



Consolidated balance sheet

(All amounts in rand millions unless otherwise stated)	Notes	As at 30 June	
		2007	2006 ⁽¹⁾
Assets			
Non-current assets			
Property, plant, equipment, exploration and evaluation assets	5	20,346.3	12,435.4
Intangible assets	6	1,020.2	–
Investments in equity accounted entities	7	1,416.5	1,167.9
Available-for-sale financial investments	8	1,557.9	761.1
Held-to-maturity investments	9	120.9	108.2
Other receivables and prepayments	10	12,738.8	611.3
		<u>37,200.6</u>	<u>15,083.9</u>
Current assets			
Inventories	11	3,997.4	2,936.0
Trade and other receivables	12	5,535.9	3,585.6
Cash and cash equivalents	13	3,221.9	1,864.4
		<u>12,755.2</u>	<u>8,386.0</u>
Non-current assets classified as held-for-sale	14	2.4	–
		<u>12,757.6</u>	<u>8,386.0</u>
Total assets		<u>49,958.2</u>	<u>23,469.9</u>
Equity			
Capital and reserves attributable to the equity holders of the company			
Share capital	15	14,809.1	457.9
Other reserves	16	676.2	18.7
Retained earnings		17,483.8	13,363.3
		<u>32,969.1</u>	<u>13,839.9</u>
Minority interest		<u>1,730.1</u>	<u>214.9</u>
Total equity		<u>34,699.2</u>	<u>14,054.8</u>
Liabilities			
Non-current liabilities			
Borrowings	17	685.6	174.0
Deferred income taxation	18	5,047.0	2,919.0
Provision for employee benefit obligations	19	560.6	187.5
Provision for future rehabilitation	20	330.1	335.4
Derivative financial instruments	21	–	38.2
		<u>6,623.3</u>	<u>3,654.1</u>
Current liabilities			
Trade and other payables	22	7,087.5	4,741.1
Current income taxation		1,373.4	926.9
Borrowings	17	32.1	27.8
Provision for employee benefit obligations	19	93.5	–
Derivative financial instruments	21	49.2	65.2
		<u>8,635.7</u>	<u>5,761.0</u>
Total liabilities		<u>15,259.0</u>	<u>9,415.1</u>
Total equity and liabilities		<u>49,958.2</u>	<u>23,469.9</u>

⁽¹⁾ 2006 restated for IFRIC 4 – refer note 47.

The notes on pages 168 to 219 are an integral part of these consolidated financial statements.

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Consolidated income statement

(All amounts in rand millions unless otherwise stated)	Notes	Year ended 30 June	
		2007	2006 ⁽¹⁾
Sales	4	31,481.5	17,500.2
On-mine operations	23	(5,900.7)	(4,708.6)
Concentrating and smelting operations	24	(1,315.8)	(1,129.6)
Refining operations	25	(594.1)	(523.4)
Amortisation of operating assets	34	(864.7)	(643.1)
Metals purchased		(9,369.1)	(4,326.2)
Increase in metal inventories	11	1,034.9	1,161.0
Cost of sales		<u>(17,009.5)</u>	<u>(10,169.9)</u>
Gross profit		14,472.0	7,330.3
Net foreign exchange transaction (losses)/gains	26	(15.5)	177.8
Other operating expenses	27	(478.0)	(340.0)
Other expenses	29	(214.1)	(147.6)
Share of profit of associates	30	388.5	114.8
Royalty expense		(1,703.4)	(851.8)
BEE compensation charge	31	(1,790.0)	(95.3)
Reversal of impairment of assets	5	–	583.1
Interest and other income – net	32	642.4	303.8
Finance costs	33	(81.9)	(79.0)
Profit before taxation	34	<u>11,220.0</u>	<u>6,996.1</u>
Income taxation expense	35	<u>(3,894.7)</u>	<u>(2,614.5)</u>
Profit for the year		<u>7,325.3</u>	<u>4,381.6</u>
Profit attributable to:			
Equity holders of the company		7,232.2	4,341.9
Minority interest		93.1	39.7
		<u>7,325.3</u>	<u>4,381.6</u>
Earnings per share (expressed in cents per share – cps)			
– basic	36	1,312	825
– diluted	36	<u>1,272</u>	<u>823</u>
Dividends to group shareholders – cps	37		
– interim dividend December 2006/5		275	125
– final dividend June 2007/6		700	275
– special dividend December 2005		–	688
		<u>975</u>	<u>1,088</u>

⁽¹⁾ 2006 restated for IFRIC 4 – refer note 47.

The notes on pages 168 to 219 are an integral part of these consolidated financial statements.



Consolidated statement of changes in shareholders' equity

(All amounts in rand millions unless otherwise stated)	Notes	Attributable to equity holders of the Company			Minority interest	Total equity	
		Share capital (note 15)	Other reserves (note 16)	Retained earnings			Total
Balance at 30 June 2005 ⁽¹⁾		120.4	(506.1)	14,489.3	14,103.6	159.9	14,263.5
Fair value gains, net of taxation:							
– Available-for-sale financial investments	16		414.4		414.4		414.4
Currency translation differences, net of taxation	16		110.7		110.7	16.3	127.0
Net income recognised directly in equity			525.1		525.1	16.3	541.4
Profit for the year ¹				4,341.9	4,341.9	39.7	4,381.6
Total recognised income for 2006			525.1	4,341.9	4,867.0	56.0	4,923.0
Employee share option scheme:							
– Proceeds from shares issued	15	213.9			213.9		213.9
– Fair value of employee service	15	28.3			28.3		28.3
Final dividend relating to 2005	37			(1,181.9)	(1,181.9)		(1,181.9)
Interim dividend relating to 2006	37			(661.9)	(661.9)		(661.9)
Special dividend	37			(3,624.1)	(3,624.1)		(3,624.1)
Share in revaluation reserve of associate	7, 16		0.2		0.2		0.2
BEE compensation charge from sale of shares in Marula Platinum (Pty) Limited	15, 31	95.3			95.3		95.3
Transactions with minorities							
Purchase of additional shares in Zimplats Holdings Limited	41		(0.5)		(0.5)	(1.0)	(1.5)
		337.5	(0.3)	(5,467.9)	(5,130.7)	(1.0)	(5,131.7)
Balance at 30 June 2006 ⁽¹⁾		457.9	18.7	13,363.3	13,839.9	214.9	14,054.8
Fair value gains, net of taxation:							
– Available-for-sale financial investments	16		681.3		681.3		681.3
Currency translation differences, net of taxation	16		(23.8)		(23.8)	(5.3)	(29.1)
Net income recognised directly in equity			657.5		657.5	(5.3)	652.2
Profit for the year				7,232.2	7,232.2	93.1	7,325.3
Total recognised income for FY2007			657.5	7,232.2	7,889.7	87.8	7,977.5
Employee share option scheme:							
– Proceeds from shares issued	15	79.1			79.1		79.1
– Fair value of employee service	15	17.1			17.1		17.1
Issue of shares to the Royal Bafokeng Nation (net of cost)	15	12,465.0			12,465.0		12,465.0
Final dividend relating to 2006	37			(1,451.7)	(1,451.7)		(1,451.7)
Interim dividend relating to 2007	37			(1,660.0)	(1,660.0)		(1,660.0)
BEE compensation charge from shares issued to the Royal Bafokeng Nation	15, 31	1,790.0			1,790.0		1,790.0
Acquisition of a subsidiary	42					1,427.4	1,427.4
		14,351.2		(3,111.7)	11,239.5	1,427.4	12,666.9
Balance at 30 June 2007		14,809.1	676.2	17,483.8	32,969.1	1,730.1	34,699.2

⁽¹⁾ Restated for IFRIC 4 – refer note 47.

The notes on pages 168 to 219 are an integral part of these consolidated financial statements.

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Consolidated cash flow statement

(All amounts in rand millions unless otherwise stated)	Notes	Year ended 30 June	
		2007	2006 ⁽¹⁾
Cash flows from operating activities			
Cash generated from operations	38	12,945.0	6,533.4
Interest paid	33	(42.0)	(60.8)
Income taxation paid		(2,931.4)	(1,553.8)
Net cash from operating activities		<u>9,971.6</u>	<u>4,918.8</u>
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	42	(3,884.2)	–
Increase in shareholding in subsidiary	41	–	(1.5)
Long-term royalty prepayment to the Royal Bafokeng Nation	10	(12,482.6)	–
Purchase of property, plant and equipment		(2,810.2)	(2,176.7)
Proceeds from sale of property, plant and equipment		4.2	101.7
Increase in investments in associates	7	(119.0)	(151.7)
Payment received from associate on shareholders loan	7	258.9	–
Loan repayments received	10	36.3	36.5
Interest received		547.6	356.3
Dividends received		22.6	10.9
Net cash used in investing activities		<u>(18,426.4)</u>	<u>(1,824.5)</u>
Cash flows from financing activities			
Issue of ordinary shares, net of cost	15	12,544.1	213.9
Lease liability repaid		(22.0)	(16.1)
Proceeds from short-term borrowings		–	6.9
Repayments of short-term borrowings		(11.3)	–
Proceeds from long-term borrowings		435.9	10.2
Repayments of long-term borrowings		(11.3)	–
Dividends paid to company's shareholders	37	(3,111.7)	(5,467.9)
Net cash from/(used in) in financing activities		<u>9,823.7</u>	<u>(5,253.0)</u>
Net increase/(decrease) in cash and cash equivalents		1,368.9	(2,158.7)
Cash and cash equivalents at beginning of year	13	1,864.4	3,984.3
Effects of exchange rate changes on monetary assets		(15.0)	38.8
Cash and cash equivalents at end of year	13	<u>3,218.3</u>	<u>1,864.4</u>

⁽¹⁾ Restated for IFRIC 4 – refer note 47.

The notes on pages 168 to 219 are an integral part of these consolidated financial statements.



Notes to the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these group and company financial statements are set out below. Accounting policies that refer to consolidated or group financial statements apply equally to the company financial statements where relevant.

1.1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations of those standards (as adopted by the International Accounting Standards Board) and applicable legislation (requirements of the South African Companies Act and the regulations of the JSE Limited.)

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following:

- revaluation of available-for-sale financial investments at fair value,
- certain financial assets and financial liabilities are measured at fair value,
- derivative financial instruments are measured at fair value, and
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

The principal accounting policies used by the group are consistent with those of the previous year, unless otherwise stated.

Functional and presentation currency

These consolidated financial statements are presented in South African rands, which is the company's functional currency. All financial information is presented in rand millions, rounded to the nearest decimal, unless otherwise stated.

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.

1.2 Changes in accounting policies

The following new interpretations of IFRS have been issued and have been adopted:

- IFRIC 4: Determining whether an Arrangement contains a Lease (effective 1 January 2006). The adoption of IFRIC 4 requires the group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. The effect of the implementation of this interpretation is set out in note 47.
- IFRIC 5 to IFRIC 9 were early adopted in prior years.
- IFRIC 10: Interim Financial Reporting and Impairment (effective 1 November 2006) prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. The implementation of this interpretation had no material impact on the results of the group.
- IFRIC 11: IFRS 2 – Group and Treasury Share Transactions (effective 1 March 2007). This interpretation addresses how to apply IFRS 2 – Share-based Payments, to share-based payment arrangements involving an entity's own equity instruments or the equity instruments of another entity in the same group. The implementation of this interpretation had no material impact on the results of the group.
- IFRIC 12: Service Concession Arrangements (effective 1 January 2008). Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services, such as roads, airports, prisons and energy and water supply and distribution facilities, to private sector operators. Control of the assets remains in public hands but the private sector operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements. The implementation of this interpretation had no impact on the results of the group.
- IFRIC 13: Customer Loyalty Programmes. This interpretation addresses accounting by an entity which grants award credits to its customers. This interpretation had no effect on the group.

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1 Summary of significant accounting policies (continued)

1.2 Changes in accounting policies (continued)

- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This interpretation addresses refunds or reductions in future contributions, the impact of minimum funding on future contributions and potential liabilities. The implementation of this interpretation had no impact on the results of the group.

The following standards and amendments to standards have been issued and have been adopted by the group:

- IAS 19 Employee Benefits (revised effective 1 January 2006). This standard deals with the accounting for employee benefits. The adoption of this accounting standard had no material impact on the results of the group.

The following standards, amendments to standards and interpretations have been issued but are not effective yet and have not been early adopted:

IFRS 7: Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures (effective 1 January 2007) require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The group will apply IFRS 7 and the amendment to IAS 1 from the financial year beginning 1 July 2007.

IFRS 8: Operating Segments (effective 1 January 2009) requires the amount reported for each segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to that segment and assessing their performance. The group assessed the impact of IFRS 8 and concluded that some additional information that is not critical to the business will have to be disclosed, even though the group already conforms to the main requirements.

1.3 Consolidation

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

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 such 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, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at 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 (Refer note 1.7).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Special purpose entities (SPEs) are those undertakings that are created to satisfy specific business needs of the group, which have the right to the majority of the benefits of the SPE and/or are exposed to majority of the risks inherent to the activities thereof.

SPEs are consolidated when the substance of the relationship indicates that the SPE is controlled by the group.



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.3 Consolidation (continued)

Transactions with minorities

Transactions with minorities, where the group already has control over the entity, are accounted for using the 'economic entity model'.

In terms of this accounting model, any surplus or deficit arising from such transactions, compared to the carrying amount of the minorities, is adjusted against other reserves.

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 (refer note 1.7).

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, recognising in reserves, its share of post-acquisition movements. Under the equity method, the investment in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss in the investee, after the date of acquisition. Dividends received reduce the carrying amount in the investment.

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.

Joint ventures

The group's interest in jointly controlled entities is accounted for by proportionate consolidation. The group combines its share of the joint venture's 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 re-sells 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.

1.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in South African rands, 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 rands at average exchange rates for the year and the assets and liabilities are translated at the rates ruling at the balance sheet date. The exchange differences arising on the 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 from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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1 Summary of significant accounting policies (continued)

1.4 Foreign currency translation (continued)

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 or 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.

1.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortisation and less any accumulated impairment losses. Pre-production expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity incurred on mines are capitalised to property plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount. Interest on borrowings, specifically to finance the establishment of mining assets, is capitalised during the construction phase.

The environmental rehabilitation obligation is included in the cost of the related asset and changes in the liability resulting from changes in the estimates are accounted for as follows:

- Any decrease in the cost of the asset is limited to its carrying amount and an increase to the cost of an asset is tested for impairment when there is an indication of impairment.
- These assets are depreciated over their useful lives.

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.

Assets are not depreciated while the residual value equals or exceeds the carrying value of the asset. Amortisation is calculated on cost less the residual value of the assets or component of the asset where applicable. Amortisation methods and amortisation rates are applied consistently within each asset class except where significant individual assets have been identified which have different amortisation patterns. Residual values are reviewed at least annually. Amortisation is not adjusted retrospectively for changes in the residual amount.

Other assets consist of furniture and fittings, information technology equipment and vehicles.

Shafts, mining development and infrastructure

Individual mining assets are amortised using the units-of-production method based on their respective estimated economically recoverable proved and probable mineral reserves, limited to the life of mine.

Metallurgical and refining assets

Metallurgical and refining assets are amortised using the units-of-production method based on the expected estimated economically recoverable proved and probable mineral reserves to be concentrated or refined by that asset.

Land, buildings and general infrastructure (including housing and mineral rights)

Assets in this category, excluding land which is not depreciated, are depreciated over the life of mine using the units-of-production method and the economically recoverable proved and probable mineral reserves.



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.5 Property, plant and equipment (continued)

Other assets

These asset are depreciated using the straight line method over the useful life of the asset as follows:

Asset type	Estimated useful life
– Furniture fittings and office equipment	5 years
– Information technology	3 years
– Vehicles	5 and 10 years
– Other assets (including company vehicles)	5 years

1.6 Exploration for and evaluation of mineral resources

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit will more likely than not be realised, i.e. is probable. In evaluating whether expenditures meet this criterion for being capitalised, the directors use several different sources of information depending on the level of exploration. While the criteria for concluding that an expenditure should be capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

- Exploration and evaluation expenditure on greenfields sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs if the final feasibility study demonstrates that future economic benefits are probable.
- Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A 'pre-feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors.

The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.

- Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a pre-feasibility study. This economic evaluation is distinguished from a pre-feasibility study in that some of the information that would normally be determined in a pre-feasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed, allows the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. Subsequently these are stated at cost less impairment provision. Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to assets under construction. No amortisation is charged during the exploration and evaluation phase.

For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of operating mines that are located in the same geographical region. Where the assets are not associated with a specific cash generating unit, the recoverable amount is assessed using fair value less cost to sell of the specific exploration area.

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1 Summary of significant accounting policies (continued)

1.7 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 the acquisition of subsidiaries is included in intangible assets. Goodwill on the acquisition of associates is included in investments in associates. Separately recognised 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 (refer note 1.8). Impairment write downs on goodwill may not be reversed.

1.8 Impairment of assets

Non-financial assets

Assets that have an indefinite useful life which are not subject to amortisation, 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 greater 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 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 generally determined by reference to market values. Where the recoverable amount is less than the carrying amount, the impairment is charged against income to reduce the carrying amount to the recoverable amount of the asset. The revised carrying amounts are amortised over the remaining lives of such affected assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment previously recognised will be reversed when changes in circumstances, that have an impact on estimates, occur after the impairment has been recognised. The reversal of an impairment will be limited to the lesser of the newly calculated recoverable amount or the book value that would have existed if the impairment was not recognised. The reversal of an impairment is recognised in the income statement.

Financial assets

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 on equity instruments recognised in the income statement are reversed through the income statement.
- A provision for impairment of trade receivables, held-to-maturity investments and loans 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 the asset. Significant financial difficulties on the part of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. 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 original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.9 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 an asset. Investments are initially recognised at fair value plus transaction costs except financial assets at fair value through profit or loss which is recognised at fair value. 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 are 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 are included in current assets, except for those with maturities longer 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 (Refer note 1.15). 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 of holding and the ability to hold to maturity, and are included in non-current assets, except for those with maturities within 12 months of 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 which is determined using period-end bid rates. 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 as gains and losses from investment securities in the income statement.

The fair values of listed investments are based on current closing bid 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.

1.10 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, bank overdrafts, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

1.11 Leases

Determining whether an arrangement is, or contains a lease, is based on the substance of the arrangement, and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to control the asset.

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1 Summary of significant accounting policies (continued)

1.11 Leases (continued)

Leases where the lessee assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lesser 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 and short-term payables respectively. 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 limited to the lease contract term (refer note 1.5).

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 on a straight line basis over the life of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

1.12 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 produced by the base and precious metal refineries, are valued at the lower of average cost of production and net realisable value. Quantities of in-process metals are based on latest available assays. The average cost of production is taken as total costs incurred in 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 net realisable value. Stocks of metals purchased or recycled by the group are valued at the lower of cost or net realisable value.

Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average 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.

1.13 Financial instruments

Financial instruments carried on the balance sheet include 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 and measurement methods adopted are disclosed in the individual policy statements associated with each item.

1.14 Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised liabilities (fair value hedge); or
- hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.14 Derivative financial instruments (continued)

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of this hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or expense.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or expenses.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss. When the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in equity are included in the initial cost or other carrying amount of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other income or other expenses.

Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other income and expenses.

1.15 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.

1.16 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 used to fund qualifying capital expenditure, such borrowing costs that are directly attributable to capital expenditure are capitalised from the date at which the capital expenditure and related borrowing cost are incurred until the completion of construction.

1.17 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.

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1 Summary of significant accounting policies (continued)

1.18 Environmental rehabilitation obligations

These long-term obligations result from environmental disturbances associated with the group's mining operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Rehabilitation costs

The net present value of future rehabilitation cost estimates as at year-end is recognised and provided for in full in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are used in calculating the present value.

Changes in the measurement of the liability, apart from the unwinding of the discount, which is recognised in the income statement as finance cost, is capitalised to the environmental rehabilitation asset (refer note 1.5).

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

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.

The group has control over the trust which is consolidated as a special purpose entity.

1.19 Employee benefits

Short-term employee benefits

Remuneration to employees is charged to the income statement on an ongoing basis. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Defined benefit and defined contribution retirement plans

Employee benefit schemes are funded by payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the income statement immediately.

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 employees and by relevant group companies to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. 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; they are accounted for in substance 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.



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.19 Employee benefits (continued)

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 to do so or where there is a past practice that has created a constructive obligation.

Share-based payments

Equity-settled share option incentive scheme

Impala Share Incentive Trust

This group share option plan provides for the granting of options to key employees who are able to purchase shares in the holding company at a price equal to the average market price of the five trading days preceding the trading day preceding the date upon which the Remuneration Committee approved the granting of the options.

The scheme is administered by 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, equal to 25% of the total options granted. In subsequent years, an additional 25% vests per year. All outstanding options lapse after 10 years from the date of the granting of the options.

The fair value of employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined with reference to the fair value of the options granted, excluding non-market vesting conditions, on grant date and is expensed on a straight line basis over the vesting period. The fair value is determined by using the binomial option valuation model and assumptions used to determine the fair value are detailed in note 3. At each balance sheet date, the group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Cash-settled share-based payments

Share appreciation rights scheme

The group allocates to selected executives and employees notional shares in the holding company. These notional shares confer the conditional right on a participant to be paid a cash bonus equal to the appreciation in the share price from the date of allocation to the date of surrender of the notional share. Notional shares are first surrenderable after two years of allocation up to a maximum of 25% of the allocation. In subsequent years, an additional 25% becomes exercisable per year. All outstanding notional shares lapse after 10 years from the date of allocation.

Morokotso Trust

The Employee Share Ownership Programme (ESOP) for South African operations provides for as broad-based participation as possible by employees in the Morokotso Trust and is primarily for the benefit of historically disadvantaged employees in the A, B and C Paterson bands in the employ of the company before 4 July 2008. The trust acquired 16.4 million shares on behalf of employees. Each employee in the A, B and C Paterson bands has an equal stake in the Trust.

The trust will hold the shares on behalf of these employees for a maximum period of ten years. After the end of five years, 40% of the shares will be sold by the trust and the money made from the sale, less costs, will be distributed equally among employees in these bands. After another five years, 60% of the shares will be sold on the same basis.

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1 Summary of significant accounting policies (continued)

1.19 Employee benefits (continued)

The fair value of employee services received in exchange for cash-settled share-based payments is recognised as an expense. A liability equal to the portion of the services received is determined and recognised at each balance sheet date. The binomial option valuation model is used to determine fair value (excluding non-market vesting conditions) and the assumptions on which the model is based are detailed in note 3.

1.20 Deferred income taxation

Deferred income taxation is provided in full, using the liability method, on temporary differences arising between the taxation bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income taxation 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 taxation is determined using taxation rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income taxation asset is realised or the deferred income taxation liability is settled.

Deferred income taxation 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 taxation 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 taxation assets and deferred income taxation 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 off set current taxation assets against current taxation liabilities.

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

1.21 Revenue recognition

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

Sales of metals mined and metals purchased

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

Toll income

Toll refining income is recognised at the 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-proportionate basis using the effective interest method.

Dividend income

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

Government assistance

Government assistance is accounted for by applying the income approach and recognised through profit and loss on an accrual basis, in as far as the conditions attached to such assistance will be met and the grant has been received, or it is reasonably certain that it will be received.



Notes to the consolidated financial statements

1 Summary of significant accounting policies (continued)

1.22 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

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 the marketing of metals produced by the group,
- toll refiner for third party material (Impala Refining Services) and
- investment and other.

1.23 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.

1.24 BEE transactions

This accounting policy relates to transactions where the group grants or sells equity instruments to people in the context of empowerment in terms of the Broad-Based Black Empowerment Act No 53 of 2003. The difference between the fair value and the selling price of the equity instruments granted or sold is accounted for as an expense through the income statement as a share-based compensation charge. Refer note 1.19 for discussion of share-based payments.

The fair value of the equity instruments is determined using the main assumptions as described in note 3 'Critical accounting estimates and judgements' for the impairment of assets.

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 potentially 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, the use of derivative financial instruments and non-derivative financial instruments, and the investing of 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 in assets and liabilities, the group, from time to time, uses forward contracts within board approval limits. The 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

The group is exposed to fluctuations in metal prices. From time to time, the group enters into metal forward sales contracts, options or lease contracts to manage the fluctuations in metal prices, thereby preserving and enhancing its revenue streams.

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2 Financial risk management (continued)

2.1 Financial risk factors (continued)

2.1.2 Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparties.

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 dealing only with well-established financial institutions with a credit standing of a high quality. 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 counterparties to derivative instruments. The counterparties 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. Regular credit evaluations are performed on the financial condition of these and other receivables. Trade debtors are presented net of the allowance for impairment. No impairment was recognised as the principal debtors continue to be in a sound financial position.

Credit risk exposure in respect of trade receivables is analysed in note 12.

2.1.3 Interest rate risk

The group monitors its exposure to fluctuating interest rates. Cash and cash equivalents are primarily invested with short-term maturity dates, therefore the group is only exposed to cash flow interest risk. The group's primary exposure in respect of borrowings is detailed in note 17. At 30 June 2007 (2006: nil), the group did not consider there to be any significant exposure to 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.

2.1.5 Sovereign risk

Sovereign risk arises from foreign government credit risk, the risk that a foreign central bank or government will impose exchange regulations and the risk associated with negative events relating to taxation policy or other changes in the business climate of a country. These risk are monitored by management who actively engage with both local and foreign government officials and by operating within set frameworks to ensure favourable outcomes.

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 limited extent of these hedges, hedge accounting is not generally 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 at balance sheet date.



Notes to the consolidated financial statements

2 Financial risk management (continued)

2.3 Fair value estimation (continued)

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

The nominal values 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.

The carrying amounts of financial asset and liabilities approximate their fair values.

3 Critical accounting estimates and judgements

Use of estimates

The preparation of the financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations, environmental, reclamation and closure obligations, estimates of recoverable metals, asset impairments (including impairments of goodwill), write-downs of inventory to net realisable value; post-employment, post-retirement and other employee benefit liabilities, the fair value and accounting treatment of financial instruments and deferred taxation.

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 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.

Carrying value of property plant and equipment

Various units-of-production (UOP) depreciation methodologies are available to management eg. centares mined, tonnes mined, tonnes milled or ounces produced. Management elected to depreciate all mining and processing assets using the centares mined methodology.

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the UOP rate of amortisation could be affected to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result to the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves. Changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straightline basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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3 Critical accounting estimates and judgements (continued)

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the recoverable amount of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future metal prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

The group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash-generating units have been derived from discounted cash flows. These calculations require the use of estimates of future commodity prices, exchange rates and reserves. Estimates are based on management's interpretation of market forecasts.

Changes to these assumptions contributed to the reversal of an impairment provision (refer note 5).

The key financial assumptions used in the calculations are:

- long-term real revenue per platinum ounce sold of R11,085 (2006: R7,850) and
- long-term real discount rate, a range of 8.0% to 10.0% (2006: 8.0% to 10.0%) for South African cash flows and 13.0% to 15.0% (2006: 13.0% to 15.0%) for Zimbabwean cash flows.

Production start date

The group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and to be moved into the production which stage. Some of the criteria would include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period for the testing of mine plant and equipment;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or reserve development.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated taxation audit issues based on estimates of whether additional taxes will be due. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such differences affect impact the income taxation and deferred taxation provisions in the period in which such determination is made.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The group uses discounted cash flow analyses for various available-for-sale financial assets that are not traded in active markets.

Metal in process and product inventories

Costs that are incurred during or which benefit the production process are accumulated as stockpiles, metal in process, and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term metals prices less estimated costs to complete production and bring the product to sale.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and engineering estimates are refined based on actual results over time.



Notes to the consolidated financial statements

3 Critical accounting estimates and judgements (continued)

Provisions

Environmental rehabilitation obligations

The group's mining and exploration activities are subject to various laws and regulations governing protection of the environment. The group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of mine.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy which takes into account current technological, environmental and regulatory requirements.

The net present value of current rehabilitation estimates is based on the assumption of a long-term real interest rate of 3.9% (2006: 4.0%).

Provisions for the costs of future rehabilitation have been determined, based on calculations which require the use of estimates (note 20).

Reserves

The estimation of reserves affects the amortisation of property, plant and equipment, the recoverable amount of property, plant and equipment, the timing of rehabilitation expenditure and purchase price allocation.

Factors affecting the determination of proven and probable reserves are:

- the grade of mineral reserves which may vary significantly from time to time (i.e. differences between actual grades mined and resource model grades);
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Post-employment pension plans and medical benefits

The determination of Implats' obligations and expenses for pension and provident funds, as well as post-retirement health care liabilities, depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, the expected long-term rate of return of plan assets, health care inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the mine reaches the end of its life. While Implats' believes that these assumptions are appropriate, significant changes in assumptions may materially affect pension and other post-retirement obligations as well as future expenses, which may result in an impact on earnings in the periods that the changes in the assumptions occur.

Actuarial parameters used by independent valuers assume 6.4% (2006: 6.37%) as the long-term medical inflation rate and an 8.5% (2006: 8.5%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

A 1% increase in the real discount rate results in a R4.1 million reduction in the provision and a decrease of 1% results in an increase in the provision of R4.9 million.

Provisions for post-retirement medical liability costs have been determined, based on calculations which require the use of estimates (note 19).

Share-based payments

The group issues equity-settled and cash-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services rendered over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Cash-settled share-based payments are valued on balance sheet date.

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3 Critical accounting estimates and judgements (continued)

The fair value of share-based payments is calculated using the binomial option pricing model. The average inputs into this model are as follows:

	Employee share option participation scheme ⁵		Share option scheme ⁴		Share appreciation right scheme ⁵	
	2007	2006	2007	2006	2007	2006
Weighted average share price on grant date	163.80	N/A	70.26	70.26	87.69	87.69
Weighted average share price on valuation date ¹	216.00	N/A	70.26	70.26	216.00	164.98
Weighted average exercise price ²	159.18	N/A	61.03	62.81	110.33	77.96
Volatility ³	46.00	N/A	42.03	42.03	46.00	40.36
Dividend yield (%)	2.20	N/A	5.75	5.75	2.20	2.12
Risk-free interest rate (%)	7.90	N/A	10.43	10.43	7.90	8.12

¹ Weighted average share price for valuation of equity-settled shares is calculated taking into account the market price on all grant dates. The value of cash-settled share appreciation rights are calculated at yearend based on the yearend closing price.

² The weighted average exercise price for equity-settled and cash-settled shares is calculated taking into account the exercise price on each grant date.

³ Volatility for equity- and cash-settled shares is the 400-day moving average historical volatility on Implats shares on each valuation date.

⁴ This share option scheme was closed to future grants with effect from October 2004.

⁵ Cash-settled share based payments.

This calculation pertains to non-vested shares.

Financial liabilities

The fair values of derivative instruments are calculated at yearend. The fair value of the forward sales contract is determined by using platinum lease rates and the London Interbank Offer Rate (LIBOR) on the date of sale and the rand/US\$ exchange rate at yearend.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Purchase price allocation

In determining the purchase price for African Platinum Plc (Afplats), the following critical assumptions and judgements were used:

- Leeuwkop reserves were valued using a discounted cash flow model. The key assumptions used were: a discount rate of 14.4% and a long term real rand revenue per platinum ounce of R11,085.
- The resource ounce valuation is based on the UG2 3PGE+Au ounces that were not included in the discounted cash flow valuation. Most of these ounces are in the 'inferred resource' category and were valued at \$14 per ounce. If adjusted to include the Merensky 3PGE+Au ounces, this value is reduced to \$9 per ounce.

Fair value of the royalty prepayment

Expected future royalty payments were valued using the life-of-mine discounted cash flow model for Impala Rustenburg. The following main assumptions were used: a nominal discount rate of 11.1% and a long-term real rand revenue per platinum ounce of R11,085.



Notes to the consolidated financial statements

4 Segment information

Segment reporting

Primary reporting format – business segments

Year ended 30 June 2007										
(All amounts in rand millions unless otherwise stated)	Mining segment					Total mining segment	Refining services segment	Investment and other segment	Inter-segment adjustment	Total
	Impala	Marula	Afplats	Zimplats	Mimosa					
Sales from:										
Metals mined	17,400.8				290.4	17,691.2				17,691.2
Metals purchased	12,413.1					12,413.1	13,276.6		(12,226.0)	13,463.7
Refining services	12,229.2					12,229.2				12,229.2
Impala							12,226.0		(12,226.0)	-
Other	183.9					183.9	1,050.6			1,234.5
Toll income							372.7		(46.1)	326.6
Inter-company concentrate sales to IRS		1,212.7		1,697.3	552.6	3,462.6			(3,462.6)	-
Total sales	29,813.9	1,212.7		1,697.3	843.0	33,566.9	13,649.3		(15,734.7)	31,481.5
Segment operating expenses for:										
Metals mined	6,685.9	643.1		811.4	258.1	8,398.5			(46.1)	8,352.4
Administration fees paid		7.6				7.6			(7.6)	-
Metals purchased	12,374.4					12,374.4	12,683.3		(15,688.6)	9,369.1
Refining services	12,226.0					12,226.0			(12,226.0)	-
Inter-company concentrate purchases							3,462.6		(3,462.6)	-
Other	148.4					148.4	9,220.7			9,369.1
Other cost							322.9			322.9
Gross cost	19,060.3	650.7		811.4	258.1	20,780.5	13,006.2		(15,742.3)	18,044.4
(Increase)/decrease in metal inventories	(44.4)			(42.7)	3.4	(83.7)	(1,144.1)		192.9	(1,034.9)
Cost of sales	19,015.9	650.7		768.7	261.5	20,696.8	11,862.1		(15,549.4)	17,009.5
Gross profit	10,798.0	562.0		928.6	581.5	12,870.1	1,787.2		(185.3)	14,472.0
Net foreign exchange transaction gains/(losses)	46.7	(6.3)	(6.4)	(7.6)	(15.5)	10.9	(11.4)	(15.0)		(15.5)
Interest and (other expense)/income	(144.7)	6.1	(2.9)	(25.8)	9.1	(158.2)	130.7	(14.6)	(7.6)	(49.7)
Share of profit of associates								388.5		388.5
Royalty expense	(1,624.3)	(29.0)		(30.8)	(19.3)	(1,703.4)				(1,703.4)
BEE compensation charge	(1,790.0)					(1,790.0)				(1,790.0)
Finance cost	(25.4)	(22.5)		(18.8)	(14.2)	(80.9)	(1.0)			(81.9)
Profit before taxation	7,260.3	510.3	(9.3)	845.6	541.6	9,148.5	1,905.5	358.9	(192.9)	11,220.0
Income taxation expense	(3,066.5)	(112.8)		(129.3)	(23.0)	(3,331.6)	(592.6)	(17.5)	47.0	(3,894.7)
Profit for the year	4,193.8	397.5	(9.3)	716.3	518.6	5,816.9	1,312.9	341.4	(145.9)	7,325.3

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4 Segment information (continued)

Segment reporting (continued)

Primary reporting format – business segments (continued)

Year ended 30 June 2007										
(All amounts in rand millions unless otherwise stated)	Mining segment					Total mining segment	Refining services segment	Investment and other segment	Inter-segment adjustment	Total
	Impala	Marula	Afplats	Zimplats	Mimosa					
Additional segment information										
Segment assets	29,043.0	1,791.2	7,014.1	2,137.6	999.8	40,985.7	5,859.7	1,696.3		48,541.7
Associates								1,416.5		1,416.5
Total assets										<u>49,958.2</u>
Segment liabilities	3,446.7	1,045.5	86.9	311.4	38.9	4,929.4	3,156.7	34.8		8,120.9
Unallocated liabilities										7,138.1
Total liabilities										<u>15,259.0</u>
Other segment items										
Capital expenditure	2,097.7	279.8	4.2	448.7	56.5	2,886.9				2,886.9
Depreciation and amortisation	594.7	76.3		162.2	31.9	865.1	0.6			865.7
Statistical information:										
Total metals produced										
Platinum (000oz)	1,055					1,055	971			2,026
Palladium (000oz)	472					472	642			1,114
Rhodium (000oz)	103					103	144			247
Nickel (000 tonnes)	7.0					7.0	9.2			16.2
PGM in concentrate produced per entity and included in IRS refined metal (000oz)		171.4		205.7	81.7					
Gross margin analysis (%)										
Metals mined	61.8									
Metals purchased – Impala	0.3									
– IRS							13.1			
Inter-company concentrate purchases		46.3		54.7	69.0					



Notes to the consolidated financial statements

4 Segment information (continued)

Segment reporting (continued)

Primary reporting format – business segments (continued)

Year ended 30 June 2006 ⁽¹⁾									
(All amounts in rand millions unless otherwise stated)	Mining segment				Total mining segment	Refining services segment	Investment and other segment	Inter segment adjustment	Total
	Impala	Marula	Zimplats	Mimosa					
Sales from:									
Metals mined	11,054.4			111.7	11,166.1				11,166.1
Metals purchased	5,810.5				5,810.5	6,047.2		(5,662.5)	6,195.2
Refining services	5,743.7				5,743.7				5,743.7
Impala						5,662.5		(5,662.5)	-
Other	66.8				66.8	384.7			451.5
Toll income						174.4		(35.5)	138.9
Inter-company concentrate sales to IRS		511.1	1,037.9	324.3	1,873.3			(1,873.3)	-
Total sales	16,864.9	511.1	1,037.9	436.0	18,849.9	6,221.6		(7,571.3)	17,500.2
Segment operating expenses for:									
Metals mined	5,552.2	416.2	611.8	221.4	6,801.6			(35.5)	6,766.1
Metals purchased	5,724.3				5,724.3	6,137.7		(7,535.8)	4,326.2
Refining services	5,662.5				5,662.5			(5,662.5)	-
Inter-company concentrate purchases						1,873.3		(1,873.3)	-
Other	61.8				61.8	4,264.4			4,326.2
Other cost						238.6			238.6
Gross cost	11,276.5	416.2	611.8	221.4	12,525.9	6,376.3		(7,571.3)	11,330.9
(Increase)/decrease in metal inventories	(363.6)		(7.5)	(14.4)	(385.5)	(1,039.8)		264.3	(1,161.0)
Cost of sales	10,912.9	416.2	604.3	207.0	12,140.4	5,336.5		(7,307.0)	10,169.9
Gross profit	5,952.0	94.9	433.6	229.0	6,709.5	885.1		(264.3)	7,330.3
Net foreign exchange transaction losses	(31.8)	15.6	(4.6)	6.9	(13.9)	191.6	0.1		177.8
Other operating (expenses)/gains	(146.0)	(30.1)	(31.9)	(10.3)	(218.3)	70.7	(39.1)	2.9	(183.8)
Share of profit of associates							114.8		114.8
Royalty expense	(811.3)	(10.7)	(19.7)	(10.1)	(851.8)				(851.8)
BEE compensation charge		(95.3)			(95.3)				(95.3)
Reversal of impairment provision		583.1			583.1				583.1
Finance costs	(42.4)		(11.2)	(7.0)	(60.6)	(22.6)	4.2		(79.0)
Profit before taxation	4,920.5	557.5	366.2	208.5	6,052.7	1,124.8	80.0	(261.4)	6,996.1
Income taxation expense	(1,574.0)	(154.9)	(60.8)	(33.7)	(1,823.4)	(409.8)	(435.0)	53.7	(2,614.5)
Profit for the year	3,346.5	402.6	305.4	174.8	4,229.3	715.0	(355.0)	(207.7)	4,381.6
Additional segment information									
Segment assets	13,838.6	1,374.8	1,778.7	574.9	17,567.0	3,811.1	923.9		22,302.0
Associates							1,167.9		1,167.9
Total assets									<u>23,469.9</u>
Segment liabilities	2,838.9	388.1	308.3	39.3	3,574.6	2,205.8	17.5		5,797.9
Unallocated liabilities									3,617.2
Total liabilities									<u>9,415.1</u>

⁽¹⁾ 2006 restated for IFRIC 4 – refer note 47.

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4 Segment information (continued)

Segment reporting (continued)

Primary reporting format – business segments (continued)

Year ended 30 June 2006 ⁽¹⁾									
(All amounts in rand millions unless otherwise stated)	Mining segment				Total mining segment	Refining services segment	Investment and other segment	Inter segment adjustment	Total
	Impala	Marula	Zimplats	Mimosa					
Other segment items									
Capital expenditure	1,600.5	291.2	252.5	104.2	2,248.4				2,248.4
Reversal of impairment provision		583.1			583.1				583.1
Depreciation and amortisation	517.9	37.4	68.0	21.0	644.3	0.6			644.9
Statistical information:									
Total metals produced									
Platinum (000oz)	1,125				1,125	721			1,846
Palladium (000oz)	492				492	497			989
Rhodium (000oz)	129				129	113			242
Nickel (000 tonnes)	7.9				7.9	7.7			15.6
PGM in concentrate produced per entity and included in IRS refined metal (000oz)		103.8	195.6	75.3					
Gross margin analysis (%)									
Metals mined	53.1								
Metals purchased – Impala	1.5								
– IRS						14.2			
Intercompany concentrate purchases	18.6	41.8	52.5						

Notes to business segment analysis:

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 corporate borrowings and taxation and deferred taxation.

Capital expenditure comprises additions to property, plant and equipment (note 5), excluding additions resulting from acquisitions through business combinations.

Sales

Metals mined

Reflect the mine-to-market sales primarily from Impala Rustenburg's mining operations.

Metals purchased

Revenue from metals purchased is recognised within two separate legal entities:

- for Impala this incorporates sales of metals purchased principally from IRS.
- for IRS this includes sales from purchases of metals from third party refining customers. The majority of sales are to Impala and a portion is directly to the market.

Toll income

Fees earned by IRS for the treatment of metals on behalf of third party refining customers.

Inter-company

Comprises sales of concentrate from Marula, Zimplats and Mimosa mining operations to IRS.

⁽¹⁾ 2006 restated for IFRIC 4 – refer note 47.



Notes to the consolidated financial statements

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

4 Segment information (continued)

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, interest, administration fees 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 worldwide 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	10,338.5	5,233.4
North America	6,246.4	4,769.5
Europe	4,348.3	2,977.9
South Africa	4,331.5	2,173.3
	<u>25,264.7</u>	<u>15,154.1</u>

By-products

South Africa	3,188.7	1,123.1
North America	1,472.6	549.1
Asia	847.8	333.2
Europe	381.0	201.8
	<u>5,890.1</u>	<u>2,207.2</u>

Toll income

South Africa	263.2	58.1
North America	60.9	80.8
Asia	0.7	–
Europe	1.9	–
	<u>326.7</u>	<u>138.9</u>
	<u>31,481.5</u>	<u>17,500.2</u>

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

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	Notes	Year ended 30 June	
		2007	2006
(All amounts in rand millions unless otherwise stated)			
4 Segment information (continued)			
Analysis of sales by category			
<i>Sales of goods</i>			
Precious metals			
Platinum		15,577.1	9,991.0
Palladium		2,089.0	1,468.8
Rhodium		7,625.7	3,700.2
Ruthenium		796.8	218.9
Iridium		190.9	69.6
Gold		329.9	231.4
Silver		8.8	7.9
		<u>26,618.2</u>	<u>15,687.8</u>
Base metals			
Nickel		4,061.9	1,430.8
Copper		430.1	216.5
Cobalt		37.6	17.3
Chrome		7.0	8.9
		<u>4,536.6</u>	<u>1,673.5</u>
Revenue from services			
Toll refining		326.7	138.9
		<u>31,481.5</u>	<u>17,500.2</u>

Other segment information

	Sales		Capital Expenditure		Total assets	
	2007	2006	2007	2006	2007	2006 ⁽¹⁾
South Africa	28,941.3	17,388.5	2,381.7	1,704.7	44,859.5	20,382.6
Zimbabwe	2,540.2	111.7	505.2	543.7	3,137.4	1,778.7
Other					544.8	140.7
Investment in associates					1,416.5	1,167.9
	<u>31,481.5</u>	<u>17,500.2</u>	<u>2,886.9</u>	<u>2,248.4</u>	<u>49,958.2</u>	<u>23,469.9</u>

⁽¹⁾ 2006 restated for IFRIC 4 – refer note 47.

Total assets and capital expenditure are allocated according to the location of the asset.

Sales are allocated based on the country in which the sale originates.



Notes to the consolidated financial statements

5 Property, plant, equipment, exploration and evaluation assets

(All amounts in rand millions unless otherwise stated)	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	Assets under construction ¹	Exploration and evaluation assets	Other assets	Total
Cost							
Balance at 30 June 2005⁽²⁾	6,578.6	3,873.0	1,947.7	564.0		1,668.5	14,631.8
Exchange adjustment on translation of foreign subsidiaries and joint venture	35.9	49.1	11.9	18.5		38.6	154.0
Additions	845.1	181.8	45.9	926.7		248.9	2,248.4
Transfer from assets under construction	44.4			(44.4)			-
Transfers between categories	1,730.0	56.6	(1,388.4)	(129.8)		(268.4)	-
Disposals	(48.9)	(27.2)	(26.5)			(3.7)	(106.3)
Balance at 30 June 2006⁽²⁾	9,185.1	4,133.3	590.6	1,335.0		1,683.9	16,927.9
Exchange adjustment on translation of foreign subsidiaries and joint venture	(7.7)	(10.5)	(2.3)	(6.3)		(10.7)	(37.5)
Additions	1,127.9	575.8	22.7	914.3		246.2	2,886.9
Acquisition of a subsidiary (note 42)				1,598.9	4,318.3	1.3	5,918.5
Transfer from assets under construction	214.2	134.3		(371.4)		22.9	-
Transfer to assets held for sale (note 14)			(2.4)				(2.4)
Disposals	(0.5)	(1.2)				(12.8)	(14.5)
Balance at 30 June 2007	10,519.0	4,831.7	608.6	3,470.5	4,318.3	1,930.8	25,678.9
Accumulated amortisation and impairment							
Balance at 30 June 2005⁽²⁾	2,925.4	811.5	60.9			611.6	4,409.4
Exchange adjustment on translation of foreign subsidiaries and joint venture	6.1	9.9	1.1			8.8	25.9
Charge for the year	374.1	136.2	2.5			132.1	644.9
Reversal of impairment of assets	(364.9)		(218.2)				(583.1)
Transfers between categories	(268.1)	0.3	243.3			24.5	-
Disposals	(1.0)	(1.0)				(2.6)	(4.6)
Balance at 30 June 2006⁽²⁾	2,671.6	956.9	89.6			774.4	4,492.5
Exchange adjustment on translation of foreign subsidiaries and joint ventures	(9.4)	(2.6)	(0.3)			(2.6)	(14.9)
Charge for the year	382.4	195.1	58.6			229.6	865.7
Disposals	(0.3)	(0.8)				(9.6)	(10.7)
Balance at 30 June 2007	3,044.3	1,148.6	147.9			991.8	5,332.6
Carrying value at 30 June 2007	7,474.7	3,683.1	460.7	3,470.5	4,318.3	939.0	20,346.3
Carrying value at 30 June 2006	6,513.5	3,176.4	501.0	1,335.0		909.5	12,435.4

⁽¹⁾ Assets under construction consist mainly of capital expenditure on the Ngezi Phase 1 underground mine project in Zimbabwe, 16 and 20 shafts at Impala, the Leeuwkop project and at Marula.

⁽²⁾ Restated for IFRIC 4 – refer note 47.

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

5 Property, plant, equipment, exploration and evaluation assets (continued)

Impairment

The recoverable amount of a cash generating unit (CGU) is derived from discounted cash flows on a fair value less cost to sell basis. The calculations use cash flow projections, based on the life-of-mine plan, where cash flow estimates are subject to risks and uncertainties regarding future metal prices, exchange rates and input cost.

In 2005, Marula's mining assets were impaired due to a change in the mining method.

During the group's business planning cycle in 2006, the long-term assumptions regarding metal prices and the improvement in mining and processing at Marula indicated that the total impairment provision for this CGU was no longer necessary, therefore an amount of R583.1 million was reversed.

Long-term real key assumptions (Marula specific)

Revenue per platinum ounce sold (R)

Real discount rate (%)

N/A	7,850
N/A	8.0

Commitments in respect of property, plant and equipment

Commitments contracted for

Approved expenditure not yet contracted for

3,225.1	2,338.6
10,756.9	9,517.6
13,982.0	11,856.2

Not later than 1 year

Later than 1 year not later than 5 years

Later than 5 years

2,497.6	3,523.5
6,475.9	6,777.0
5,008.5	1,555.7
13,982.0	11,856.2

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

Assets are not encumbered by loans.

No finance cost was capitalised during the year.

6 Intangible assets

Goodwill

Goodwill arising on acquisition of subsidiary (note 42)

1,020.2	-
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The goodwill originated mainly from the deferred taxation provided on the fair value of the assets over the acquiree's carrying amount.

This goodwill is based on the provisional purchase price allocation of fair value. The purchase price allocation will be finalised in FY2008, subject to an independent review of resources acquired.



Notes to the consolidated financial statements

		Year ended 30 June	
(All amounts in rand millions unless otherwise stated)		2007	2006
7	Investments in equity accounted entities		
i)	Two Rivers Platinum (Proprietary) Limited		
	Cumulative share of results	226.9	0.7
	Unearned profit in the group ⁽¹⁾	(120.0)	–
	Shares at cost	45.0	45.0
	Shareholder's loan	624.8	505.8
	Net book amount	<u>776.7</u>	<u>551.5</u>
	Shares are beneficially owned in the company which is involved in the business of mining and marketing of PGMs.		
	Impala Platinum Holdings Limited has provided a guarantee to Absa Bank Limited and Nedbank Limited for its share of the borrowing by Two Rivers Platinum (Proprietary) Limited until such time as the technical completion tests of the project have been met. At 30 June 2007, the exposure under this guarantee amounted to R292.9 million (2006: R210.6 million).		
	The shareholder's loan bears interest at 10% (2006: nil) per annum and has no fixed term of repayment.		
	Shareholding		
	Number of shares		
	Ordinary shares	<u>270</u>	<u>270</u>
	Effective holding: 45.0% (2006: 45%)		
	Summarised financial information as at 30 June and for the year then ended:		
	Capital and reserves	594.1	101.3
	Non-current liabilities	2,465.5	1,657.2
	Current liabilities	218.1	142.8
		<u>3,277.7</u>	<u>1,901.3</u>
	Non-current assets	2,169.9	1,789.7
	Current assets	1,107.8	111.6
		<u>3,277.7</u>	<u>1,901.3</u>
	Sales	1,407.8	–
	Profit for the year	<u>492.8</u>	<u>(0.6)</u>

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

⁽¹⁾ This adjustment relates to sales from Two Rivers to the Implats group, which at year-end were included in inventories, thus eliminating the unearned profit in the group.

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		Year ended 30 June	
(All amounts in rand millions unless otherwise stated)		2007	2006
7	Investments in equity accounted entities (continued)		
ii)	Aquarius Platinum (South Africa) (Proprietary) Limited		
	Cumulative share of results	512.6	197.6
	Unearned profit in the group ⁽¹⁾	(76.5)	(43.8)
	Cumulative share of revaluation reserve	0.2	0.2
		<u>436.3</u>	<u>154.0</u>
	Shares at cost	43.5	43.5
	Shareholder's loan	160.0	418.9
	Net book amount	<u>639.8</u>	<u>616.4</u>
	Shares are beneficially owned in the company which is involved in the business of mining and marketing of PGMs.		
	The shareholder's loan is interest free and has no fixed term of repayment.		
	Shareholding		
	Number of ordinary shares	280	280
	Effective holding: 20.0% (2006: 20.0%)		
	Summarised financial information as at 30 June and for the year then ended:		
	Capital and reserves	2,724.0	1,154.0
	Non-current liabilities	2,113.5	2,900.8
	Current liabilities	1,200.7	879.2
		<u>6,038.2</u>	<u>4,934.0</u>
	Non-current assets	3,453.6	3,051.8
	Current assets	2,584.6	1,882.2
		<u>6,038.2</u>	<u>4,934.0</u>
	Sales	4,092.1	2,255.5
	Profit for the year	<u>1,571.3</u>	<u>300.1</u>
	The results of the associate for the year are based on audited financial statements.		
	Summary		
	Two Rivers Platinum (Proprietary) Limited	776.7	551.5
	Aquarius Platinum (South Africa) (Proprietary) Limited	639.8	616.4
	Total investments in associates	<u>1,416.5</u>	<u>1,167.9</u>

⁽¹⁾ This adjustment relates to sales from Aquarius to the Implats group, which at year-end were included in inventories, thus eliminating the unearned profit in the group.



Notes to the consolidated financial statements

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

8 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 16)	176.3	29.6
Share price movement (note 16)	620.5	455.1
End of the year	1,543.2	746.4

During the year, the group maintained its strategic shareholding in Aquarius Platinum Limited, holding 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 Limited. 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
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Total available-for-sale-investments

	1,557.9	761.1
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9 Held-to-maturity-investments

Investment in interest-bearing instruments

	120.9	108.2
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The investment is held through the Impala Pollution, Rehabilitation and Closure Trust Fund (note 20). The fund is an irrevocable trust under the group's control. The funds are invested primarily in interest-bearing instruments.

10 Other receivables and prepayments

Loans

BEE companies

Beginning of the year	557.2	513.7
Interest accrued	52.4	43.5
End of the year	609.6	557.2

Barplats Investments Limited

Less: current portion of loan (note 12)	-	36.3
	-	(36.3)
	609.6	557.2

Black economic empowerment companies (BEE)

As an integral part of the sale of the group's shares in Lonplats in 2005, an amount of R617.5 million was made available in equal amounts as loans to the following BEE companies:

- Thelo Incwala Investments (Proprietary) Limited
- Dema Incwala Investments (Proprietary) Limited
- Vantage Capital Incwala Investments (Proprietary) Limited

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	Year ended 30 June	
	2007	2006
(All amounts in rand millions unless otherwise stated)		
10 Other receivables and prepayments (continued)		
These loans are repayable within 4 to 6 years (2006: 5 to 7 years) and are structured into interest free and interest bearing. The interest-bearing loans bear interest in years 3 and 4 at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 100 basis points in year 5 at JIBAR plus 200 basis points and thereafter at JIBAR plus 300 basis points. The loans are secured by a guarantee from Lonmin plc. In terms of the group's accounting policy, these loans were fair valued on initial recognition.		
The effective interest rate for the loans is 9.8% (2006: 8.5%)		
Barplats Investments Limited		
The Barplats Investments Limited loan bore annual nominal interest at JIBAR plus 300 basis points, compounded monthly in arrears. The loan was repaid during the 2007 financial year.		
Royalty prepayments		
Beginning of the year	59.0	63.9
Additions	12,482.6	–
Charged to the income statement during the year	(4.8)	(4.9)
	12,536.8	59.0
Less: current portion of prepayment (note 12)	(407.6)	(4.9)
End of the year	12,129.2	54.1
Prior to 2007		
Royalty prepayments represent the payments of royalties settled through an issue of shares to the mineral right holders of the Impala mining lease area during 1999.		
In March 2007, the group finalised a deal with Royal Bafokeng Holdings (Proprietary) Limited. In terms of this transaction, Impala Platinum Limited agreed to pay the Royal Bafokeng Nation (RBN) all royalties due to them, thus effectively discharging any further obligation to pay royalties. In turn the RBN purchased, through Royal Bafokeng Impala Investment Holding Company (Pty) Limited and Royal Bafokeng Tholo Investment Holding Company (Pty) Limited, 75.1 million shares in Implats, giving them a 13.4% holding in the listed entity.		
Total other receivables	12,738.8	611.3
11 Inventories		
Refined metal		
At cost	441.1	514.7
At net realisable value	116.1	71.1
	557.2	585.8
In-process metal	3,193.9	2,124.3
Exchange adjustment on translation of foreign subsidiaries	(1.5)	6.1
Metal inventories	3,749.6	2,716.2
Stores and materials inventories	247.8	219.8
	3,997.4	2,936.0



Notes to the consolidated financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
12 Trade and other receivables		
Trade receivables and advances	3,770.9	2,427.8
Receivables from related parties (note 43)	769.1	486.8
South African Revenue Services (Value added taxation)	240.2	263.3
Employee receivables	131.4	126.5
Advances and loan facilities provided to related parties (note 43)	177.2	107.2
Prepayments	28.6	71.8
Current portion of loans (note 10)	–	36.3
Other receivables	10.9	61.0
Current portion of royalty prepayment (note 10)	407.6	4.9
	<u>5,535.9</u>	<u>3,585.6</u>
Trade receivables and advances of R2,127.2 million (2006: R1,468.9 million) to customers are secured by in-process metal inventories held as collateral against these advances.		
The uncovered foreign currency denominated balances, included above, were as follows:		
Trade and other receivables (US\$ million)	<u>392.6</u>	<u>202.4</u>
The credit exposures of trade receivables and advances by country are as follows:		
South Africa	1,028.1	978.9
North America	1,985.8	964.6
Asia	375.6	232.8
Europe	304.9	177.0
Zimbabwe	76.5	74.5
	<u>3,770.9</u>	<u>2,427.8</u>
Other receivables represent primarily a South African exposure.		
13 Cash and cash equivalents		
Short-term bank deposits	2,290.3	1,500.0
Cash at bank	931.6	364.4
	<u>3,221.9</u>	<u>1,864.4</u>
The weighted average effective interest rate on short-term bank deposits was 8.17% (2006: 6.9%) and these deposits have a maximum maturity of 90 days (2006: 90 days).		
Cash and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash and cash equivalents	3,221.9	1,864.4
Bank overdrafts (note 17)	(3.6)	–
	<u>3,218.3</u>	<u>1,864.4</u>
The net exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US\$ million)	<u>195.6</u>	<u>93.1</u>

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	Year ended 30 June	
	2007	2006
13 Cash and cash equivalents (continued)		
Exposures by country are as follows:		
South Africa	2,282.9	1,426.9
Europe	440.9	120.4
Zimbabwe	394.5	300.8
Asia	6.8	2.1
Mauritius	96.8	14.2
	<u>3,221.9</u>	<u>1,864.4</u>
The following cash and cash equivalents are restricted for use by the group by virtue of contractual agreements:		
Absa Bank deposit account for guarantees	5.5	–
Deposit with the Zimbabwean Reserve Bank	211.9	–
Commitments to Tau Mining (Afplats)	11.5	–
Insurance cell captive	50.5	67.0
	<u>279.4</u>	<u>67.0</u>

14 Non-current assets classified as held-for-sale

Investment property

Comprises freehold residential property situated at 5 Orchard Lane, Rivonia, and is held by title deed no T108787/2001. The property is not depreciated as the residual value is higher than the carrying value.

At cost	2.2	–
Improvements	0.2	–
Transfer from property, plant and equipment (note 5)	<u>2.4</u>	<u>–</u>

The property is surplus to the group's requirements and has been placed with an estate agent to be sold.

15 Share capital

Share capital and share premium

A subdivision of shares was approved at the annual general meeting held on 12 October 2006.

The ordinary shares of the holding company were subdivided whereby each ordinary share of 20 cents was subdivided into eight ordinary shares of 2.5 cents each. The subdivided shares commenced trading on the JSE Limited on 6 November 2006.

The earnings and dividends per share reported for the previous financial years were recalculated, using the subdivided number of shares, to enable comparison with the current reporting period.



Notes to the consolidated financial statements

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

15 Share capital (continued)

The authorised share capital of the holding company after the subdivision 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
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Ordinary A shares authorised during the year were converted to ordinary shares.

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

Number of shares issued	630.899	537.445
Less: shares in the group		
Treasury shares	(9.845)	(9.845)
Morokotso Trust	(16.433)	–
Implats Share Incentive Trust	(0.532)	(0.563)
	604.089	527.037
Adjusted for weighted shares issued during the year	(52.689)	(0.889)
Weighted average number of ordinary shares in issue (note 36)	551.400	526.148
Adjustment for share option scheme	17.117	1.448
Weighted average number of ordinary shares for diluted earnings per share (note 36)	568.517	527.596

During the period under review, 16.4 million shares (2.1 million shares pre-subdivision) 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.

In addition, 75.1 million shares were issued to the Royal Bafokeng Nation (note 31).

	Number of shares issued (million)	Ordinary shares (R million)	Treasury shares (R million)	Share premium (R million)	Share-based payment reserve (R million)	Total (R million)
At 30 June 2005	524.304	13.2	(612.9)	665.1	55.0	120.4
Issued by the share option scheme	2.733			213.9		213.9
Cost of equity compensation plan					28.3	28.3
BEE compensation charge					95.3	95.3
At 30 June 2006	527.037	13.2	(612.9)	879.0	178.6	457.9
Issued by the share option scheme	1.937	0.1		79.0		79.1
Issued to the Royal Bafokeng Nation	75.115	1.8		12,480.8		12,482.6
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	604.089	15.1	(612.9)	13,421.2	1,985.7	14,809.1

⁽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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15 Share capital (continued)

Share options

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

	Year ended 30 June			
	2007		2006	
(All amounts in rand millions unless otherwise stated)	Number (000)	Weighted average exercise price (R)	Number (000)	Weighted average exercise price (R)
At beginning of year	3,539.2	67.1	7,020.8	65.6
Exercised	(1,380.0)	65.0	(3,294.4)	64.0
Granted				
Expired			(3.2)	74.9
Forfeited	(145.6)	64.5	(184.0)	66.4
At end of year	<u>2,013.6</u>	<u>67.9</u>	<u>3,539.2</u>	<u>67.1</u>
Exercisable	<u>536.3</u>	<u>65.0</u>	<u>356.8</u>	<u>61.8</u>
Not yet exercisable	<u>1,477.3</u>	<u>67.7</u>	<u>3,182.4</u>	<u>67.9</u>
	<u>2,013.6</u>	<u>67.9</u>	<u>3,539.2</u>	<u>67.1</u>

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

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 – 2004	2005	2006	2007	2008	2009	2010	
18.25	6.0							6.0
25.00	5.2	2.6						7.8
43.00			2.3					2.3
47.63		1.1	12.0	29.0	29.0			71.1
50.13					35.9			35.9
53.79			14.0	25.0	25.0	25.0		89.0
57.71				2.3	15.8	15.8	15.8	49.7
59.41				3.4	9.4	9.4	9.4	31.6
60.44				2.2	14.8	14.8	14.8	46.6
60.51		4.0	6.7	13.8	77.2			101.7
63.16					19.0	19.0	19.0	57.0
63.38	5.1	3.7	17.2	106.1				132.1
63.39			2.8	61.5	73.2	73.3		210.8
64.48				10.8	14.3	14.3		39.4
65.25				3.7				3.7
67.05				9.1	35.6	35.6	35.6	115.9
67.43					7.7	7.7		15.4
68.03					7.7	7.7	7.7	23.1
69.50			1.4	26.2				27.6
71.12					4.2			4.2
72.38				7.2	16.6			23.8
73.38				30.9	112.2	112.2		255.3
73.75			0.9	1.9	6.5			9.3
74.28			13.4	30.5	80.8			124.7
75.00				115.1	397.1			512.2
76.44				1.0	8.2	8.2		17.4
Total 2007	16.3	11.4	70.7	479.7	990.2	343.0	102.3	2,013.6
Total 2006	31.4	30.6	293.1	1,534.6	1,153.9	386.6	109.0	3,539.2

Average remaining contractual life (years):

2007	2 – 5	3 – 6	4 – 7	5 – 8	6 – 9	7 – 9	8
2006	3 – 5	4 – 7	5 – 8	6 – 9	7 – 9	8 – 9	9

The Share Option Scheme was closed to future grants with effect from October 2004.



Notes to the consolidated financial statements

16 Other reserves

(All amounts in rand millions unless otherwise stated)	Fair value adjustment of investments	Translation of foreign subsidiaries	Acquisition equity adjustment	Total
Balance 1 July 2005	228.6	(355.0)	(379.7)	(506.1)
Revaluation (note 8)	484.7			484.7
Deferred taxation charged to equity (note 18)	(70.3)			(70.3)
Currency translation differences		152.2		152.2
Deferred taxation charged to equity (note 18)		(41.5)		(41.5)
Additional shares acquired in Zimplats Holdings Limited (note 42)			(0.5)	(0.5)
Share of revaluation reserve in associate (note 7)	0.2			0.2
Balance 30 June 2006	643.2	(244.3)	(380.2)	18.7
Revaluation (note 8)	796.8			796.8
Deferred taxation charged to equity (note 18)	(115.5)			(115.5)
Fair value movement on cash flow hedges	(17.1)			(17.1)
Net loss on cash flow hedge removed from equity and included in the carrying amount of net assets (note 21)	17.1			17.1
Currency translation differences		(35.7)		(35.7)
Deferred taxation charged to equity (note 18)		11.9		11.9
Balance 30 June 2007	1,324.5	(268.1)	(380.2)	676.2

Fair value adjustments relate to available-for-sale investment; the translation of foreign subsidiaries represents the difference in exchange rate on conversion of financial statements and acquisition equity adjustment resulting from additional investment in Zimbabwean companies.

17 Borrowings

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006 ⁽¹⁾
Current		
Standard Bank of South Africa Ltd	17.8	–
Absa Bank Limited	–	11.3
Bank overdrafts (note 13)	3.6	–
Lease liabilities	10.7	16.5
	32.1	27.8
Non-current		
Standard Bank of South Africa Ltd	450.1	–
Absa Bank Limited	–	11.3
Lease liabilities	235.5	162.7
	685.6	174.0
Total borrowings	717.7	201.8

Borrowings from Standard Bank Limited, amounting to R395.0 million, were raised during the financial year, which carries interest at JIBAR plus 90 basis points and a revolving credit facility amounting to R72.9 million, which carries interest at JIBAR plus 100 basis points. The loans are repayable within 8.5 years.

These loans were obtained by BEE partners for the purchase of a 22.5% share in Marula Platinum Limited and the BEE partnership in Marula is consolidated as the loans are guaranteed by Implats.

⁽¹⁾ Restated for IFRIC 4 – refer note 47.

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17 Borrowings (continued)

Lease liabilities

(All amounts in rand millions unless otherwise stated)	Minimum lease payments	2007		Minimum lease payments	Year ended 30 June 2006	
		Interest	Principal		Interest	Principal
Less than one year	38.7	28.0	10.7	36.0	19.5	16.5
Between one and five years	206.1	162.3	43.8	136.6	109.5	27.1
More than five years	328.8	137.1	191.7	252.4	116.8	135.6
	573.6	327.4	246.2	425.0	245.8	179.2

The above finance lease liabilities relate to the implementation of IFRIC 4 (note 47).

The interest rates applicable are 5.0% for Zimbabwean US dollar liabilities and 11.5% for South African rand denominated liabilities.

	2007	2006
The effective interest rates for the year were as follows:	%	%
Bank loans (South African rand)	8.17	7.38
Bank loans (US dollar)	7.50	7.32

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' equity.

Ordinary shareholders' equity	32,969.1	13,839.9
Currently utilised	717.7	201.8

18 Deferred income taxation ⁽¹⁾

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 taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred taxation assets		
– Deferred taxation asset to be recovered after more than 12 months	(522.5)	(137.2)
– Deferred taxation asset to be recovered within 12 months	(43.8)	(27.9)
Deferred taxation liabilities:		
– Deferred taxation liability to be recovered after more than 12 months	5,361.8	2,888.9
– Deferred taxation liability to be recovered within 12 months	251.5	195.2
Deferred taxation liabilities – net	5,047.0	2,919.0

There are no unrecognised temporary differences in the group (2006: nil)

⁽¹⁾ Restated for IFRIC 4 – refer note 47.



Notes to the consolidated financial statements

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

18 Deferred income taxation (continued)

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

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

At the beginning of the year	2,919.0	2,378.9
Acquisition of subsidiary (note 42)	1,512.0	-
Exchange adjustment on translation of foreign subsidiaries	(3.5)	8.9
Taxation charged to equity (note 16)	103.6	111.8
Income statement charge (note 35)	515.9	419.4
Net deferred taxation liability at the end of the year	<u>5,047.0</u>	<u>2,919.0</u>

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

Deferred taxation liabilities		
Property, plant and equipment	3,759.7	3,207.6
Market value adjustment of listed investments	189.8	74.3
Pollution and rehabilitation trust	35.0	31.4
Prepaid royalties	116.8	-
Revaluation of assets of subsidiary on acquisition	1,512.0	-
	<u>5,613.3</u>	<u>3,313.3</u>
Deferred taxation assets		
Rehabilitation and post-retirement medical provisions	(83.6)	(76.3)
Lease liabilities	(70.1)	(47.8)
Share-based payments	(88.6)	(37.6)
Leave pay	(79.7)	(62.1)
Unrealised profit in metal inventories	(109.9)	(62.9)
Translation differences of foreign subsidiaries	(61.3)	(49.3)
Fair value adjustments	(58.2)	(47.5)
Other	(14.9)	(10.8)
	<u>(566.3)</u>	<u>(394.3)</u>
Net deferred taxation liability	<u>5,047.0</u>	<u>2,919.0</u>

The aggregate amount for deferred taxation liabilities relating to subsidiaries, associates and interest in joint venture is R4,857.2 million (2006: R2,844.7 million).

19 Provision for employee benefit 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
- Impala Platinum Refineries Provident Fund
- Impala Workers Provident Fund
- Impala Supplementary Pension Fund
- Sentinel Pension Fund (industry fund)
- Mine Employees Pension Fund (industry fund)
- Mining Industry Pension Fund Zimbabwe (industry fund)
- National Social Security Authority Scheme Zimbabwe (industry fund) ⁽¹⁾
- Zimasco Pension Fund
- Novel Platinum Pension Fund

⁽¹⁾ This is the only defined benefit plan. Information on the Zimbabwean multi-employer defined benefit plan is not readily available or cannot be obtained and therefore the assets or liabilities of the funds are not accounted for in the balance sheet. The number of employees that contribute to these funds represents approximately 8.5% of employees in the group.

The group accounts in substance for all multi-employer benefit plans as defined contribution plans (note 1.19).

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

19 Provision for employee benefit obligations (continued)

Post-employment medical benefits

The amounts recognised in the income statement were as follows:

Movement in the liability recognised in the balance sheet:

At beginning of year	58.0	59.7
Provided (note 28)	3.4	3.0
Paid	(5.6)	(4.7)
At end of year	55.8	58.0

Cash-settled share appreciation rights liability

At beginning of year	129.5	4.9
Charge to income statement	557.9	125.5
Paid to employees during the year	(89.1)	(0.9)
At end of year	598.3	129.5
Current	93.5	–
Non-current	504.8	129.5
	598.3	129.5

Share appreciation rights, net of options forfeited, were granted to employees during the year at an average exercise price of R186.68 per share (2006: R128.94) and expire during 2017 (2006: 2016).

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

At beginning of year	4,630.0	3,200.0
Granted	18,758.8	1,999.6
Lapsed during the year	(403.0)	(488.0)
Paid to employees during the year	(679.1)	(81.6)
At end of year	22,306.7	4,630.0
Exercisable	316.6	–
Not yet exercisable	21,990.1	4,630.0
	22,306.7	4,630.0



Notes to the consolidated financial statements

19 Provision for employee benefit obligations (continued)

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

Price per share	Vesting years							Total number
	2007	2008	2009	2010	2011	2012	2016	
57.70		13.2	13.2	13.2				39.6
62.40	6.6	6.6	6.6	6.6				26.4
63.40		28.5	28.5	28.5				85.5
63.00		5.9	5.9	5.9				17.7
63.70	310.1	645.7	645.7	645.7				2,247.2
75.40		2.7	2.7	2.7	2.7			10.8
88.80		5.2	5.2	5.2	5.2			20.8
110.10		100.0	100.0	100.0	100.0			400.0
102.20		1.6	1.6	1.6	1.6			6.4
110.10		3.4	3.4	3.4	3.4			13.6
119.20		3.9	3.9	3.9	3.9			15.6
128.60		0.9	0.9	0.9	0.9			3.6
130.80		1.3	1.3	1.3	1.3			5.2
149.40		200.2	200.2	200.2	200.2			800.8
140.10		150.8	150.8	150.8	150.8			603.2
159.90			1.4	1.4	1.4	1.4		5.6
160.10			17.0	17.0	17.0	17.0		68.0
160.20			3.6	3.6	3.6	3.6		14.4
167.20			104.4	104.4	104.4	104.4		417.6
172.10			4.2	4.2	4.2	4.2		16.8
174.50			6.8	6.8	6.8	6.8		27.2
177.40			0.8	0.8	0.8	0.8		3.2
186.50			4.6	4.6	4.6	4.6		18.4
195.20			2.9	2.9	2.9	2.9		11.6
205.90			21.8	21.8	21.8	21.8		87.2
205.40			3.3	3.3	3.3	3.3		13.2
233.70			223.7	223.7	223.7	223.7		894.8
159.15 ⁽¹⁾					6,573.0		9,859.7	16,432.7
Total 2007	316.7	1,169.9	1,564.4	1,564.4	7,437.5	394.5	9,859.7	22,307.1
Total 2006	763.2	1,156.5	1,156.5	1,156.5	397.3			4,630.0

Average remaining contractual life (years):

2007	8	8 – 9	8 – 10	8 – 10	9 – 10	10	10
2006	9	9 – 10	9 – 10	9 – 10	10		

⁽¹⁾ The Employee Share Option Participation Scheme (ESOPS) for broad-based economic empowerment was introduced in 2007

The input parameters were the same as for the calculation of the share option scheme (refer note 3)

The total intrinsic value was R1,454.5 million (2006: R397.7 million) as determined by the year-end share price of R216.00 (2006: R164.98).

(All amounts in rand million unless otherwise stated)	Year ended 30 June	
	2007	2006
Summary		
– Post-employment medical benefits	55.8	58.0
– Cash-settled share appreciation rights liability	598.3	129.5
Total employee benefit obligations	654.1	187.5
Current	93.5	–
Non-current	560.6	187.5
	654.1	187.5

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(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
20 Provision for future rehabilitation		
At beginning of year	335.4	234.9
Exchange adjustment on translation of foreign subsidiaries and joint venture	(1.2)	10.7
Change in estimate	(8.6)	71.7
Charge to income statement (note 33)	22.1	18.1
	<u>347.7</u>	<u>335.4</u>
Less: utilised during year	(17.6)	–
At end of year	<u>330.1</u>	<u>335.4</u>

Current cost rehabilitation estimate is R675.7 million (2006: R646.5 million).

Cash flows relating to rehabilitation costs will mostly occur at the end of the life of the mine.

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

At beginning of year	108.2	99.3
Interest accrued (note 32)	12.7	8.9
At end of year	<u>120.9</u>	<u>108.2</u>
Future value of rehabilitation obligation	2,259.3	2,642.4
Future value of rehabilitation trust investment	(1,309.3)	(1,171.9)
Future net environmental rehabilitation obligation	<u>950.0</u>	<u>1,470.5</u>

The future value of the rehabilitation obligation was calculated by inflating the current rehabilitation cost 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 the risk-free rate. The shortfall will be funded by contributions to the trust.

Guarantees have been provided to the various provincial departments of Minerals and Energy to satisfy the requirements of the Mineral and Petroleum Resources Development Act with respect to environmental rehabilitation (note 39).

Assumptions used in calculating the provision:

South African operations:

The interest rate used is the long-term risk-free rate as indicated by government bonds which ranged between 8.8% and 9.0% at the time of calculation. This resulted in a real interest rate of 3.9% (2006: 4.0%).

Zimbabwean operations:

As the US dollar is the functional currency applied by both the group's Zimbabwean operations, US inflation and US long-term risk-free interest rates were used:

US inflation rates	3%
US interest rates	5%



Notes to the consolidated financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
21 Derivative financial instruments		
At beginning of year	103.4	–
Fair value movement (note 32)	4.5	120.4
Realised	(58.7)	(17.0)
At end of year	49.2	103.4
Current	49.2	65.2
Non-current	–	38.2
	49.2	103.4

At 30 June 2007, the group had forward sales contracts of 22,000 platinum oz (2006: 48,000 platinum oz). This fair value adjustment will realise over the period of forward sales which ends by December 2007. The group intends to settle the outstanding contracts in cash. Apart from this, there were no material metal futures, options or lease contracts in place at year-end (2006: nil).

During the year, the group entered into forward exchange contracts to cover the foreign currency risk relating to the highly probable acquisition of Afplats. This transaction was accounted for as a cash flow hedge. The full amount was settled before year-end. The cash flow hedges occurred from 3 May 2007 to 14 May 2007. A R17.1 million loss was recognised in equity during the period. This amount was transferred from equity and included in the carrying amount of the net assets acquired (note 16).

22 Trade and other payables

Trade payables	3,352.8	2,272.8
Payables to related parties (note 43)	1,513.1	1,176.0
Royalties payable	1,696.7	821.2
Forward commitments (note 40)	208.7	206.0
Leave liability	290.3	228.7
Other payables	25.9	36.4
	7,087.5	4,741.1

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

Trade and other payables (US\$ million)	62.2	48.3
Forward commitments (US\$ million) (note 40)	29.5	28.8
	91.7	77.1

Royalties payable

This comprises the accrual of 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. Royalties payable to the Royal Bafokeng Nation from 1 July 2007 have been pre-paid. Refer note 10.

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.

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	Year ended 30 June	
	2007	2006
(All amounts in rand millions unless otherwise stated)		
23 On-mine operations ⁽¹⁾		
On-mine costs exclude amortisation and comprise the following principal categories:		
Labour	3,381.7	2,546.5
Materials and other costs	2,310.4	1,964.4
Utilities	208.6	197.7
	<u>5,900.7</u>	<u>4,708.6</u>
24 Concentrating and smelting operations		
Concentrating and smelting costs exclude amortisation and comprise the following principal categories:		
Labour	250.2	229.6
Materials and other costs	798.5	670.3
Utilities	267.1	229.7
	<u>1,315.8</u>	<u>1,129.6</u>
25 Refining operations ⁽¹⁾		
Refining costs exclude amortisation and comprise the following principal categories:		
Labour	309.7	262.6
Materials and other costs	252.1	202.4
Utilities	32.3	58.4
	<u>594.1</u>	<u>523.4</u>
26 Net foreign exchange transaction losses/(gains)		
The exchange differences charged to the income statement are included as follows:		
Sales	12.7	(177.4)
Forward cover contracts	2.8	(0.4)
	<u>15.5</u>	<u>(177.8)</u>
27 Other operating expenses		
Other costs comprise the following principal categories:		
Corporate costs	325.8	257.8
Selling and promotional expenses	152.2	82.2
	<u>478.0</u>	<u>340.0</u>
28 Employee benefit expense		
Employment costs		
Wages and salaries	3,254.7	2,915.7
Other post-retirement benefits (note 19)	3.4	3.0
Pension costs – defined contribution plans	260.7	85.2
Share-based compensation	575.0	159.4
– Equity-settled (note 15)	17.1	28.3
– Cash-settled (note 19)	557.9	131.1
	<u>4,093.8</u>	<u>3,163.3</u>

⁽¹⁾ Restated for IFRIC 4 – refer note 47.



Notes to the consolidated financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
29 Other expense/(income)		
Exploration expenditure	31.3	12.7
Sale of prospecting right ⁽¹⁾	–	(111.0)
Insurance commissions	–	(0.3)
Ambatovy project ⁽²⁾	–	193.1
Portion of carrying value of mining claims on the Hartley Complex derecognised on exchange for empowerment credits in Zimbabwe ⁽³⁾	–	17.3
RBN community development project ⁽⁴⁾	87.5	–
Geology charges	26.0	10.0
Corporate and other costs	69.3	25.8
	214.1	147.6

(1) Profit on sale of the prospecting right in respect of the farm Spitzkop for R111 million.

(2) On 30 November 2005, Implats advised that pursuant to its review of the Ambatovy Project, it had delivered a formal notice of withdrawal under the shareholders agreement. While there were still synergies for Implats' own nickel production cost profile, in Implats' view, the project as a whole did not meet Implats' hurdle rates. The amount written off consisted of the following: investment in the project of R127.1 million and a bankable feasibility study cost of R66.0 million, giving a total amount written off of R193.1 million.

(3) On 31 May 2006, the group announced that agreement had been reached with the government of Zimbabwe relating to the release of mining claims comprising 36% of Implats' resource base, with a market value of US\$153 million, in exchange for empowerment credits amounting to US\$102 million and a future payment of US\$51 million in cash or equity in a joint venture that is to be established. The loss represents the carrying value of the mining claims transferred in exchange for empowerment credits. The transaction with regard to the US\$51 million will only be recognised once there is more clarity on its outcome.

(4) An expense for the commitment to contribute up to R170 million up to 30 June 2017 to the Impala Bafokeng Trust amounting to a liability of R87.5 million (present value of estimated future payments) with a corresponding 'community development expense to the income statement.

30 Share of profit of associates

Two Rivers Platinum (Proprietary) Limited (note 7 i)	106.2	0.7
Aquarius Platinum (South Africa) (Proprietary) Limited (note 7 ii)	282.3	114.1
	388.5	114.8

31 Black economic empowerment (BEE) compensation charge

Marula Platinum (Proprietary) Limited		
Sale of shares in Marula Platinum (Proprietary) Limited (note 15)	–	95.3
Impala Platinum Limited		
Discount on shares issued relating to future royalties (note 15)	1,790.0	–
	1,790.0	95.3

Marula Platinum (Proprietary) Limited

In 2006 the group announced the signing of agreements with Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Mining (Pty) Limited relating to the acquisition of a stake in Marula Platinum (Proprietary) Limited. The compensation charge represents the difference between the selling price of the shares and the fair value at 30 June 2006. Although the agreements were dated 1 July 2006, the transactions were in essence completed on 30 June 2006.

– 95.3

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	Year ended 30 June	
	2007	2006
(All amounts in rand millions unless otherwise stated)		
31 Black economic empowerment (BEE) compensation charge (continued)		
Impala Platinum Limited		
Implats issued 75,115,204 million shares to the Royal Bafokeng Nation whereby the Royal Bafokeng nation acquired an effective shareholding of 13.17% in Implats. The shares were issued at a discount which represented the difference between the the market value of the shares and the fair value of the royalties that would have been payable for the next 31 years.		
Present value of future royalty payments up to 2038 at a discount rate of 11.13%,	(12,482.6)	–
Market value of 75,115,204 Implats' shares issued at R190.01 per share	14,272.6	–
Discount on issue of Implats shares on the fair value of royalty payments	<u>1,790.0</u>	<u>95.3</u>
32 Interest and other income – net		
Other gains consist of the following principal categories:		
Interest income		
Short-term bank deposits	488.7	346.1
Effective interest on fair value adjusted loans	22.1	43.5
Rehabilitation and closure trust fund (note 20)	12.7	8.9
Loans and advances	61.6	7.0
Settlement discounts	12.7	9.7
Interest bearing securities	6.4	3.8
Employee loans	8.1	6.3
Other	0.1	–
	<u>612.4</u>	<u>425.3</u>
Fair value gain/(loss) on financial instruments	0.1	(22.0)
Fair value loss on forward metal sales (note 21)	(4.5)	(120.4)
Dividends received	22.6	10.9
Metal lease fees	11.8	10.0
	<u>30.0</u>	<u>(121.5)</u>
	<u>642.4</u>	<u>303.8</u>
33 Finance costs		
Bank borrowings	(26.2)	(20.6)
Interest on finance leases ⁽¹⁾	(29.3)	(20.5)
Other	(4.3)	(19.8)
Rehabilitation obligation – unwinding of the discount (note 20)	(22.1)	(18.1)
	<u>(81.9)</u>	<u>(79.0)</u>

⁽¹⁾ Restated for IFRIC 4 – refer note 47.



Notes to the consolidated financial statements

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

34 Profit before taxation

The following disclosable items have been charged in arriving at profit before taxation:

Auditors' remuneration	5.8	4.9
Fees for audit services	5.4	3.9
Audit related services	0.4	1.0
Provision for rehabilitation obligation – unwinding of discount (note 20)	22.1	18.1
Amortisation of property, plant, equipment, exploration and evaluation assets (note 5)	865.7	644.9
Amortisation included in cost of sales	864.7	643.1
Amortisation included in other cost	1.0	1.8
Repairs and maintenance expenditure on property, plant and equipment	214.5	193.5
Operating lease rentals	29.3	20.6
Professional fees	55.9	49.0
Employee benefit expense (note 28)	4,093.8	3,163.3

35 Income taxation expense ⁽¹⁾

Current taxation		
South Africa company taxation		
Mining	2,335.0	1,049.3
Non-mining	547.8	442.7
Prior year over provision	(0.4)	(64.9)
	2,882.4	1,427.1
Other countries company taxation		
Foreign taxation	108.1	69.3
Deferred taxation (note 18)	515.9	419.4
Capital gains taxation	–	15.5
Secondary taxation on companies	388.3	683.2
Interim dividend and final dividend of previous financial year	388.3	230.2
Special dividend	–	453.0
Taxation for the year	3,894.7	2,614.5

The taxation of the group's profit differs as follows from the theoretical charge that would arise using the basic taxation rate for South African companies:

	%	%
Normal taxation rate for companies	29.0	29.0
Adjusted for:		
Disallowable expenditure	1.3	1.5
BEE compensation charge	4.6	0.1
Exempt income	(0.1)	–
Capital gains taxation	–	(0.2)
Prior year over provision	–	(0.9)
Effect of after taxation share of profit from associates	(1.0)	(0.5)
Effect of different taxation rates of foreign subsidiaries	(2.6)	(1.4)
Secondary taxation on companies	3.5	9.8
Interim dividend and final dividend of previous financial year	3.5	3.3
Special dividend	–	6.5
Effective taxation rate	34.7	37.4

⁽¹⁾ Restated for IFRIC 4 – refer note 47.

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(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
36 Earnings per share ⁽¹⁾		
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	7,232.2	4,341.9
Weighted average number of ordinary shares in issue (millions) (note 15)	551.400	526.148
Basic earnings per share (cents)	1,312	825
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares as a result of share options granted to employees under the share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared to the number of shares that would have been issued assuming the exercise of the share options.		
Profit attributable to equity holders of the company	7,232.2	4,341.9
Weighted average number of ordinary shares in issue (millions) (note 15)	551.400	526.148
Adjustments for share options (millions) (note 15)	17.117	1.448
Weighted average number of ordinary shares for diluted earnings per share (millions) (note 15)	568.517	527.596
Diluted earnings per share (cents)	1,272	823
Headline earnings per share is disclosed as required by the JSE Limited (JSE).		
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	7,232.2	4,341.9
Adjustments net of taxation:		
Sale of prospecting right	–	(95.7)
Sale of investment in Teba	–	(5.2)
Impairment write-back of assets	–	(421.6)
Investment in Ambatovy written off (note 29)	–	127.1
Profit on disposal of fixed assets	(0.4)	–
Headline earnings	7,231.8	3,946.5
Headline earnings per share (cents)		
– Basic	1,312	750
– Diluted	1,272	748

⁽¹⁾ Restated for IFRIC 4 – refer note 47.



Notes to the consolidated financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
37 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 275 (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 2006 of 687.5 cents per share	–	3,624.1
	3,111.7	5,467.9
Dividends per share for 2006 were restated for the share split (note 15).		
38 Cash generated from operations ⁽¹⁾		
Reconciliation of net profit to cash generated from operations:		
Profit before taxation for the year	11,220.0	6,996.1
Adjustments for:		
Amortisation (notes 5, 34)	865.7	644.9
Fair value gain/(loss) on financial instruments (note 32)	(0.1)	22.0
Interest income (note 32)	(612.4)	(425.3)
Dividend income (note 32)	(22.6)	(10.9)
Finance cost	81.9	79.0
Share of results of associates (notes 30)	(388.5)	(114.8)
Retirement benefit obligations (note 19)	3.4	3.0
Payments made for employee benefit obligations (note 19)	(94.7)	(5.6)
Payments made for rehabilitation (note 20)	(17.6)	–
Reversal of impairment of assets (note 5)	–	(583.1)
Share-based compensation (note 28)	575.0	153.8
Amortisation of prepaid royalty (note 10)	4.8	4.9
BEE compensation charge (notes 15, 31)	1,790.0	95.3
Derivative financial instruments (note 21)	(58.7)	103.4
Unrealised profit in stocks	192.9	264.3
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Inventories	(1,065.1)	(1,198.5)
Trade and other receivables	(1,774.2)	(614.8)
Payables	152.5	37.8
Accruals	2,092.7	1,081.9
Cash generated from operations	12,945.0	6,533.4

⁽¹⁾ Restated for IFRIC 4 – refer note 47.

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

39 Contingent liabilities and guarantees

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

Two Rivers Platinum (Proprietary) Limited (note 7 ii)	292.9	210.6
Collateral security for employee housing and loans	1.4	2.7
Department of Minerals and Energy (note 20)	324.9	296.9
Eskom	30.7	17.2
Registrar of medical aids	5.0	5.0
Total guarantees	654.9	532.4

Contingencies

BTX Mining, a contract miner for Barplats Limited, has lodged a claim for an amount of R49.0 million against Impala Platinum Limited following the closure of the Barplats Mine. The company maintains its position that the claim lacks merit and therefore no amount is due to BTX Mining.

40 Commitments

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

Operating lease rentals for mining accommodation		
Not later than one year	–	2.8
Later than one year not later than five years	–	11.4
	–	14.2

Operating lease rentals were cancelled in 2007.

The forward commitments recognised in the financial statements are as follows:

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.

Fair value US\$ millions (note 22)	29.5	28.8
Fair value R millions (not later than 1 year) (note 22)	208.7	206.0

Refer note 5 for disclosure on capital commitments.



Notes to the consolidated financial statements

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

41 Transaction with minorities

Zimplats Holdings Limited

During 2006, 0.1 million shares were acquired for an amount of R1.5 million (AU\$0.3 million).

Details of the transactions are as follows:

Purchase consideration:

Cash paid	-	1.5
Carrying value of minorities acquired	-	(1.0)
Movement in other reserves (note 16)	-	0.5

42 Business combinations

Acquisition of subsidiary

On 14 May 2007, the group acquired the entire issued and to be issued share capital of African Platinum Plc, an exploration and development business focussed on platinum group metals. The acquired business did not contribute to group revenue or profit for the year under review given the explorative nature of its activities and that a mine is still to be developed.

Details of net assets acquired are as follows:

Purchase consideration:

Consideration	4,096.1
Direct costs relating to the acquisition	60.8
Total purchase consideration	4,156.9
Less: fair value of net assets acquired	3,136.7
Goodwill (note 6)	1,020.2

Goodwill is attributable to deferred taxation provided on the fair value adjustments of the assets of Afplats at acquisition date.

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

Cash and cash equivalents	80.5
Assets under construction (note 5)	1,598.9
Exploration and evaluation assets (note 5)	4,318.3
Other equipment (note 5)	1.3
Intergroup loan	179.7
Trade and other receivables	4.4
Trade and other payables	(101.4)
Contingent liabilities	(5.6)
Deferred taxation liabilities (note 18)	(1,512.0)
Net assets	4,564.1
Minority interests	(1,427.4)
Net assets acquired	3,136.7
Goodwill (note 6)	1,020.2
Purchase consideration	4,156.9
Warrant outstanding	(12.5)
Intergroup loan	(179.7)
Cash and cash equivalents in subsidiary acquired	(80.5)
Cash outflow on acquisition	3,884.2

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(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
43 Related party transactions		
The following transactions were carried out with related parties:		
<i>Services to associates</i>		
Sales of services		
Refining fees	5.1	–
<i>Purchases of goods from associates</i>		
Purchases of mineral concentrates	5,192.9	2,488.5
<i>Key management compensation</i>		
Key management compensation has been disclosed in the Directors' Report as directors and senior management remuneration.		
<i>Year-end balances arising from sales/purchases of goods/services</i>		
Payables to associates (note 22)	1,443.1	1,176.0
Receivables from associates (note 12)	769.1	485.6
<i>Loans to related parties</i>		
Loans to associates:		
Beginning of the year	107.2	340.6
Loans advanced during year	2,297.5	3,557.5
Loan repayments received	(2,231.3)	(3,793.6)
Interest charged	36.8	15.7
Interest received	(33.0)	(13.0)
End of the year (note 12)	177.2	107.2
<i>Contingencies</i>		
Guarantees provided (note 39)	292.9	210.6
<i>Share options granted to directors</i>		
The aggregate number of share options granted to directors and key members of management is disclosed in the Directors' Report.		

44 Principal subsidiaries

The principal subsidiaries of the group are set out on page 228.



Notes to the consolidated financial statements

(All amounts in rand millions unless otherwise stated)	Year ended 30 June	
	2007	2006
45 Interest in joint venture		
The group has a 50% interest in a joint venture, Mimosa Investments 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	341.2	317.3
Current assets	709.9	176.4
	<u>1,051.1</u>	<u>493.7</u>
Provisions for liabilities and charges	(33.1)	(40.4)
Current liabilities	(45.0)	(50.4)
	<u>(78.1)</u>	<u>(90.8)</u>
Net assets	973.0	402.9
Sales	842.9	436.0
Inter-group sales are eliminated on consolidation.		
Profit before taxation	541.7	208.5
Income taxation expense	(23.0)	(33.7)
Profit after taxation	<u>518.7</u>	<u>174.8</u>
Capital commitments – approved expenditure not yet contracted	168.1	22.3
– commitments contracted for	81.7	13.3
	<u>249.8</u>	<u>35.6</u>

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

46 Events after the balance sheet date

Post balance sheet events are disclosed in the Directors' Report.

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Year ended 30 June

(All amounts in rand millions unless otherwise stated)

47 Change in accounting policy

IFRIC 4 – Determining whether an arrangement contains a Lease

The adoption of IFRIC 4 requires the group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. The interpretation provides guidance for determining whether such arrangements are, or contain, leases that should be accounted for in accordance with IAS 17 – Leases.

The group has identified arrangements that contain leases and reported these arrangements in terms of IAS 17. The retrospective adoption of this interpretation resulted in the recognition of assets and corresponding finance lease liabilities, as detailed in note 17.

Balance sheet	2007			2006		
	Prior to adoption	Adjustment	Current	As previously reported	Adjustment	Restated
Assets						
Non-current assets						
Property plant and equipment	20,287.7	58.6	20,346.3	12,270.1	165.3	12,435.4
Liabilities						
Non current liabilities						
Deferred income taxation liabilities	5,049.4	(2.4)	5,047.0	2,922.8	(3.8)	2,919.0
Finance lease liabilities	162.7	72.8	235.5	–	163.2	163.2
Current liabilities						
Finance lease liabilities	–	10.7	10.7	–	16.0	16.0
Income statement						
On-mine operations	5,914.9	(14.2)	5,900.7	4,722.7	(14.1)	4,708.6
Refining operating costs	628.2	(34.1)	594.1	545.2	(21.8)	523.4
Amortisation of assets	837.9	26.8	864.7	622.5	20.6	643.1
Finance costs	52.6	29.3	81.9	58.5	20.5	79.0
Income taxation expense	3,897.1	(2.4)	3,894.7	2,616.2	(1.7)	2,614.5
Statement of changes in equity						
Retained earnings						
Balance at 30 June 2005/2006	13,373.5	(10.2)	13,363.3	14,496.0	(6.7)	14,489.3
Profit for the year	7,237.6	(5.4)	7,232.2	4,345.4	(3.5)	4,341.9
	20,611.1	(15.6)	20,595.5	18,841.4	(10.2)	18,831.2
Cash flow statement						
Cash flows from operating activities						
Cash generated from operations	12,914.7	21.5	12,936.2	6,497.0	36.4	6,533.4
Interest paid	(30.5)	(29.3)	(59.8)	(40.4)	(20.5)	(60.9)
Cash flows from financing activities						
Repayment of lease liabilities	–	(22.0)	(22.0)	–	(16.1)	(16.1)
Earnings per share (cps)						
– basic	1,313	(1)	1,312	826	(1)	825
– diluted	1,273	(1)	1,272	824	(1)	823