

Notes to the company annual financial statements

1 Basis of preparation and accounting policies

The basis of preparation and principal accounting policies are disclosed on page 132 to 151.

Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the company financial statements.

For the year ended 30 June

R millions	2009	2008
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2 Investment in associates

Associates

Two Rivers Platinum (Proprietary) Limited (group note 8(i))

Beginning of the year	680	669
(Repayment)/advance to shareholder's loan	(96)	11
End of the year	584	680

Aquarius Platinum (South Africa) (Proprietary) Limited (group note 8(ii))

Beginning of the year	–	204
Repayment of shareholders loan	–	(160)
Repayment of capital	–	(42)
Disposal of investment	–	(2)
End of the year	–	–

During the 2008 financial year, the group disposed of its entire interest in Aquarius Platinum (South Africa) (Proprietary) Limited.

Silplat (Proprietary) Limited

Transferred from available-for-sale financial assets (note 3)	–	15
Acquisition of additional shareholding	–	9
Fair value write off	–	(24)
End of the year	–	–

Total investments in associates

	584	680
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3 Available-for-sale financial assets

Investment in listed shares

Comprises shares in the following listed company

Aquarius Platinum Limited

Beginning of the year	–	1 543
Fair value gains transferred to equity	–	650
Disposal of investment (note 8)	–	(2 193)
End of the year	–	–

During the 2008 financial year, the group disposed of its entire interest of 7 141 966 shares in Aquarius Platinum Limited.

Investment in unlisted shares

Silplat (Proprietary) Limited

Beginning of year	–	15
Transferred to investment in associates (note 2)	–	(15)
	–	–

For the year ended 30 June

R millions

2009

2008

4 Receivables and prepayments

Loans to BEE companies

Non-current

40

40

Loans granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Platinum Mining (Pty) Limited in terms of a BEE transaction. The loan is repayable on approval and adoption by the board of directors of Marula Platinum (Pty) Limited of a feasibility study on any aspect and/or portion of the non-cash producing portion of the Marula mine.

5 Deferred tax assets

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

Deferred tax assets are attributable to the following items:

Deferred tax assets to be recovered within 12 months

–

357

There are no unrecognised temporary differences in the company (2008: nil)

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

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

Beginning of the year

357

(190)

Charge to the income statement (note 11)

(357)

357

Charge to equity

–

190

End of the year

–

357

Deferred tax assets are attributable to the following items:

Secondary tax on companies credit

–

351

Unrealised foreign currency losses

–

6

–

357

Notes to the company annual financial statements (continued)

For the year ended 30 June

R millions	2009	2008
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6 Share capital

The authorised share capital of the holding company is as follows:
844 008 000 (2008: 844 008 000) ordinary shares with a par value of 2.5 cents each

21	21
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The issued share capital of the holding company is as follows:

	Number of shares issued	Ordinary shares	Share premium	Share- based payment reserve	Total
Balance at 30 June 2007	631	16	16 072	1 890	17 978
Issued by the share option scheme	0	–	41	–	41
Cost of equity compensation plan	–	–	–	5	5
Balance at 30 June 2008	631	16	16 113	1 895	18 024
Share issue expenses	–		(1)		(1)
Cost of equity compensation plan				0	0
Balance at 30 June 2009	631	16	16 112	1 895	18 023

7 Fees payable to Bakwena Ba Mogopa

R millions	2009	2008
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Raised in the current year	34	–
Transferred to current	(3)	–
Non-current	31	–

Future payments (eight annual payments of R7.5 million) were fair valued using a discount rate of 13%. The discount will be unwound at the same rate.

For the year ended 30 June

R millions	2009	2008
8 Profit on sale of investments		
Sale of investment in Aquarius Platinum (South Africa) (Proprietary) Limited		
Proceeds from disposal of investment in associate	–	3 509
Disposal of investment in associates (note 2)	–	(2)
Profit on sale of investment in associate	–	3 507
Sale of investment in Aquarius Platinum (Proprietary) Limited		
Proceeds from disposal of available-for-sale financial asset	–	2 193
Transaction costs	–	(10)
Carrying value of available-for-sale financial asset (note 3)	–	(2 193)
Net gains transferred from equity	–	2 164
Profit on sale of investment	–	2 154
Sale of an additional 4.5% of Marula Platinum (Proprietary) Limited		
Proceeds from disposal of investment in subsidiary	–	221
Cost of shares	–	(37)
Profit on sale of investment in subsidiary	–	184
Profit on sale of investment	–	5 845
9 Finance income		
Interest income (note 1.5)	75	74
South African Revenue Services	0	2
	75	76
Dividend received – investments	0	64
Dividend received – subsidiaries	654	6 345
	729	6 485
10 Other income/(expense)		
Net foreign exchange transaction gains (losses)	39	(69)
Guarantee fees	39	–
Corporate costs	(17)	(37)
Other expenses	(19)	(11)
Exploration expenditure	(56)	(42)
	(14)	(159)

Notes to the company annual financial statements (continued)

For the year ended 30 June

R millions	2009	2008
11 Income tax expense		
Current tax		
South African company tax		
Non-mining	35	51
Prior year over provision	(2)	–
	33	51
STC	452	–
Deferred tax ⁽¹⁾		
Income statement charge	357	(357)
Tax for the year	842	(306)

⁽¹⁾ The secondary tax on companies credit represents the future tax benefit on dividends received that realised when dividends were declared.

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

	%	%
Normal tax rate for companies	28.0	28.0
Adjusted for:		
Exempt income	(20.0)	(14.6)
Non-taxable income	(5.8)	(13.4)
Capital gains tax	–	0.3
STC(credits)/STC credits utilised	49.1	–
STC paid	63.3	–
Other	3.2	(2.8)
Average effective tax rate	117.8	(2.5)

R millions	2009	2008
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12 Profit before tax

The following disclosure items have been charged in arriving at profit before tax:

Auditors' remuneration		
Fees for audit	1	1
Professional fees	18	10
Foreign exchange gain/(loss)	39	(69)

For the year ended 30 June

R millions

2009

2008

13 Dividends per share

On 27 August 2009, a sub-committee of the board declared a final dividend in respect of 2009 of 200 cents per share amounting to R1.2 billion. Secondary Tax on Companies (STC) on the dividend will amount to R120 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 2010.

Dividends paid

Final dividend No. 81 for 2008 of 1175 (2007: 700) cents per share

7 412 4 237

Interim dividend No 82 for 2009 of 120 (2008: 300) cents per share

757 1 818

8 169 6 055

14 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

64 70

Marula BEE parties

817 813

Zimbabwe Platinum Mines (Pvt) Limited

849 404

Department of Minerals and Energy

397 391

Total guarantees

2 127 1 678

Notes to the company annual financial statements (continued)

For the year ended 30 June

R millions	2009	2008
15 Cash generated from operations		
Reconciliation of net profit to cash generated from operations:		
Adjustment to profit before tax:		
Foreign exchange gain	(39)	–
Fair value write off (note 2)	–	24
Interest income (note 9)	(75)	(76)
Dividend income (note 9)	(654)	(64)
Profit on sale of financial assets (note 8)	–	(5 845)
	(768)	(5 961)
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Trade and other receivables	52	4
Trade and other payables	2	(17)
Cash from changes in working capital	54	(13)

16 Related party transactions

The following transactions were carried out with related parties:

Loans to related parties

Advances to associates (refer note 2)

Guarantees provided (note 14)

Subsidiaries (refer to page 219)

No interest were levied or paid to subsidiaries.

Share options granted to directors

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

17 Financial risk management

The company manages its risk on a group-wide basis. Refer to note 2 in the consolidated financial statements.

Credit risk

No debtors are past due. Credit risk mostly relates to group companies and is therefore limited.

Liquidity risk

The company does not have any significant creditors.