taxation charged to equity	(70.3)	(13.4)
Balance 30 June 2006	643.0	228.6
Revaluation (note 2)	796.8	484.7
Deferred taxation charged to equity (note 8)	(115.5)	(70.3)
Balance 30 June 2007	1,324.3	643.0
8 Deferred income taxation		
Deferred income taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and when the deferred income taxation relates to the same fiscal authority. The offset amounts are as follows:		
Deferred taxation liability		
– Deferred taxation asset to be recovered after more than 12 months	(189.8)	(74.3)
The movement on the deferred income taxation account is as follows:		
At the beginning of the year	(74.3)	(4.0)
Taxation charge to equity (note 7)	(115.5)	(70.3)
Net deferred taxation liability at the end of the year	(189.8)	(74.3)
9 Trade and other payables		
Trade payables	27.4	4.8
10 Other (expense)/income		
Exploration expenditure	(29.7)	(12.7)
Reversal of impairment of investment in subsidiary ⁽¹⁾	–	193.9
Professional fees	(28.5)	(18.5)
Net foreign exchange transaction (losses)/gains	(14.9)	0.1
Profit on sale of shares in Marula Platinum (Pty) Limited	–	89.7
Corporate and other costs	(12.8)	(11.2)
	(85.9)	241.3
⁽¹⁾ Refer note 5 of consolidated financial statements.		
11 Investment income		
Other gains consist of the following principal categories:		
Interest income	58.2	0.2
Dividends received – investments	15.3	7.1
Dividends received – subsidiaries	3,169.3	6,346.5
	3,242.8	6,353.8



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	2007	2006
12 Profit before taxation		
The following items have been charged in arriving at profit before taxation:		
Auditors' remuneration		
Fees for audit services	0.7	0.7
Professional fees	28.5	18.5
	<hr/>	<hr/>
13 Income taxation expense		
Current taxation		
Charge for the year	17.6	2.3
	<hr/>	<hr/>
The taxation of the company's profit differs as follows from the theoretical charge that would arise using the basic rate of taxation:		
	%	%
Normal rate of taxation for companies	29.0	29.0
Adjusted for:		
Disallowable expenditure	(0.5)	(1.1)
Exempt income	(29.1)	(27.9)
Effective rate of taxation	(0.6)	-
	<hr/>	<hr/>
14 Dividends per share		
At the board meeting on 30 August 2007, a final dividend in respect of 2007 of 700 cents per share amounting to R4,228.6 million was approved. Secondary taxation on Companies (STC) on the dividend will amount to R528.6 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 2008.		
Dividends paid		
Final dividend No. 77 for 2006 of 700 (2005: 225) cents per share	1,451.7	1,181.9
Interim dividend No. 78 for 2007 of 275 (2006: 125) cents per share	1,660.0	661.9
Special dividend No. 2 for 2005 of 687.5 cents per share	-	3,624.1
	<hr/>	<hr/>
	3,111.7	5,467.9
	<hr/>	<hr/>
15 Cash generated from operations		
Reconciliation of net profit to cash generated from operations:		
Profit before taxation for the year	3,156.9	6,595.1
Adjustments for:		
Interest income (note 11)	(58.2)	(0.2)
Dividend income (note 11)	(15.3)	(7.1)
Profit on sale of investment (note 10)	-	(89.7)
Reversal of impairment of investment in subsidiary	-	(193.9)
Changes in working capital:		
Trade and other receivables	(18.1)	22.8
Trade and other payables	22.6	(21.3)
Cash generated from operations	<hr/>	<hr/>
	3,087.9	6,305.7

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(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006

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

Zimbabwe Platinum Mines (Pvt) Limited

– 22.6

Two Rivers Platinum (Proprietary) Limited

324.9 210.6

Department of Minerals and Energy

296.9 296.9

Marula BEE parties guarantee

467.9 –

Total guarantees

1,089.7 530.1

No compensation was received for the financial guarantees issued on behalf of Two Rivers Platinum (Pty) Ltd and the Marula BEE parties and, as they had no material fair value on the date of issue, no liability was recognised.

17 Related party transactions

Loans to related parties

Loans to associates

Interest received

57.7 –

End of the year (group note 7)

784.8 924.7

Guarantees provided (note 16)

Subsidiaries (refer page 228)

No interest was levied or paid to subsidiaries.

Share options granted to directors

The aggregate number of share options granted to directors and key management is disclosed in the Directors' Report as directors and senior management remuneration.



Notes to the company financial statements

Principal subsidiaries and joint ventures				Year ended 30 June			
(All amounts in rand millions unless otherwise stated)				Notes	2007	2006	
Company and description	Issued share capital	Effective group interest %		Book value in holding company			
		2007	2006	Shares 2007	2006	Loans 2007	2006
Impala Holdings Limited Investment holding company	*	100	100			11,521.8	(1,165.9)
Impala Platinum Limited Mines, refines and markets PGMs	*	100	100				
Impala Platinum Investments (Pty) Ltd	*	100	100				
Impala Platinum Properties (Rustenburg) (Pty) Ltd	*	100	100				
Impala Platinum Properties (Johannesburg) (Pty) Ltd Owns properties	*	100	100				
African Platinum Ltd ⁽¹⁾ Owns mineral rights and platinum mine development	£46.6m	74	–	4,156.9		773.7	
Barplats Holdings (Pty) Ltd Investment holding company	*	100	100	68.0	68.0	(359.5)	(359.6)
Gazelle Platinum Limited Investment holding company	*	100	100			235.1	235.1
Impala Refining Services Limited Provides toll refining services	*	100	100				
Impala Platinum Japan Limited ⁽²⁾ Marketing representative	¥10m	100	100	1.5	1.5		
Impala Platinum Zimbabwe (Pty) Ltd Investment holding company	*	100	100.0	72.8	72.8	350.7	350.7
Zimplats Holdings Limited** ⁽³⁾ Owns mineral rights and mines PGMs	US\$10.8m	87	87	900.5	900.5		
Zimbabwe Platinum Mines (Pvt) Limited ⁽⁵⁾ Owns mineral rights and mines PGMs	US\$30.1m	87	87				
Mimosa Investments Limited ⁽⁴⁾ Investment holding company	US\$48.0m	50	50	376.6	376.6		
Mimosa Holdings (Pvt) Ltd ⁽⁵⁾ Investment holding company	US\$28.8m	50	50				
Mimosa Platinum (Pvt) Ltd ⁽⁵⁾ Owns mineral rights and mines PGMs	US\$28.8m		50				
Marula Platinum (Pty) Ltd Owns mineral rights and mines PGMs	*	78	100	644.5	644.5	684.2	684.2
Platexco (South Africa) (Pty) Ltd Exploration company	*	0	100				
Sundry and dormant companies	*	100	100	3.7	3.7	(0.1)	0.0
Total				6,224.5	2,067.6	13,205.9	(255.5)
Total investment at cost						19,430.4	1,812.1

* Share capital less than R50,000

** Listed on the Australian Securities Exchange

⁽¹⁾ Incorporated in United Kingdom

⁽²⁾ Incorporated in Japan

⁽³⁾ Incorporated in Guernsey

⁽⁴⁾ Incorporated in Mauritius and is a joint venture

⁽⁵⁾ Incorporated in Zimbabwe

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Non-GAAP disclosure

		Year ended 30 June		
(All amounts in rand millions unless otherwise stated)		2007	2006	
The group utilises certain Non-GAAP (Generally Accepted Accounting Procedures) performance measures and ratios in managing the business and may provide users of this financial information with additional meaningful comparisons between current results and results in prior operating periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the reported operating results or cash flow from operations or any other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures used by other companies.				
1	Revenue per platinum ounce sold			
	US dollar sales	4,374.8	2,745.2	
	US dollar toll refining income	(45.3)	(21.8)	
		<u>4,329.5</u>	<u>2,723.4</u>	
	Sales volumes platinum (refer to operational statistics)	1,827.222	1,582.101	
	Dollar sales revenue per platinum ounce refined	2,369.4	1,721.4	
	Average rand exchange rate achieved	7.20	6.37	
	Rand sales revenue per platinum ounce sold	<u>17,059.7</u>	<u>10,965.3</u>	
2	Cost per platinum ounce refined			
	On-mine operations	23	5,900.7	4,708.6
	Concentrating and smelting operations	24	1,315.8	1,129.6
	Concentrating operations		936.4	772.0
	Smelting operations		379.4	357.6
	Refining operations	25	594.1	523.4
	Other operating expenses	27	478.0	340.0
			<u>8,288.6</u>	<u>6,701.6</u>
	Mine-to-market platinum ounces ⁽¹⁾		1,242.1	1,284.4
	Gross platinum ounces ⁽²⁾		2,026.2	1,846.3
	On-mine operations ⁽¹⁾		4,750.6	3,666.0
	Concentrating operations ⁽¹⁾		753.9	601.1
	Smelting operations ⁽²⁾		187.2	193.7
	Refining operations ⁽²⁾		293.2	283.5
	Other operating expenses ⁽¹⁾		384.8	264.7
	Group unit cost per platinum ounce		<u>6,369.7</u>	<u>5,009.0</u>
	Share-based payments			
	On-mine operations ⁽¹⁾		440.0	74.8
	Refining operations ⁽²⁾		41.1	20.1
	Other operating expenses ⁽¹⁾		91.4	64.5
			<u>572.5</u>	<u>159.4</u>
	Cost per platinum ounce excluding share-based payments			
	On-mine operations ⁽¹⁾		4,396.3	3,607.8
	Concentrating operations ⁽¹⁾		753.9	601.1
	Smelting operations ⁽²⁾		187.2	193.7
	Refining operations ⁽²⁾		272.9	272.6
	Other operating expenses ⁽¹⁾		311.1	214.5
			<u>5,921.4</u>	<u>4,889.7</u>

⁽¹⁾ Refers to costs incurred at Implats' mine-to-market operations.

⁽²⁾ Refers to costs incurred at the smelter and refining operations to produce gross refined platinum.