STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
Revenue	27	5 477 558	4 510 475	4 702 912	4 579 424
Sales revenue	27	5 339 397	4 420 977	4 268 436	4 243 420
Cost of Sales		5 277 915	3 813 301	4 152 938	3 745 036
Operating costs	28	3 536 002	2 826 094	2 690 872	2 759 433
Concentrates purchased		918 605	657 540	918 605	657 540
Refining and other costs		267 117	161 591	155 789	161 591
Depreciation and write-offs	29	445 875	234 690	209 430	232 930
Change in metal inventories		110 316	(66 614)	178 242	(66 458)
Operating profit		61 482	607 676	115 498	498 384
Share of earnings from associate and joint venture/dividends received	30	3 464	13 783	69	16 740
Investment revenue	31	59 963	33 434	261 274	174 311
Finance charges		(176 124)	(17 946)	(170 690)	(119 669)
Sundry expenditure	32	(26 724)	(28 254)	(89 442)	(70 666)
Sundry income	32	123 735	88 362	216 334	193 067
Profit before tax		45 796	697 055	333 043	692 167
Taxation	33	26 199	169 054	93 870	149 149
Profit for the year		19 597	528 001	239 173	543 018

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
Other comprehensive income		(1 327)	(4 145)	–	–
Items that will not be subsequently reclassified to profit or loss		418	–	–	–
Share of associate's remeasurements of post-employment benefit obligations net of tax		418	–	–	–
Items that will be reclassified subsequently to profit or loss		(1 745)	(4 145)	–	–
Share of associate's exchange differences on translating foreign operations net of tax		(1 738)	(4 105)	–	–
Share of associate's fair value adjustment on available-for-sale financial assets net of tax		(7)	(40)	–	–
Total comprehensive income for the year		18 270	523 856	239 173	543 018
Profit attributable to:					
Owners of the parent		9 486	504 907	239 173	543 018
Non-controlling interests		10 111	23 094	–	–
Profit for the year		19 597	528 001	239 173	543 018
Total comprehensive income attributable to:					
Owners of the parent		8 159	500 762	239 173	543 018
Non-controlling interests		10 111	23 094	–	–
Total comprehensive income for the year		18 270	523 856	239 173	543 018

		Cents	Cents
Earnings per share	34	2.4	132.0
Diluted earnings per share	34	2.4	132.0
Headlines earnings per share	34	2.2	136.5
Diluted headline earnings per share	34	2.2	136.5

STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
ASSETS					
Non-current assets		12 745 424	12 622 989	8 369 853	8 287 148
Property, plant and equipment	2	6 287 062	6 222 226	2 295 671	2 147 090
Mining properties and mineral resources	3	5 653 328	5 708 825	113 091	121 762
Interest in associates and joint venture	5	496 509	495 498	109 938	122 442
Investments in subsidiaries	6			5 747 619	5 801 514
Unlisted investment	7	6	6	6	6
Land and township development	8	10 204	15 553	–	–
Long-term receivables	9	94 047	87 400	–	–
Investments held by Northam Platinum Restoration Trust Fund	10	46 468	40 948	36 791	33 913
Environmental Guarantee Investment	11	51 024	42 407	42 281	35 965
Buttonshope Conservancy Trust	12	10 702	10 126	–	–
Long-term subsidiary loans	13			24 456	24 456
Deferred tax asset	19	96 074	–	–	–
Current assets		1 995 572	1 734 675	6 116 903	5 534 946
Short-term subsidiary loans	13			4 588 974	4 119 639
Inventories	14	1 076 853	878 530	700 983	872 333
Trade and other receivables	15	244 672	547 920	192 186	333 959
Cash and cash equivalents	16	666 174	298 580	634 760	209 015
Tax receivable		7 873	9 645	–	–
Total assets		14 740 996	14 357 664	14 486 756	13 822 094

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
EQUITY AND LIABILITIES					
Stated capital/Share capital and share premium	17	9 178 688	8 599 655	9 178 688	8 599 655
Retained earnings		2 223 135	2 220 477	2 302 455	2 063 282
Equity compensation reserve	18	–	–	–	–
Share of other comprehensive income from associate		(15 340)	(14 013)	–	–
Equity attributable to owners of the parent		11 386 483	10 806 119	11 481 143	10 662 937
Non-controlling interests		5 389	9 516	–	–
Total equity		11 391 872	10 815 635	11 481 143	10 662 937
Non-current liabilities		2 157 462	1 997 826	2 063 084	1 909 754
Deferred tax liability	19	502 097	476 053	506 818	484 447
Long-term provisions	20	142 709	133 267	96 834	90 299
Long-term loans	21	43 763	47 564	–	–
Long-term share-based payment liability	22	98 893	90 942	89 432	85 008
Domestic medium term notes	23	1 370 000	1 250 000	1 370 000	1 250 000
Current liabilities		1 191 662	1 544 203	942 529	1 249 403
Current portion of long-term loans	21	3 801	3 801	–	–
Short-term share-based payment liability	22	69 942	16 665	63 449	14 518
Revolving credit facilities	23	–	250 000	–	250 000
Bank overdraft	16	118	–	118	–
Tax payable		121 481	156 963	15 390	52 848
Trade and other payables	24	877 365	1 012 104	751 577	826 650
Short-term provisions	25	118 955	104 670	111 995	104 670
Short-term subsidiary loans	13			–	717
Total equity and liabilities		14 740 996	14 357 664	14 486 756	13 822 094

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Share capital*	Share premium*
	R000	R000
GROUP		
Balance at 1 July 2012	3 825	8 593 823
Share based payments expense	–	–
Transfer of equity compensation reserve to share-based payment liability	–	–
Transfer of equity compensation reserve to retained earnings	–	–
Non-controlling interest arising on a business combination	–	–
Total comprehensive income for the year	–	–
Profit for the year	–	–
Other comprehensive income for the year	–	–
Dividends declared#	–	–
Issue of new shares	1	2 006
Transfer of share capital and share premium to stated capital	(3 826)	(8 595 829)
Balance at 1 July 2013	–	–
Acquisition of non-controlling interest	–	–
Total comprehensive income for the year	–	–
Profit for the year	–	–
Other comprehensive income for the year	–	–
Dividends declared#	–	–
Issue of new shares	–	–
Balance at 30 June 2014	–	–
Note	17	17

Non-controlling interest's portion of dividends declared by entities within the Northam group.
* Share capital and share premium were converted to no par value shares and are now referred to as stated capital.

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 18 for further details.

Other comprehensive income from associate

The value of other comprehensive income from associate relates to the group's share of the associate's: remeasurements of post-employment benefit obligations, translation differences on foreign subsidiaries held by the associate, as well as the fair value adjustment on available-for-sale financial assets.

Stated capital*	Equity compensation reserve	Retained earnings	Other comprehensive income from associate	Non-controlling interest	Total
R000	R000	R000	R000	R000	R000
–	202 634	1 622 833	(9 868)	–	10 413 247
–	13 807	–	–	–	13 807
–	(123 704)	–	–	–	(123 704)
–	(92 737)	92 737	–	–	–
	–	–	–	8 169	8 169
–	–	504 907	(4 145)	23 094	523 856
–	–	504 907	–	23 094	528 001
–	–	–	(4 145)	–	(4 145)
–	–	–	–	(21 747)	(21 747)
–	–	–	–	–	2 007
8 599 655	–	–	–	–	–
8 599 655	–	2 220 477	(14 013)	9 516	10 815 635
–	–	(6 828)	–	(3 172)	(10 000)
–	–	9 486	(1 327)	10 111	18 270
–	–	9 486	–	10 111	19 597
–	–	–	(1 327)	–	(1 327)
–	–	–	–	(11 066)	(11 066)
579 033	–	–	–	–	579 033
9 178 688	–	2 223 135	(15 340)	5 389	11 391 872
	18				

STATEMENT OF CHANGES IN EQUITY CONTINUED

for the year ended 30 June 2014

COMPANY
Balance at 1 July 2012
Share based payments expense
Transfer of equity compensation reserve to share based payment liability
Transfer of equity compensation reserve to retained earnings
Total comprehensive income for the year/profit for the year
Issue of new shares
Transfer of share capital and share premium to stated capital
Balance at 1 July 2013
Total comprehensive income for the year/profit for the year
Issue of new shares
Balance at 30 June 2014
Note

* Share capital and share premium were converted to no par value shares and are now referred to as stated capital.

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 18 for further details.

Share capital*	Share premium*	Stated capital*	Equity compensation reserve	Retained earnings	Total
R000	R000	R000	R000	R000	R000
3 825	8 593 823	–	202 634	1 427 527	10 227 809
–	–	–	13 807	–	13 807
–	–	–	(123 704)	–	(123 704)
–	–	–	(92 737)	92 737	–
–	–	–	–	543 018	543 018
1	2 006	–	–	–	2 007
(3 826)	(8 595 829)	8 599 655	–	–	–
–	–	8 599 655	–	2 063 282	10 662 937
–	–	–	–	239 173	239 173
–	–	579 033	–	–	579 033
–	–	9 178 688	–	2 302 455	11 481 143
17	17		18		

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
Cash flows from operating activities		885 379	524 200	670 485	428 377
Cash generated from operations	35	693 774	915 317	507 329	829 423
Interest received		52 583	29 290	35 516	17 468
Change in working capital	36	270 414	(281 104)	238 050	(308 050)
Taxation paid	37	(131 392)	(139 303)	(110 410)	(110 464)
Cash flows utilised in investing activities		(765 945)	(1 703 238)	(523 201)	(1 640 058)
Property, plant, equipment and mining properties and mineral reserves					
– additions to maintain operations		(358 200)	(363 914)	(351 466)	(347 871)
– additions to expand operations		(539 645)	(1 383 200)	–	–
– proceeds from sale of development ounces		137 687	–	–	–
– disposals proceeds		3 508	4 497	1 297	3 689
Land and township development					
– additions		(2 825)	(17 683)	–	–
– disposals proceeds		8 174	45 979	–	–
Investment in associate					
– cash distributed		69	16 740	69	16 740
Increase in subsidiary loans				(248 911)	(1 401 345)
Increase in investments held by Northam Platinum Restoration Trust Fund		(5 520)	(5 259)	(2 878)	(2 682)
Increase in Environmental Guarantee Investment		(8 617)	(6 687)	(6 316)	(4 442)
Increase in Buttonshope Conservancy Trust		(576)	(351)	–	–
Acquisition of subsidiary net of cash acquired		–	6 416	(10 000)	(10 000)
Dividends received		–	224	95 004	105 853

		Group		Company	
		2014	2013	2014	2013
	Note	R000	R000	R000	R000
Cash flows generated from/financing activities		248 042	1 372 638	278 343	1 382 338
Proceeds from issue of shares		600 000	2 007	600 000	2 007
Transaction costs		(20 967)	–	(20 967)	–
Acquisition of non-controlling interest		(10 000)	–	–	–
Finance charges		(176 124)	(123 703)	(170 690)	(119 669)
Dividends paid		(11 066)	(21 747)	–	–
(Decrease)/increase in long-term loans		(3 801)	16 081	–	–
Revolving credit facilities (repaid)/utilised		(250 000)	250 000	(250 000)	250 000
Domestic medium-term notes issued		120 000	1 250 000	120 000	1 250 000
Increase in cash and cash equivalents		367 476	193 600	425 627	170 657
Cash and cash equivalents at beginning of year		298 580	104 980	209 015	38 358
Cash and cash equivalents at end of year	16	666 056	298 580	634 642	209 015

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the company and group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future.

These estimates and assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

1.1 Impairment of assets

The Group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair-value-less-costs-of-disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is the price that would be received to sell an asset or payment made to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units, remaining useful lives of assets and estimates of projected cash flows and fair-value-less-costs-of-disposal. Management's analysis of cash-generating units involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash generating units as being both Zondereinde and Booysendal, which is the lowest level for which cash flows are largely independent of other assets.

The determined value in use of the cash-generating unit is most sensitive to the platinum price, the US dollar exchange rate and the discount rate.

In assessing the value in use, key estimates and judgements were made by management, which are based on management interpretation of market forecast and the future inflation rates.

These included long term platinum prices and USD exchange rates. Both these variables were determined based on market consensus forecasted prices for the first five years after which the price for platinum was inflated using 2.5% (2013: 2.5%) and the devaluation of the ZAR using an inflation rate of 3.4% (2013: 3.9%).

The nominal weighted average cost of capital used to discount the future free cash flows was determined as 15.2% nominal (2013: 13.4% nominal).

Management estimated the residual amount of mineral assets that the group is not currently developing. For those assets, the residual amount is calculated on a fair-value-less-cost-of-disposal basis taking into account earlier binding sales agreements between market participants.

1.2 Mine rehabilitation provision

The net present value of current decommissioning and restoration costs are based on the following assumptions:

	Company	
	2014	2013
Long-term inflation rate for South Africa – %	6.00	6.00
Long-term real discount rate – % (based on long bond yield rates)	8.00	8.00

Mine rehabilitation costs will be incurred by the group at the end of the operating life of some of the group's facilities and mine properties. The group assesses its mine rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (2014: 6% (2013: 6%)), and changes in discount rates (2014: 8% (2013: 8%)). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

1.3 Useful lives and residual values of property, plant and equipment

In assessing the useful live of its assets, technological innovation, product life cycles, physical condition of the assets and maintenance programmes are taken into consideration by the group.

As residual values are the expected values at the end of an asset's useful life, a process of estimation is required to determine the residual values at year end.

1.4 Ore reserve and mineral resource estimates (life of mine)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resources estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets (if any), and depreciation and amortisation charges. The group estimates and reports ore reserves in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009).

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS continued

1.5 Production start date for Booysendal mine (1 July 2013)

The group assesses the stage of a mine under construction to determine when the mine moves into the production phase. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of that mines construction project, such as the complexity of the project and its location. The group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "pre-production development expenditure" to "property, plant and equipment".

Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared to the original construction cost estimate
- Ability to produce metal in saleable form (within specification)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation commences.

1.6 Capitalisation of borrowing costs

Northam obtained various forms of borrowings to fund the development of the Booysendal mine. In assessing these borrowing costs incurred, an allocation was made to estimate the percentage of costs that funded working capital at the Zondereinde mine. Only borrowing costs relating to qualifying assets (development of the Booysendal mine) was capitalised as borrowing costs in the previous financial year.

1.7 TORO Employee Empowerment Trust

In applying the projected unit credit method, the following estimates were used:

	Group and Company	
	2014	**2013**
Discount rate – %	7.90	5.40
Interest rate – %	8.20	7.30

The company entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting from September 2013. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

The Trust is accounted for as an "other long term employee benefit" in terms of IAS19.

1.8 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

1.9 Contingencies

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

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS continued

1.10 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained PGM ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

1.11 Fair value measurement

The group measures financial instruments at fair value at each financial reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit at fair-value-less-costs-of-disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

1.12 Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether economic benefits are likely to arise from the Group's exploration assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

Exploration costs are currently being expensed.

Mineral resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred).

If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in a period when the new information becomes available.

2. PROPERTY, PLANT AND EQUIPMENT

	Mining plant and equipment	Mine development costs	Decommissioning asset	Motor vehicles	Total
Group – 30 June 2014	**R000**	**R000**	**R000**	**R000**	**R000**
Property, plant and equipment					
– at cost	3 920 378	4 115 766	95 544	18 318	8 150 006
– accumulated depreciation	(1 645 129)	(185 712)	(22 080)	(10 023)	(1 862 944)
Balance at end of year	2 275 249	3 930 054	73 464	8 295	6 287 062
Reconciliation of movement in property, plant and equipment:					
– balance at beginning of year	2 117 502	4 016 435	77 477	10 812	6 222 226
– additions to maintain operations	358 086	–	–	–	358 086
– additions to expand operations	–	537 336	–	2 309	539 645
– proceeds from sale of development ounces	–	(137 687)	–	–	(137 687)
– reclassification of development tonnes to inventory (note 36)	–	(300 318)	–	–	(300 318)
– present value of decommissioning asset capitalised (note 20)	–	–	114	–	114
– disposals at cost	(94 464)	–	–	(3 221)	(97 685)
– accumulated depreciation on disposals during the year	91 481	–	–	1 578	93 059
– depreciation charged for the year	(197 356)	(185 712)	(4 127)	(3 183)	(390 378)
Balance at end of year	2 275 249	3 930 054	73 464	8 295	6 287 062

2. PROPERTY, PLANT AND EQUIPMENT continued

	Mining plant and equipment	Mine develop-ment costs	Decommis-sioning asset	Motor vehicles	Total
	R000	R000	R000	R000	R000
Group – 30 June 2013					
Property, plant and equipment					
– at cost	3 656 756	4 016 435	95 430	19 230	7 787 851
– accumulated depreciation	(1 539 254)	–	(17 953)	(8 418)	(1 565 625)
Balance at end of year	2 117 502	4 016 435	77 477	10 812	6 222 226
Reconciliation of movement in property, plant and equipment:					
– balance at beginning of year	1 983 761	2 529 543	69 172	16 213	4 598 689
– additions to maintain operations	345 745	–	–	478	346 223
– additions to expand operations	–	1 381 135	–	2 065	1 383 200
– borrowing costs capitalised	–	105 757	–	–	105 757
– present value of decommissioning asset capitalised (note 20)	–	–	10 658	–	10 658
– acquisition of a subsidiary (note 4)	10 039	–	–	456	10 495
– disposals at cost	(117 989)	–	–	(7 782)	(125 771)
– accumulated depreciation on disposals during the year	117 989	–	–	2 777	120 766
– depreciation charged for the year	(189 043)	–	(2 353)	(3 395)	(194 791)
– write-off of assets	(33 000)	–	–	–	(33 000)
Balance at end of year	2 117 502	4 016 435	77 477	10 812	6 222 226

Borrowing costs were incurred on the Domestic Term Notes and interest was payable at JIBAR plus 3.5%.

	Mining plant, equipment and development cost R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Company – 30 June 2014				
Property, plant and equipment				
– at cost	3 905 157	52 742	7 103	3 965 002
– accumulated depreciation	(1 644 577)	(20 434)	(4 320)	(1 669 331)
Balance at end of year	2 260 580	32 308	2 783	2 295 671
Reconciliation of movement in property, plant and equipment:				
– balance at beginning of year	2 107 197	34 675	5 218	2 147 090
– additions to maintain operations	351 352	–	–	351 352
– present value of decommissioning asset capitalised (note 20)	–	114	–	114
– disposals at cost	(91 013)	–	(2 640)	(93 653)
– accumulated depreciation on disposals during the year	90 286	–	1 241	91 527
– depreciation charged for the year	(197 242)	(2 481)	(1 036)	(200 759)
Balance at end of year	2 260 580	32 308	2 783	2 295 671

	Mining plant, equipment and development cost R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Company – 30 June 2013				
Property, plant and equipment				
– at cost	3 644 818	52 628	9 743	3 707 189
– accumulated depreciation	(1 537 621)	(17 953)	(4 525)	(1 560 099)
Balance at end of year	2 107 197	34 675	5 218	2 147 090
Reconciliation of movement in property, plant and equipment:				
– balance at beginning of year	1 983 761	33 545	10 308	2 027 614
– additions to maintain operations	343 846	–	478	344 324
– present value of decommissioning asset capitalised (note 20)	–	3 483	–	3 483
– disposals at cost	(117 989)	–	(6 570)	(124 559)
– accumulated depreciation on disposals during the year	117 989	–	2 498	120 487
– depreciation charged for the year	(187 410)	(2 353)	(1 496)	(191 259)
– write-off of assets	(33 000)	–	–	(33 000)
Balance at end of year	2 107 197	34 675	5 218	2 147 090

3. MINING PROPERTIES AND MINERAL RESOURCES

	Mining properties R000	Mineral resources* R000	Total R000
Group – 30 June 2014			
– at cost	282 374	5 571 003	5 853 377
– accumulated depreciation	(153 223)	(46 826)	(200 049)
Balance at end of year	129 151	5 524 177	5 653 328
Reconciliation of movement in mining properties and mineral resources:			
– balance at beginning of year	137 822	5 571 003	5 708 825
– depreciation charged for the year	(8 671)	(46 826)	(55 497)
Balance at end of year	129 151	5 524 177	5 653 328
Group – 30 June 2013			
– at cost	282 374	5 571 003	5 853 377
– accumulated depreciation	(144 552)	–	(144 552)
Balance at end of year	137 822	5 571 003	5 708 825
Reconciliation of movement in mining properties and mineral resources:			
– balance at beginning of year	146 430	4 390 703	4 537 133
– reclassification from mineral resource held-for-sale	–	1 180 300	1 180 300
– additions during the year	63	–	63
– depreciation charged for the year	(8 671)	–	(8 671)
Balance at end of year	137 822	5 571 003	5 708 825

	Mineral resources R000	Total R000
Mineral resource held-for-sale		
Balance at 1 July 2012	1 180 300	1 180 300
Carrying value of assets held-for-sale reclassified to mining properties and mineral resources	(1 180 300)	(1 180 300)
Balance at 1 July 2013	–	–
Carrying value of assets held-for-sale reclassified to mining properties and mineral resources	–	–
Balance at 30 June 2014	–	–

The aforementioned represented the agreement with Aquarius Platinum Limited and Aquarius Platinum (South Africa) Proprietary Limited to dispose of the mineral rights attached to the southern portion of Booysendal mine for an amount of R1.2 billion. The agreement lapsed during the previous financial year and the mineral resource was subsequently reclassified to mineral resources.

	Mining properties R000	Mineral resources* R000	Total R000
Company – 30 June 2014			
– at cost	266 314	–	266 314
– accumulated depreciation	(153 223)	–	(153 223)
Balance at end of year	113 091	–	113 091
Reconciliation of movement in mining properties and mineral resources:			
– balance at beginning of year	121 762	–	121 762
– depreciation charged for the year	(8 671)	–	(8 671)
Balance at end of year	113 091	–	113 091
Company – 30 June 2013			
– at cost	266 314	–	266 314
– accumulated depreciation	(144 552)	–	(144 552)
Balance at end of year	121 762	–	121 762
Reconciliation of movement in mining properties and mineral resources:			
– balance at beginning of year	130 369	–	130 369
– additions during the year	64	–	64
– depreciation charged for the year	(8 671)	–	(8 671)
Balance at end of year	121 762	–	121 762

* The mineral resources relate to the mining titles that were acquired in respect of the Booysendal mine.

4. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions in 2014

Acquisition of non-controlling interest

On 1 July 2013, the company acquired an additional 10% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP) for a consideration of R10 million. This represented an acquisition of non-controlling interest.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Non-controlling interest	10 000	–		
Non-controlling interest acquired	3 172	–		
Adjustment to retained earnings	6 828	–		
Purchase consideration transferred	10 000	–		

Subsequent to year end, the remaining 20% non-controlling interest was acquired for a consideration of R50 million.

Acquisitions in 2013

Acquisition of subsidiary

On 1 July 2012, the company acquired 70% of the voting shares in NCP, an unlisted company based in the town of Northam, and specialising in chrome recovery, for a cash consideration of R10 million. The group acquired NCP in order to capture benefits from chrome, a by-product of PGM.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of NCP as at the date of acquisition were:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Assets				
Property, plant and equipment	–	10 495		
Cash and cash equivalents	–	16 416		
Trade receivables	–	1 442		
Inventories	–	689		
	–	29 042		

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Liabilities				
Long-term provisions	–	166		
Short-term provisions	–	18		
Trade payables	–	6 619		
Tax payable	–	4 070		
	–	10 873		
Total identifiable net assets	–	18 169		
Non-controlling interest	–	(8 169)		
Non-controlling interest's portion of the identifiable net assets	–	(5 173)		
Non-controlling interest's portion of pre-acquisition dividends declared during the financial year	–	(2 996)		
Purchase consideration transferred	–	10 000		

The non-controlling interest in NCP has been determined as the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

NCP has contributed R103.6 million (2013: R129.8 million) of revenue and R73.0 million (2013: R105.6 million) to profit before tax for the group.

Trade receivables are considered fully recoverable.

No significant transaction costs were incurred with the acquisition of NCP.

5. INTEREST IN ASSOCIATES AND JOINT VENTURES

Interest in associates and joint ventures comprises of a 7.5% interest in the Pandora joint venture (associate), a 50% interest in the Dwaalkop platinum project (joint venture), a 51% interest in the Kokerboom exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited (associate). The percentage holdings remain unchanged from the prior year.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Dwaalkop joint venture	300 679	300 679	–	–
Pandora joint venture/associate	114 927	120 915	42 333	44 933
Trans Hex Group Limited	80 903	73 904	67 605	77 509
	496 509	495 498	109 938	122 442

Details of the group's share of the comprehensive income and financial position are set out in Annexure 2, which forms part of these notes.

During the previous financial year the investment in Trans Hex Group Limited was transferred from Mvelaphanda Resources Proprietary Limited to Northam Platinum Limited.

6. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Dialstat Trading Proprietary Limited (1)			*	*
Khumama Platinum Proprietary Limited (2)			5 566 000	5 566 000
Mvelaphanda Resources Proprietary Limited (3)			161 619	225 514
Norplats Properties Proprietary Limited (4)			*	*
Northam Chrome Producers Proprietary Limited (5)			20 000	10 000
Windfall 38 Properties Proprietary Limited (6)			*	*
Balance at end of year			5 747 619	5 801 514

During the year the investment in Mvelaphanda Resources Proprietary Limited was impaired to the value of R63.9 million (2013: R72.2 million), subsequent to the distribution of dividends of R60 million (2013: R62 million).

(1) The company holds 120 ordinary shares representing a 100% equity interest in Dialstat Trading Proprietary Limited.
(2) The company holds 405 ordinary shares representing a 100% equity interest in Khumama Platinum Proprietary Limited.
(3) The company holds 217 881 101 ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited.
(4) The company holds 100 ordinary shares representing a 100% equity interest in Norplats Properties Proprietary Limited.
(5) The company holds 80 (2013: 70) ordinary shares representing a 80% (2013: 70%) equity interest in Northam Chrome Producers Proprietary Limited.
(6) The company holds 100 ordinary shares representing a 100% equity interest in Windfall 38 Properties Proprietary Limited.
* Represents investment of less than R1 000.

All companies are incorporated in the Republic of South Africa, and with the exception of NCP, all companies are wholly-owned. Subsequent to year end the investment in NCP was increased to 100%.

Details of the subsidiaries are contained in Annexure 3, which forms part of these notes.

7. UNLISTED INVESTMENTS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Available for sale investment	6	6	6	6

The investment in Rand Mutual Assurance Company Limited was acquired a number of years ago to assist with the administration of occupational injuries and decease. The shares are disclosed at cost as the fair value is not available as these shares are not traded in an active market. Management is not planning to dispose of these shares.

8. LAND AND TOWNSHIP DEVELOPMENT

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance at beginning of year	15 553	43 849	–	–
Construction in progress	23	28	–	–
Acquisitions	2 802	17 655	–	–
Disposals	(8 174)	(45 979)	–	–
Balance at end of year	10 204	15 553	–	–

Township development comprising 411 residential erven (2013: 411 residential erven) with houses erected thereon in Northam, District of Thabazimbi, as well as 502 undeveloped erven (2013: 502 undeveloped erven) in Northam. These properties have been acquired in order to assist the group's employees to acquire affordable housing. These erven are registered in the name of the company's subsidiary, Norplats Properties Proprietary Limited (Norplats Properties).

In 2014, 38 houses (2013: 97 houses) were sold in Mojuteng Township of Northam town during the year, totalling the number of houses sold to date at 359 (2013: 336), taking into account properties that have been surrendered.

9. LONG-TERM RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Long-term receivables	102 484	92 961	–	–
Current portion of long-term receivables (note 15)	(8 437)	(5 561)	–	–
Non-current portion of long-term receivables	94 047	87 400	–	–

This comprises balances due by employees in respect of Northam's employee home ownership scheme under suspensive sale agreements. The loans to the employees bear interest at prime, and repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such a time as the loan is paid off, the title to the houses will be transferred to the employees. As at 30 June 2014 there were no receivables (2013: R nil) which were impaired and fully provided for. The group has pledged the instalment sales agreements as security for the loan secured from *Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V* (FMO) (note 21).

10. INVESTMENTS HELD BY NORTHAM PLATINUM RESTORATION TRUST FUND

The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life.

The balance of the fund comprises:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance at beginning of year	40 948	35 689	33 913	31 231
Contributions made during the year	2 774	3 114	603	806
Interest earned during the year (note 31)	2 746	2 145	2 275	1 876
Balance at end of year	46 468	40 948	36 791	33 913

The assets, which mainly consists of cash, of the fund are separately administered and the group's right of access to these funds are restricted.

11. ENVIRONMENTAL GUARANTEE INVESTMENT

The balance of the fund comprises:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance at beginning of year	42 407	35 720	35 965	31 523
Contributions made during the year	6 000	6 000	3 000	3 000
Management fees	(1 441)	(1 312)	(479)	(350)
Interest earned during the year (note 31)	4 058	1 999	3 795	1 792
Balance at end of year	51 024	42 407	42 281	35 965

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R114.9 million (2013: R96.9 million) relating to the group and R49.0 million (2013: R31.0 million) for the company.

The assets, which mainly consists of cash, of the fund are separately administered and the group's right of access to these funds are restricted.

12. BUTTONSHOPE CONSERVANCY TRUST

The balance of the fund comprises:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance at beginning of year	10 126	9 775		
Contributions received during the year	141	48		
Interest earned during the year (note 31)	576	351		
Less expenditure incurred during the year	(141)	(48)		
Balance at end of year	10 702	10 126		

The trust was established as a conservancy trust by Northam, with the principal objective of engaging in the conservation, rehabilitation and/or protection of the natural environment, including flora, fauna and the biosphere as well as promoting the establishment of, and education and training programmes relating to, environmental awareness, greening, cleanup and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province, and which may involve the participation by local communities. The aforementioned property is owned by Micawber 278 Proprietary Limited (Micawber), an indirect subsidiary of Northam. An initial contribution of R10 million was required by Micawber in terms of the trust agreement, which was paid in previous financial years.

12. BUTTONSHOPE CONSERVANCY TRUST continued

Funds of R2.5 million (2013: R10.1 million) are invested with Standard Bank Limited in a call fund account and R8.1 million (2013: Rnil) is held in an Extra Income Fund with Stanlib Collective Investments Limited.

The assets of the trust are separately administered and the group's right of access to these funds are restricted.

13. SUBSIDIARY LOANS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Long-term subsidiary loans receivable				
Norplats Properties Proprietary Limited			24 456	24 456
The loan bears interest at 2.0% below South African prime interest rate and may only be repaid once the loan from FMO has been repaid by Norplats Properties Proprietary Limited (note 21) by no later than 30 September 2026.				
Short-term subsidiary loans receivable				
Micawber 278 Proprietary Limited			4 556 577	4 091 830
Mvelaphanda Resources Proprietary Limited			945	–
Norplats Properties Proprietary Limited			16 284	12 384
Windfall 38 Properties Proprietary Limited			15 167	15 424
Dialstat Trading 133 Proprietary Limited			1	1
			4 588 974	4 119 639
Total subsidiary loans receivable			4 613 430	4 144 095
Short-term subsidiary loans payable				
Broad Brush Investments 2 Proprietary Limited			–	(717)
Total subsidiary loans payable			–	(717)

The loans to Broad Brush Investments 2, Dialstat Trading 133, Mvelaphanda Resources and the short term portion of the Norplats Properties Proprietary Limited are unsecured and interest free, repayable on demand, and therefore, stated as current.

The loans to Micawber 278, the long term portion of the Norplats Properties and Windfall 38 Properties bear interest at 2.0% below the South African prime interest rate, repayable on demand, and therefore, stated as current.

Details of the subsidiaries are set out in Annexure 3, which forms part of these notes.

14. INVENTORIES

Inventories comprise:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Metals on hand and in transit – at cost (2013 net realisable value)	1 007 945	825 733	647 491	825 733
Chrome finished product – at cost	176	274	–	–
Consumable stores – at cost	68 732	52 523	53 492	46 600
Total inventories at the lower of cost and net realisable value	1 076 853	878 530	700 983	872 333

The cost of sales figure disclosed in the statement of comprehensive income approximates the cost of inventory expensed.

Included in cost of sales is R1.1 million (2013: R0.1 million) for consumable stores written down to net realisable value and R325.3 million (2013: R72.7 million) recognised as an expense for metals on hand and in transit carried at net realisable value.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Trade receivables	108 875	215 965	107 159	213 899
Prepayments	5 698	58 124	5 088	57 346
Value added tax	61 702	139 838	20 377	20 799
Current portion of long-term receivables (note 9)	8 437	5 561	–	–
Other	59 960	128 432	59 562	41 915
Total trade and other receivables	244 672	547 920	192 186	333 959

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms except for metal debtors who have payment terms of between 2 – 5 days. As at 30 June 2014 there were no receivables (2013: R nil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2014 is set out in Annexure 1, which forms part of these notes.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Cash at banks and on hand	135 555	132 501	108 441	42 936
Short-term deposits	530 619	166 079	526 319	166 079
Cash and cash equivalents	666 174	298 580	634 760	209 015
Bank overdraft	(118)	–	(118)	–
Total cash and cash equivalents including bank overdrafts	666 056	298 580	634 642	209 015

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

At 30 June 2014 the group had R1.4 billion (2013: R750 million) of undrawn committed borrowing facilities.

Included in cash and cash equivalents is R4.3 million (2013: R4.3 million) that has been pledged to FMO by Norplats Properties Proprietary Limited (Norplats Props) as a debt service reserve account (the account) as security for servicing of the loan from FMO (note 21). In accordance with the FMO agreement, Norplats Props shall maintain at all times a balance in the account equal to not less than the sum of all payments of principal and interest on each loan which will be due and payable during the next relevant period. Norplats Props may withdraw amounts from the account only for the purpose of paying principal and interest under the agreement. Norplats Props shall not withdraw funds from the account for any other purpose without the written consent of FMO.

17. STATED CAPITAL/SHARE CAPITAL AND SHARE PREMIUM

	Group and Company 2014		Group and Company 2013	
	R000	Number of shares	R000	Number of shares
Authorised share capital	5 450	545 000 000	5 450	545 000 000
Issued share capital				
At 1 July 2012	3 825	382 496 990	3 825	382 496 990
Shares issued during the year for cash on the exercise of share options	1	89 100	1	89 100
At 1 July 2013	3 826	382 586 090	3 826	382 586 090
Share premium				
At 1 July 2012	8 593 823		8 593 823	
Shares issued during the year for cash on the exercise of share options	2 006		2 006	
At 1 July 2013	8 595 829		8 595 829	
Share capital and share premium at 1 July 2013	8 599 655	382 586 090	8 599 655	382 586 090
Transfer to stated capital	(8 599 655)		(8 599 655)	
Stated capital at 1 July 2013	8 599 655		8 599 655	
Shares issued during the year for cash in terms of rights issue	579 033	15 000 000		
Stated capital at 30 June 2014	9 178 688	397 586 090		

During the previous financial year share capital and share premium were converted to no par value shares and are now referred to as stated capital.

During the year no shares (2013: 89 100 shares) were allotted and issued it terms of the rules of Northam Share Option Scheme at a value of Rnil (2013: R2.0 million).

15 million shares were issued during the year in terms of a fully subscribed rights issue. This resulted in the issued share capital increasing to 397 586 090 shares.

Details of stated capital held by the directors are contained in the Directors' Report.

18. EQUITY COMPENSATION RESERVE

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance at beginning of year	–	202 634	–	202 634
Increase in equity compensation reserve	–	13 807	–	13 807
Transfer to retained earnings	–	(92 737)	–	(92 737)
Transfer to share based payment liability (note 22)	–	(123 704)	–	(123 704)
Balance at end of year	–	–	–	–

The group has a Share Option Scheme (the Scheme) and Share Incentive Plan (the Plan) under which options to subscribe for the group's shares were granted to certain executives and senior employees.

Options were offered at the volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. In terms of the rules of the Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within seven years of the offer date shall lapse. The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course. The shares awarded in terms of the rules of the Plan comprise: retention shares, which vest after two years with no performance criteria, and performance shares, which vest after three years. The final number of performance shares that an employee receives is subject to certain performance criteria being met.

During the previous financial year the rules to both the Scheme and the Plan were amended to allow for a cash-settlement option. Consequently, both the Scheme and Plan are now accounted for as cash-settled share based payments based on the historical number of shares retained by employees. Details thereof can be found under note 22.

Refer to Annexure 5, which forms part of these notes, for further details on the equity settled and cash settled share-based payments.

19. DEFERRED TAX

The principal components of the deferred tax liability are as follows:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Deferred tax liabilities				
Property, plant and equipment	585 184	547 872	596 812	559 675
Metal inventory	12 662	16 971	12 662	16 971
Restoration Trust Fund	10 301	–	10 301	–
Section 24C allowance in respect of long-term receivables	8 977	3 746	–	–
	617 124	568 589	619 775	576 646
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	(43 441)	(39 339)	(43 036)	(39 048)
Decommissioning and environmental restoration provisions	(27 155)	(25 330)	(27 114)	(25 284)
Share-based payment liability	(42 807)	(27 867)	(42 807)	(27 867)
Calculated loss	(1 624)	–	–	–
	(115 027)	(92 536)	(112 957)	(92 199)
Net deferred tax liability	502 097	476 053	506 818	484 447
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	476 053	504 628	484 447	500 365
Charge for the year (per note 33)	26 044	(28 575)	22 371	(15 918)
Temporary differences in respect of property, plant and equipment	37 312	13 536	37 137	25 339
Depreciation component included in metals on hand and in transit	(4 309)	2 795	(4 309)	2 795
Temporary differences in respect of restoration trust fund	10 301	–	10 301	–
Section 24C allowance in respect of long-term receivables	5 231	(517)	–	–
Calculated loss	(1 624)	–	–	–
Temporary difference in respect of employee benefits	(4 102)	(12 329)	(3 988)	(12 038)
Temporary difference in respect of decommissioning and environmental restoration provisions	(1 825)	(4 193)	(1 830)	(4 147)
Temporary difference in respect of share-based payment liabilities	(14 940)	(27 867)	(14 940)	(27 867)
Net deferred tax liability at end of year	502 097	476 053	506 818	484 447

19. DEFERRED TAX continued

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Micawber 278 Proprietary Limited – deferred tax asset

A deferred tax asset has been raised for the first time for items included in Micawber 278 Proprietary Limited as the statutory entity in which the Booysendal mine is housed. Taxable profits will be generated in the foreseeable future against which the deferred tax asset can be utilised. The amount of unrecognised deferred tax assets in the previous financial year amounted to R8.7 million. As the mine is now in production a deferred tax asset has been raised in the current year.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Deferred tax assets				
Property, plant and equipment	56 533	–		
Employee benefits relating to leave provisions	692	–		
Decommissioning and environmental restoration provisions	12 803	–		
Share-based payment liability	2 204	–		
Calculated loss	50 823	–		
	123 055			
Deferred tax liability				
Metal inventory	(21 065)	–		
Restoration Trust Fund	(2 710)	–		
Employee benefits relating to bonus provisions	(3 206)	–		
	(26 981)	–		
Net deferred tax asset	96 074	–		

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	–	–		
Charge for the year (per note 33)	96 074	–		
Temporary differences in respect of property, plant and equipment	56 533	–		
Depreciation component included in metals on hand and in transit	(21 065)	–		
Temporary differences in respect of restoration trust fund	(2 710)	–		
Calculated loss	50 823	–		
Temporary difference in respect of employee benefits	(2 514)	–		
Temporary difference in respect of decommissioning and environmental restoration provisions	12 803	–		
Temporary difference in respect of share-based payment liabilities	2 204	–		
Net deferred tax liability at end of year	96 074	–		

20. LONG-TERM PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Provision for decommissioning costs				
Balance at beginning of year	105 653	91 659	75 139	67 262
Change in estimate and capitalisation of decommissioning costs as part of the development of the Booysendal mine (note 2)	114	9 600	114	3 483
Unwinding of discount (note 28)	7 233	4 394	5 149	4 394
Balance at end of year	113 000	105 653	80 402	75 139
Provision for restoration costs				
Balance at beginning of year	27 614	19 459	15 160	8 230
Restoration provision acquired under a business combination	–	167	–	–
Capitalisation of restoration cost as part of the development of the Booysendal mine (note 2)	–	1 058	–	–
Change in estimate (note 28)	(114)	6 272	59	6 272
Unwinding of discount (note 28)	2 209	658	1 213	658
Balance at end of year	29 709	27 614	16 432	15 160
Total long-term provisions	142 709	133 267	96 834	90 299

In terms of, *inter alia*, the Mineral and Petroleum Resources Development Act no 28, of 2002, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. The future value of environmental obligation will be paid over to Northam Platinum Restoration Trust fund (note 10) over the remaining life of the Zondereinde mine which is currently estimated at 16 years, and over the remaining life of the Booysendal mine which is currently estimated at over 25 years. Financial provision is not however required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Provisions before funding	142 709	133 267	96 834	90 299
Less: Northam Platinum Restoration Trust Fund (note 10)	(46 468)	(40 948)	(36 791)	(33 913)
Less: Environmental Guarantee Investment (note 11)	(51 024)	(42 407)	(42 281)	(35 965)
Net present value of unfunded environmental rehabilitation obligations	45 217	49 912	17 762	20 421
The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 10) over the remaining life of the mines, which is currently estimated at 16 years for the Zondereinde mine and over 25 years for the Booysendal mine.				
The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.0% (2013: 8.0%) and a long-term inflation rate of 6.0% (2013: 6.0%) over the remaining life of the mines.				
The decommissioning and restoration costs are reviewed on an annual basis, and at the reporting date the net unfunded future obligations were as follows:				
Undiscounted decommissioning obligations	160 450	150 211	108 432	101 519
Undiscounted restoration obligations	43 106	40 051	22 159	20 444
Total decommissioning and restoration obligation	203 556	190 262	130 591	121 963
Less: Obligation not requiring financial provision	(46 096)	(43 057)	(46 096)	(43 057)
	157 460	147 205	84 495	78 906
Less: Funds held by Northam Platinum Restoration Trust Fund (note 10)	(46 468)	(40 948)	(36 791)	(33 913)
Environmental Guarantee Investment (note 11)	(51 024)	(42 407)	(42 281)	(35 965)
Total unfunded future rehabilitation obligations	59 968	63 850	5 423	9 028

The group has procured the issue of an insurance guarantee for R114.9 million (2013: R96.9 million) in respect of the unfunded decommissioning and restoration costs, of which R49.0 million (2013: R31.0 million) relates to the company.

21. LONG-TERM LOANS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	47 564	51 365	–	–
Current portion of long-term loans	(3 801)	(3 801)	–	–
Total long-term loans	43 763	47 564	–	–

The loan, which is repayable in equal bi-annual instalments over 15 years, bears interest at 3.5% above JIBAR, with the last payment due 30 September 2026.

The group has pledged the instalment sales agreement as security for the loan (note 9).

The original loan withdrawal amounted to R36.5 million repayable over 30 biannual payments made in September and March every year. A second withdrawal was made in November 2012 for R20.6 million, also repayable over 30 biannual payments made in September and March every year.

22. SHARE-BASED PAYMENT LIABILITY

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Share-based payment liability at modification date	–	123 704	–	123 704
Share-based payment liability reversal	–	(16 097)	–	(24 178)
Total share-based payment liability at year-end	168 835	107 607	152 881	99 526
Short-term share-based payment liability	(69 942)	(16 665)	(63 449)	(14 518)
Long-term share-based payment liability	98 893	90 942	89 432	85 008

The group operates the Northam Share Option Scheme (the Scheme) as well as the Northam Share Incentive Plan (the Plan). The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course.

During the previous financial year both the Scheme and Plan was amended to provide employees with the option to either elect for settlement in shares or cash. The change was made to avoid the ongoing dilution of the BEE position and approval was granted by the JSE during March 2013.

The previous share Scheme and Plan was considered as equity-settled share based payment transactions. The fair value of these equity instruments were measured at the grant date and included in equity as an equity compensation reserve.

Where the counterparty has a right to elect for the settlement in either shares or cash, IFRS 2 regards the transaction as a compound transaction to which split accounting must be applied. The general principle is the transaction must be analysed into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in shares).

Management considered the requirements and determined that based on historical information very few individuals, if any, have kept their Northam shares, and that the majority of the outstanding options, performance and retention shares will be settled in cash and should therefore be accounted for as a liability rather than an equity compensation reserve.

The short term portion is determined based on the options that will expire in the next 12 months and retention and performance shares which will vest within the next 12 months.

Refer to Annexure 5, which forms part of these notes, for further details on the share based payments.

23. DOMESTIC MEDIUM TERM NOTES AND REVOLVING CREDIT FACILITIES

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Domestic medium term notes	1 370 000	1 250 000	1 370 000	1 250 000

The group raised term debt through the issue of R1.25 billion 3 year senior unsecured floating rate notes (notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015.

The issue is guaranteed by Northam's wholly owned subsidiaries, Micawber 278 Proprietary Limited and Khumama Platinum Proprietary Limited, who are the statutory entities in which the Booysendal mine development is housed.

During the year the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Revolving credit facilities	–	250 000	–	250 000

The group entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculated at JIBAR plus 2.80% for each applicable interest period. This facility matures August 2016.

During the year the group secured an additional R400 million revolving credit facility with Nedbank Limited, bringing the total available facility to R1.4 billion. The additional facility is only available until March 2015 and certain covenant conditions were relaxed until December 2014 in terms of the agreement with the bank.

24. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Trade payables	312 499	319 397	266 257	280 700
Accruals	403 540	364 577	356 069	362 147
Accrual for acquisition of participating interest in the Pandora joint venture	–	65 000	–	65 000
Receiver of revenue – value added tax	13 141	12 804	–	–
Other	148 185	250 326	129 251	118 803
Total trade and other payables	877 365	1 012 104	751 577	826 650

Trade payables are unsecured, non-interest bearing and are normally settled on 30 day terms.

25. SHORT-TERM PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Provision for leave pay				
Balance at beginning of year	104 670	96 466	104 670	96 466
Additional amounts raised	194 968	120 938	188 008	120 938
Utilised	(180 683)	(112 734)	(180 683)	(112 734)
Balance at end of year	118 955	104 670	111 995	104 670

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial reporting date based on the basic cost of employment and available leave entitlement at that date.

26. TORO EMPLOYEE EMPOWERMENT TRUST

The company entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting from September 2013.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Assets at fair market value as at 1 July	127 170	96 863	–	–
Interest income on assets	4 641	7 402	–	–
Employer contributions	9 189	24 006	–	–
Benefits paid	(54 995)	(1 415)	–	–
Actuarial gain/(loss)	8 229	314	–	–
Assets at fair market value as at 30 June	94 234	127 170	–	–
Unrecognised due to Paragraph 64 and 65 limit*	83 180	(75 533)	–	–
Defined benefit obligation as at 1 July	51 637	63 884	–	–
Service cost	13 675	19 067	–	–
Interest cost	1 052	6 379	–	–
Actuarial (gain)/ loss	(315)	(36 278)	–	–
Benefits paid	(54 995)	(1 415)	–	–
Defined benefit obligation as at 30 June	11 054	51 637	–	–
Asset/(liability) recognised on the statement of financial position	–	–	–	–

* The "Paragraph 64 and 65 limit" ensure the asset to be recognised on the company's statement of financial position is subject to a maximum of the sum of any unrecognised actuarial losses, past-service costs and the present value of any economic benefits available to the company in the form of refunds or reductions in future contributions.

The company is not entitled to any refund from the fund and hence the economic benefits available to the company is nil.

27. REVENUE

Total revenue comprises:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Sales revenue	5 339 397	4 420 977	4 268 436	4 243 420
Investment income (note 31)	59 963	33 434	261 274	174 311
Sundry revenue (note 32)	78 198	56 064	173 202	161 693
Total revenue	5 477 558	4 510 475	4 702 912	4 579 424

Sales revenue comprises of the turnover of platinum group metals and related precious, base metals and ferrous metals, net of value added tax, trade discounts and intra-group sales.

28. OPERATING COSTS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories:				
Labour (note 39)	1 499 144	1 289 703	1 354 749	1 275 927
Stores	735 647	701 268	652 232	701 268
Utilities	443 016	344 463	372 396	342 802
Sundries (including fees paid to non-executive directors)	848 850	479 336	305 074	428 112
Provision for decommissioning and restoration costs (note 20)	9 345	11 324	6 421	11 324
Total operating costs	3 536 002	2 826 094	2 690 872	2 759 433
The analysis of operating costs by principal activity is as follows:				
– Mining operations	2 814 611	2 117 255	2 112 238	2 117 255
– Smelter operations	77 266	97 532	77 266	97 532
– Base metal removal plant operations	38 769	64 053	38 769	64 053
– Overheads	596 011	535 930	456 178	469 269
– Provision for decommissioning and restoration costs (note 20)	9 345	11 324	6 421	11 324
	3 536 002	2 826 094	2 690 872	2 759 433
Sundry operating costs include the following:				
Directors' remuneration				
– Non-executive fees	3 701	3 969	3 701	3 969
– Executive remuneration	58 652	12 679	58 652	12 679
Share-based payment expense	139 081	13 807	117 739	13 807
Share-based payment liability reversal (note 22)	–	(16 097)	–	(24 178)
Operating lease payments				
– Office equipment	2 475	1 813	1 063	771
– Premises	1 456	3 422	1 454	1 040

Details of directors' remuneration are contained in the Directors' Report on page 153.

29. DEPRECIATION AND WRITE-OFFS

Depreciation of mining properties and mineral resources as well as plant and equipment consists of the following:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Mining property and mineral resources	55 497	8 671	8 671	8 671
Property, plant and equipment and mine development costs	383 068	189 043	197 242	187 410
Decommissioning asset	4 127	2 353	2 481	2 353
Vehicles	3 183	1 623	1 036	1 496
Write-off of assets	–	33 000	–	33 000
Total depreciation and write-offs	445 875	234 690	209 430	232 930

30. SHARE OF EARNINGS FROM ASSOCIATES AND JOINT VENTURES/DIVIDENDS RECEIVED

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Share of earnings from associates/dividends received (refer Annexure 2)	3 464	13 783	69	16 740

31. INVESTMENT REVENUE

Investment revenue consists of the following:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Interest received on cash and cash equivalents	43 802	21 855	35 516	17 468
Interest received from subsidiary	–	–	219 688	153 175
Interest received on instalment sale agreement	8 781	7 084	–	–
Interest received in Northam Platinum Restoration Trust Fund (note 10)	2 746	2 145	2 275	1 876
Interest received in Environmental Guarantee Investment (note 11)	4 058	1 999	3 795	1 792
Interest received in Buttonshope Conservancy Trust (note 12)	576	351	–	–
Total investment revenue	59 963	33 434	261 274	174 311

32. NET SUNDRY INCOME

Net sundry income is arrived taking into account the following:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Dividends received	–	224	95 004	105 853
Treatment charges in respect of concentrates purchased	78 198	55 840	78 198	55 840
Sundry revenue (note 27)	78 198	56 064	173 202	161 693
Rent received	5 926	5 377	5 870	5 377
Sale of scrap	2 675	2 145	2 620	2 145
Insurance claim	–	4 318	–	4 318
Other income	4 829	2 168	2 535	1 244
Foreign currency translation gain	32 107	18 290	32 107	18 290
Total sundry income	123 735	88 362	216 334	193 067
Sundry expenditure				
Loss on sale of property, plant and equipment	(1 118)	(508)	(829)	(383)
Amortisation of participation interest of the Pandora joint venture	(2 600)	(2 600)	(2 600)	(2 600)
Write-down on investment	–	–	(73 799)	(62 270)
Other expenditure	(23 006)	(25 146)	(12 214)	(5 413)
Total sundry expenditure	(26 724)	(28 254)	(89 442)	(70 666)
Net sundry income	97 011	60 108	126 892	122 401

33. TAXATION

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Current income tax				
Current income tax charge	102 829	197 346	78 202	163 704
Adjustment in respect of current income tax of previous year	(6 600)	283	(6 703)	1 363
	96 229	197 629	71 499	165 067
Deferred tax				
Relating to origination and reversal of temporary differences (note 19)	(17 583)	(28 575)	22 371	(15 918)
Relating to calculated tax losses (note 19)	(52 447)	–	–	–
Income tax expense reported in profit or loss	26 199	169 054	93 870	149 149
Taxation comprises:				
Mining tax	32 437	131 883	32 437	131 883
Non-mining tax	70 327	65 300	45 700	31 662
Tax on share of earnings from associate – current year	65	159	65	159
Capital gains tax	–	4	–	–
Adjustment in respect of prior years	(6 600)	283	(6 703)	1 363
Temporary differences	(17 583)	(28 575)	22 371	(15 918)
Calculated loss	(52 447)	–	–	–
Total taxation	26 199	169 054	93 870	149 149
A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:	%	%	%	%
South African normal tax	28.0	28.0	28.0	28.0
Adjustments in respect of prior periods	(14.4)	–	(2.0)	0.2
Expenditure disallowed and other adjustments	43.6	0.3	2.2	(2.7)
Other	–	(4.0)	–	(4.0)
Effective tax rate	57.2	24.3	28.2	21.5

33. TAXATION continued

33.1 Mining tax

The current rate of mining tax applicable to the company is 28% (2013: 28%).

33.2 Non-mining tax

Non-mining income is subject to a rate of 28% (2013: 28%).

33.3 Deferred tax

Deferred tax is provided at the statutory rate of 28% (2013: 28%) for all temporary differences.

33.4 Dividends withholding tax

Dividends withholding tax is levied at 15% (2013: 15%) for local shareholders.

33.5 Capital gains tax

The effective capital gains tax rate payable on any gains realised on the disposal of investments or mining properties is 18.7% (2013: 18.7%).

33.6 Tax on share of earnings from associate

Mining and non-mining income is subject to a rate of 28% (2013: 28%).

34. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 390 969 652 (2013: 382 560 902) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	Group	
	2014	2013
	R000	R000
Profit attributable to shareholders	9 486	504 907
Loss/(profit) on sale of property, plant and equipment	1 118	(1 769)
Property, plant and equipment written-off	–	33 000
Insurance claim	–	(4 318)
Profit on sale of associate's property, plant and equipment	(2 347)	(2 118)
Tax effect on above	344	(7 520)
Headline earnings	8 601	522 182

Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Fully diluted headline earnings per share are based on the headline earnings and the average number of potential diluted shares in issue.

	Group	
	2014	2013
	R000	R000
Dividends per share (cents)	–	–
The number of potential diluted shares are calculated as follows:		
Average number of ordinary shares in issue during the year	390 969 652	382 560 902
Average number of Northam Share Option Scheme options and Incentive Scheme shares outstanding during the year*	–	–
Average number of potential diluted ordinary shares in issue	390 969 652	382 560 902

* The effect of the Northam Share Option and Incentive Schemes were not included as the options/incentive shares are cash settled and therefore will no longer have a dilutive impact.

35. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Profit before taxation	45 796	697 055	333 043	692 167
Adjusted for non-cash items				
Loss on disposal of property,plant and equipment	1 118	508	829	383
Depreciation and write-off	445 875	234 690	209 430	232 930
Increase in long-term provisions	9 442	22 149	6 535	14 807
Increase in long-term receivables	(6 647)	(22 463)	–	–
Change in short-term provisions	14 285	8 204	7 325	8 204
Share based payment expense	61 228	(2 290)	53 355	(10 371)
Share of profit from associate	(3 464)	(13 783)	(69)	(16 740)
Amortisation of participation interest in the Pandora joint venture	2 600	2 600	2 600	2 600
Fair value adjustment of investment in associate/impairment of investment in subsidiary	–	215	73 799	62 270
Interest paid	176 124	17 946	170 690	119 669
Interest received	(52 583)	(29 290)	(255 204)	(170 643)
Dividend received	–	(224)	(95 004)	(105 853)
Total cash generated from operations	693 774	915 317	507 329	829 423

36. CHANGE IN WORKING CAPITAL

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Inventories	(198 323)	(67 347)	171 350	(61 150)
Reclassification of development tonnes to inventory (note 2)	300 318	–	–	–
Trade and other receivables	303 248	(244 652)	141 773	(178 082)
Trade and other payables	(134 829)	30 895	(75 073)	(68 818)
	270 414	(281 104)	238 050	(308 050)

37. TAXATION PAID

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Balance owing at beginning of year	147 318	88 992	52 848	(1 755)
Profit or loss charge	96 229	197 629	71 499	165 067
Write-off of state share of profits*	1 453	–	1 453	–
Balance owing at end of year	(113 608)	(147 318)	(15 390)	(52 848)
	131 392	139 303	110 410	110 464

* This relates to an overpayment of state share of profits in 2010. The company is attempting to recover this from SARS.

38. COMMITMENTS

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Capital Expenditure – Booysendal mine				
– Authorised but not contracted	338 204	54 801	–	–
– Contracted	145 186	477 281	–	–
Capital Expenditure – Zondereinde mine				
– Authorised but not contracted	172 316	223 071	172 316	223 071
– Contracted	154 060	127 085	154 060	127 085
Information Technology Outsource Service Providers				
– Due within one year	10 293	9 710	10 293	9 710
– Due within two to five years	21 460	31 753	21 460	31 753
Operating lease rentals – office equipment				
– Due within one year	1 947	1 117	1 126	847
– Due within two to five years	1 004	915	1 004	915
Operating lease – premises				
– Due within one year	4 585	3 116	1 201	734
– Due within two to five years	13 588	11 098	2 233	–
– More than five years	5 959	11 900	–	–
Housing development				
– Authorised	4 800	4 000	4 800	4 000
Unutilised loan facility granted to subsidiary			–	–
Bank guarantees issued	78 736	73 210	78 736	49 240

These commitments will be funded from a combination of internal retentions and debt as more fully described in the financial review and Directors' Report.

39. EMPLOYEE BENEFITS

The aggregate earnings and benefits of employees, including directors, were:

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Salaries, wages, share-based payments and other benefits	1 331 209	1 119 286	1 193 532	1 105 510
Contributions to retirement benefit funds	99 685	94 050	94 160	94 050
Contributions to health-care funds	59 061	52 361	57 868	52 361
Employee empowerment scheme	9 189	24 006	9 189	24 006
Total labour	1 499 144	1 289 703	1 354 749	1 275 927
Fees paid to non-executive directors	3 701	3 969	3 701	3 969
Total labour including fees paid to non-executive directors	1 502 845	1 293 672	1 358 450	1 279 896

40. RELATED PARTIES

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 4 which forms part of these notes.

41. SEGMENTAL REPORTING

The group has two business segments, the Zondereinde mine and the Booysendal mine. The group's operating committee looks at the performance of the Zondereinde and Booysendal mines when allocating resources and assessing the segmental performances.

Details of the financial position, sales revenue and operating contribution of the two segments are set out in Annexure 6 which forms part of these notes.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group has various financial assets such as trade receivables, investments, long-term receivables and cash and cash equivalents, which arise directly from its operations.

The group may enter into derivative transactions, being forward currency contracts or metal hedging contracts. The purpose is to manage the currency risks arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity-price risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below:

(a) Market risk

Market risk is the risk that fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest-rate risk,currency risk, commodity-price risk and other price risk, such as equity risk.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. The majority of the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst most of the costs are denominated in the unit's functional currency, the South African Rand.

The following table demonstrates the sensitivity to a possible change in the US dollar exchange rate with all other variables held constant, of the group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Weakening by 10%	16 424	16 386	16 424	16 386
Strengthening by 10%	(16 424)	(16 386)	(16 424)	(16 386)
At year end the foreign currency value of items under their respective balance sheet classifications were as follows:				
– Accounts receivable – US$	5 327	12 763	5 327	12 763
– Cash and cash equivalents – US$	10 150	4 122	10 150	4 122
– Accounts payable – €	–	(389)	–	(389)
Exchange rates at year end:				
– ZAR/US$	10.61	10.01	10.61	10.01
– ZAR/€	14.50	13.05	14.50	13.05

(c) Commodity price risk

The group is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
The following is an indication of the effect that changes in the commodity prices would have on the profit before tax:				
– Increase of 10%	10 716	21 390	10 716	21 390
– Decrease of 10%	(10 716)	(21 390)	(10 716)	(21 390)

The group did not enter into any hedging contracts during the year.

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities with banks and financial institutions. The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In additional, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The credit risk on trade receivables within the group is disclosed in Annexure 6.

With respect to credit risk arising from other financial assets of the group, which comprise cash and cash equivalents, available-for-sale investments and loans, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as per Annexure 1, which forms part of these notes.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. The group's exposure to risk of changes in market interest rates relates primarily to the group's cash balances with floating interest rates and the long-term loan.

As part of the process of managing the group's interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents). There is no impact on the group's equity.

	Group		Company	
	2014	2013	2014	2013
	R000	R000	R000	R000
Cash and cash equivalents				
– Increase of 1%	6 661	2 986	6 346	2 090
– Decrease of 1%	(6 661)	(2 986)	(6 346)	(2 090)
Floating rate borrowings				
– Increase of 1%	(14 176)	(15 514)	(13 700)	(15 000)
– Decrease of 1%	14 176	15 514	13 700	15 000

(f) Fair value

The price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management is of the opinion that the book value of financial instruments approximates fair value for group purposes. At a company level, the book value of financial instruments approximates fair value with the exception of inter-group loans, for which the fair value is R4.7 billion (2013: R4.2 billion).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

The fair value is based on the net present value of the expected resources attributable to the realisation of the asset or the extinguishing of the liability.

	2014 Carrying amount R000	2014 Fair value* R000
Financial assets at amortised cost		
Long-term subsidiary loans receivable		
Norplats Properties Proprietary Limited	24 456	24 945
Short-term subsidiary loans receivable		
Micawber 278 Proprietary Limited	4 556 577	4 621 504
Mvelaphanda Resources Proprietary Limited	945	988
Norplats Properties Proprietary Limited	16 284	17 574
Windfall 38 Properties Proprietary Limited	15 167	15 471
Dialstat Trading 133 Proprietary Limited	1	1
	4 588 974	4 655 538
Total subsidiary loans receivable	4 613 430	4 680 483

* Fair value has been determined using the prime interest rate, and is classified as level 3 in terms of the fair value hierarchy.

(g) Liquidity risk

The group's treasury operations are managed by a reputable treasury management institution.

They assist the group in monitoring its risk to a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the group.

In addition to the loan secured from *Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V* (FMO) (note 21) by Norplats Properties Proprietary Limited in the previous financial period, the group has the following unsecured loans at financial reporting date: Funding in the debt capital market through the issue of R1.25 billion 3 year senior unsecured floating rate notes (the notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015. During the year the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The group had entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculated at JIBAR plus 2.80% for each applicable interest period. During the year an additional R400 million revolving credit facility was acquired, brining the total facility to R1.4 billion, which will expire during March 2015. At year end R1.4 billion (2013: R750 million) of the total facility was unutilised.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

All trade accounts payable are due within 30 days. The maturity profile of the group's financial liabilities is set out in Annexure 1, which forms part of these notes.

(h) Capital management

Capital comprises the equity attributable to the shareholders of Northam.

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to share holders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013.

During the year, the group successfully raised R600 million through a claw-back rights offer, underwritten by Coronation Asset Management Proprietary Limited, in terms of which 15 million new Northam ordinary shares (claw-back shares) were offered to shareholders at a subscription price of R40 per claw-back share.

The group monitors capital by assessing interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents to assess whether additional capital is required. No formal objectives have been set for a specific ratio/headroom to be met in this regard.

(i) Categories of financial instruments

The various categories of financial instruments are set out in Annexure 1, which forms part of these notes.

43. EVENTS AFTER THE REPORTING DATE

Please refer to events after the reporting date included on page 159 of the Directors' Report.

44. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2014 on page 157 of the Directors' Report and shareholder spread at 30 June 2014 on page 157 of the Directors' Report.