APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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The financial statements set out on pages 50 to 80 were approved by the board of directors on 9 September 2005, and are signed on its behalf by:

T M G Sexwale
Chairman

G T Lewis
Chief Executive Officer

COMPANY SECRETARY'S CONFIRMATION

In terms of Section 268G (d) of the Companies Act, I confirm that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported upon.

S J van der Spuy
Company secretary

9 September 2005

NORTHAM
PLATINUM LIMITED

To the members of Northam Platinum Limited

We have audited the annual financial statements for the year ended 30 June 2005 as set out on pages 50 to 80. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 30 June 2005 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Ernst + Young

Ernst & Young
Registered Accountants and Auditors
Chartered Accountants (S.A.)

Johannesburg
9 September 2005

The directors have pleasure in submitting their report for the year ended 30 June 2005. The operational performance of the company is set out in the chief executive officer's review, whilst the nature of business is described in the corporate profile which appears on page 2.

Corporate governance
The directors endorse the Code of Corporate Practices and Conduct set out in the second King Report on Corporate Governance (King 2) that was released in March 2002. Further details on the company's corporate governance practices are set out in the Corporate Governance Report on page 41.

Mining licences
The company's mining licences cover an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ and 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

Property
A register of land and buildings is available for inspection at the registered office of the company during normal business hours.

Financial results
The accounting policies, balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements, on pages 57 to 80, reflect the financial results and position of the company.

Dividends
Dividends totalling 70 cents per share (F2004: 105 cents per share) absorbing R162 279 200 (F2004: R243 124 000) were declared. Details are as follows:

Interim dividend (No 12) – 25 cents per share	
Declaration date:	2 February 2005
Last day to trade cum div:	18 February 2005
Commencement of trading ex div:	21 February 2005
Record date:	25 February 2005
Payment date:	28 February 2005

Final dividend (No 13) – 45 cents per share	
Declaration date:	3 August 2005
Last day to trade cum div:	19 August 2005
Commencement of trading ex div:	22 August 2005
Record date:	26 August 2005
Payment date:	29 August 2005

Shareholders who have dematerialised their shares receive payment electronically as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend not to do so, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to members' accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Share capital
The authorised share capital of the company remains unchanged at R3 500 000 (F2004: R3 500 000) divided into 350 000 000 (F2004: 350 000 000) shares of one cent each.

During the year 425 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R4 283 500, resulting in the issued share capital at 30 June 2005 being 231 968 500 (2004: 231 543 500) shares of one cent each.

Since the balance sheet date a further 215 000 shares have been allotted and issued in terms of the rules of the aforementioned scheme.

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Share capital (continued)
At the forthcoming annual general meeting, members will be asked to place the authorised but unissued shares in the capital of the company, other than those shares that are reserved for purposes of the Northam Share Option Scheme, under the control of the directors in terms of Section 221(2) of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE Limited (JSE).

Capital repayment No 4 – 20 cents per share
In terms of the general authority granted to the directors at the annual general meeting on 6 November 2003, the directors resolved during the year to effect a further reduction in the company's share capital by means of a repayment of share premium of 20 cents per share to shareholders. Details are as follows:

Declaration date:	4 August 2004
Last day to trade cum distribution:	20 August 2004
Commencement of trading ex distribution:	23 August 2004
Record date:	27 August 2004
Payment date:	30 August 2004

Repayments of share capital
At the annual general meeting held on 4 November 2004 shareholders passed a resolution granting the directors of the company a general authority to distribute up to a maximum of 20% of the company's issued share capital in terms of the Listings Requirements of the JSE and subject to the requirements of Section 90 of the Companies Act, 1973, as amended. This general authority is valid until the company's next annual general meeting or for fifteen months from the date of the aforementioned resolution, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period and accordingly the text of the necessary resolution appears in the notice of annual general meeting on page 81, which forms part of this report.

Acquisition of company's own shares
The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of its holding company. Accordingly, at the annual general meeting held on 4 November 2004 shareholders passed a special resolution granting the company a general authority to repurchase its own shares. This general authority provides the directors, subject to certain terms and conditions as set out in the said special resolution, with the necessary flexibility to procure the repurchase of the company's shares from time to time should such repurchase, in view of prevailing market conditions, be opportune and be deemed to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 months from the date of the aforementioned resolution, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period, and accordingly the text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting on page 81, which forms part of this report.

Borrowing powers
In terms of the articles of association, the directors may borrow for purposes of the company, such sums as they deem fit.

STRATE (Share Transactions Totally Electronic)
Shareholders are once again reminded that the company transferred to the STRATE environment during September 2001. Shareholders who have not already dematerialised their shares (certificated shareholders) are strongly urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares.

It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

Northam Share Option Scheme (the Scheme)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company.

Options are offered at the prevailing price on the JSE on the day before the offer. 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 five years of the offer date shall lapse.

In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme, and the maximum number of options that any one participant may hold is limited to 0.4% of the issued share capital of the company prevailing from time to time. At the date of this report, 0.4% of the issued capital equated to 928 734 shares.

During the year the exercise price of outstanding options was reduced by 20 cents, in term of Clause 6.2 of the rules of the Scheme, so as to take into account the effects of Capital Repayment No. 4 referred to above.

A summary of the shares held under option at 30 June 2005 is as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options
9 November 2001 and 8 November 2004	450	30 000
7 November 2002 and 6 November 2005	1 350	206 500
20 November 2003 and 19 November 2006	1 050	1 170 000
18 November 2004 and 17 November 2007	1 925	2 780 000
23 January 2005 and 22 January 2008	1 655	60 000
14 October 2005 and 13 October 2008	1 060	1 314 000
Number of options held at 30 June 2004		5 560 500
New options granted during the year at R8.30 per share		1 620 000
Number of options forfeited during the year		603 500
Number of options exercised during the year		425 000
Number of options held at 30 June 2005		6 152 000

At 30 June 2005 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options	Options vested at 30 June 2005	Options exercisable in F2006	Options exercisable thereafter
7 November 2002 and 6 November 2005	1 350	175 000	175 000	–	–
20 November 2003 and 19 November 2006	1 050	745 000	745 000	–	–
18 November 2004 and 17 November 2007	1 925	2 480 000	1 240 000	1 240 000	–
23 January 2005 and 22 January 2008	1 655	60 000	30 000	30 000	–
14 October 2005 and 13 October 2008	1 060	1 182 000	–	591 000	591 000
14 October 2006 and 13 October 2009	830	1 510 000	–	–	1 510 000
		6 152 000	2 190 000	1 861 000	2 101 000

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Salient details of the options exercised during the year under review are as follows:

Exercise date	Number of options exercised	Exercise price R	Consideration R000
12 August 2004	5 000	4.70	24
8 and 15 October 2004	25 000	4.50	112
10 and 24 June 2005	395 000	10.50	4 148
Total	425 000		4 284

Directorate

The following changes in the company's board have taken place during the year and up to the date of this annual report:

1 September 2004 – Mr R G (Robin) Mills was appointed a non-executive director in place of Mr D T G (Dorian) Emmett who resigned on 30 August 2004.

1 November 2004 – Dr N J (Judy) Dlamini and Ms E T (Emily) Kgosi were appointed independent non-executive directors of the company.

1 February 2005 – Mr P C (Pine) Pienaar was appointed alternate director to Mr B R (Bernard) van Rooyen.

1 March 2005 – Mr G T (Glyn) Lewis was appointed to the board as chief executive officer.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 41 to 47.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs E Molobi, T M G Sexwale, R H H van Kerckhoven and M J Willcox who, being eligible and available, offer themselves for election. At the forthcoming annual general meeting members will accordingly be requested to consider resolutions providing for the election and re-appointment of Messrs Molobi, Sexwale, van Kerckhoven and Willcox as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 45 and 47.

Directors' fees

The current level of fees paid to non-executive directors for their services is as follows:

Board fees

- Board chairman – R100 000 per annum.
- Board members – R50 000 per annum.
- Board meeting attendance fees – R4 000 per meeting.

Board appointed committees

- Committee chairmen – R50 000 per annum.
- Committee members – R25 000 per annum.
- Committee meeting attendance fees – R3 000 per meeting.

Directors' remuneration

The directors' remuneration for the year ended 30 June 2005 was as follows:

	Fees R000	Remune-ration package R000	Benefits R000	Gain on exercise of options R000	Total R000
2005					
Executive					
G T Lewis*	–	449	61	204	714
Non-executive					
M E Beckett	172	–	–	–	172
N J Dlamini	79	–	–	–	79
D T G Emmett	13	–	–	–	13
R Havenstein	121	–	–	–	121
E T Kgosi	63	–	–	–	63
R G Mills	90	–	–	–	90
E Molobi	145	–	–	–	145
T M G Sexwale	200	–	–	–	200
R H H van Kerckhoven	107	–	–	–	107
B R van Rooyen	187	–	–	–	187
M J Willcox	89	–	–	–	89
	1 266	449	61	204	1 980
2004					
Non-executive					
M E Beckett	194	–	–	–	194
D T G Emmett	83	–	–	–	83
R Havenstein	97	–	–	–	97
A S Malone	68	–	–	–	68
E Molobi	99	–	–	–	99
T M G Sexwale	155	–	–	–	155
R H H van Kerckhoven	85	–	–	–	85
B R van Rooyen	147	–	–	–	147
M J Willcox	77	–	–	–	77
	1 005	–	–	–	1 005

* Mr G T Lewis was appointed CEO on 1 March 2005.

Service contracts

The chief executive officer, Mr G T Lewis, has a service contract with the company. None of the other directors has a service contract with the company.

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Directors' interests

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June were as follows:

2005	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	851	2 306 788	2 307 639
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	37 462	–	–	37 462
M J Willcox	–	426	687 860	688 286
	72 607	1 277	2 994 648	3 068 532

2004	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	2 093	4 284 629	4 286 722
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	37 462	–	–	37 462
M J Willcox	–	1 048	1 252 958	1 254 006
	72 607	3 141	5 537 587	5 613 335

At 30 June 2005, there were no direct non-beneficial holdings by directors.
Since 30 June 2005 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2005

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 227	3 871 433	1.7
5 001 – 10 000	375	2 871 789	1.2
10 001 – 50 000	362	8 287 809	3.6
50 001 – 100 000	64	4 785 916	2.1
100 001 – 1 000 000	168	48 709 142	21.0
1 000 001 and over	31	163 442 411	70.4
Total	7 227	231 968 500	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	7 054	22 592 321	9.6
Companies	2	103 842 343	44.8
Pension and provident funds	71	50 236 754	21.7
Banks and insurance companies	16	8 755 850	3.8
Unit trusts and other managed funds	76	42 819 542	18.5
Investment trusts and other corporate bodies	8	3 721 690	1.6
Total	7 227	231 968 500	100.0

Major shareholders at 30 June 2005

Owner	Number of shares	Percentage holding
Anglo Platinum Limited	52 104 038	22.5
Mvelaphanda Resources Limited	51 738 305	22.3
Fund manager		
Allan Gray Limited	54 847 771	23.6
Foord Asset Management Limited	8 712 400	3.8

Shareholder spread at 30 June 2005

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	7 220	55.20
Non-public		
directors	5	0.03
other (10% and more of securities)	2	44.77
Total	7 227	100.00

Northam Platinum Restoration Trust Fund (the Fund)

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the company in making financial provision for the environmental rehabilitation of the mine, in terms of the Minerals Act, 1991, upon cessation of its mining operations.

Details of the contributions made and provisions raised are disclosed in notes 4 and 8 of the notes to the financial statements. In addition, the company has procured the issue of a guarantee for R18.2 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 8 of the notes to the financial statements and has registered a bond over certain areas of its property in favour of the Fund in order to secure payment of its obligations.

Special resolutions

Details of special resolutions passed by the company during the year are available upon request.

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman's statement and chief executive's review, as well as the company's present financial resources, the directors believe that the company is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The annual financial statements have accordingly been prepared on this basis.

Company secretary

Mr S J van der Spuy continues in office as company secretary. Relevant details appear on the inside back cover of this report.

Registered office

During the year the company changed its registered office to 1st floor, 1A Albury Park, Magalieszicht Avenue, Dunkeld West, Johannesburg. Additional contact details appear on the inside back cover.

Listing

The company's shares are listed in the Resources – Mining [Platinum] sector of the JSE .

Post balance sheet events

No material changes, other than those highlighted in this report, have taken place in the affairs of the company between the end of the financial year and the date of this report.

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1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the South African Companies Act.

The International Accounting Standards Board has recently issued some new standards and interpretations and has revised a number of reporting standards. In terms of the listings requirements of the JSE the company is required to be fully compliant with IFRS for reporting periods commencing on or after 1 January 2005.

The financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the early adoption of the revised/issued standards set out below.

Standard	Revised /issued	Description	Early adopted	Retro-spective change	2005 changes	2004 changes	Impact
IAS 1	2003	Presentation of Financial Statements	√	√	n/a	n/a	The statement requires critical judgements and key assumptions about the future to be disclosed.
IAS 2	2003	Inventories	√	√	n/a	n/a	There is no impact as the company is already compliant with the standard.
IAS 8	2003	Accounting Policies, Changes in Accounting Estimates and Errors	√	√	n/a	n/a	The effect of the adoption of new standards is disclosed as is the likely effect of new standards not yet adopted.
IAS 10	2003	Events after the Balance Sheet date	√	√	n/a	n/a	This has no material effect on the company's policies
IAS 16	2003	Property, Plant and Equipment	No	√	n/a	n/a	As set out below.
IAS 17	2003	Leases	No	√	n/a	n/a	This has no material effect on the company's policies.
IAS 21	2003	The effects on Changes in Foreign Exchange Rates	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 24	2003	Related Party Disclosures date	No	√	n/a	n/a	As set out below.
IAS 32	2003	Financial Instruments: Disclosure and presentation	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 33	2003	Earnings per Share	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 36	2004	Impairment of Assets	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 38	2004	Intangible Assets	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 39	2003	Financial Instruments: Recognition and Measurement	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 40	2004	Investment Property	√	√	n/a	n/a	This has no material effect on the company's policies.
IFRS 2	2004	Share-based payments	√	√	√	√	The effect of the adoption of this standard is set out in Note 9 to the Financial Statements.
IFRIC 1	2004	Changes in Existing Decommissioning, Restoration and Similar Liabilities	√	No	√	No	The effect of the adoption of this standard is set out in Note 8 to the Financial Statements.
IFRIC 5	2005	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	No	√	n/a	n/a	This has no material effect on the company's policies.

1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires that management and the board exercise their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 1 to the financial statements.

The company has not yet adopted the following accounting standards which are only effective for financial years commencing on or after 1 January 2005. The company will adopt these standards with effect from 1 July 2005.

IAS 16 – Property, Plant and Equipment (revised 2003)

The standard requires all property, plant and equipment costs to be evaluated under one general recognition principle at the time they are incurred. Such costs include those incurred initially to acquire or construct an item and costs subsequently incurred to add to, replace part of, or service an item. The residual value of property, plant and equipment shall be reviewed at least annually. An entity is required to determine the depreciation charge separately for each significant part of an item of property, plant and equipment. The depreciation method shall be reviewed at least each financial year-end, and the amount should be changed to reflect the change in the pattern of consumption of the future economic benefits of the asset.

Criteria have been included to determine the date on which the item of property, plant and equipment was derecognized.

The company is assessing the impact of this standard at present but it is not expected to have a material effect on the financial statements.

IAS 24 – Related party disclosures

The standard requires the identification of related parties, the nature and value of transactions with such parties during the period as well as the period end balance.

The future implementation will require disclosure of related party transactions with parties that previously were not recognised as related parties.

2 Property, plant and equipment

2.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and impairments in value.

2.2 Mine development costs

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where financed by borrowings and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture reaches commercial production quantities. Development costs to maintain production are recognized as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources.

2 Property, plant and equipment (continued)

2.3 Mining plant and equipment

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine based on measured and indicated resources or their expected useful lives in five-year bands.

2.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine based on measured and indicated resources.

2.5 Mineral rights and mineral leases

Mineral rights and mineral leases are depreciated on a straight-line basis over the estimated economic life of the mine based on measured and indicated resources.

2.6 Office equipment, furniture and vehicles

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10 and 20% on a straight-line basis over their expected useful lives.

2.7 Land

Land is recorded at cost of acquisition less impairments in value.

2.8 Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount charging against income. The recoverable amount is the higher of value in use and net realisable value.

The value in use of mining assets is determined by applying a discount rate to the anticipated pre-tax cash flow for the remaining useful life of the assets. The discount rate used is the company's weighted average cost of capital as determined by the capital asset pricing model.

The value of non-mining assets is determined with reference to market values.

The revised carrying amounts are depreciated on a systematic basis over the remaining useful lives of such affected assets.

3 Financial instruments

Financial instruments recognized on the balance sheet include investments, cash and cash equivalents, accounts receivable, accounts payable, borrowings and certain derivative instruments.

3.1 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired.

3.2 Accounts receivable

Accounts receivable are stated at their gross invoice value less payments received and where appropriate provision for doubtful debts to reflect the fair value of the expected inflow of economic resources.

3 Financial instruments (continued)

3.3 Cash and cash equivalents

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances are only netted off when set-off would apply or when the balances are with the same banking institution.

The book value of cash and cash equivalents approximates their fair value. Negotiable instruments are recorded initially at cost and marked to market at reporting intervals. Any gain or loss arising from the mark to market or a change from book value to fair value is included in the determination of investment income.

3.4 Accounts payable

Accounts payable are stated at the recognized obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources.

3.5 Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

3.6 Derivative instruments

In the ordinary course of its operations, the company is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The company engages in a number of activities to manage these risks. These activities include economic hedging of a portion of these exposures through the use of derivative financial instruments. Forward sales contracts and option contracts are utilised to manage metal price and exchange rate exposures. The company does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at cost and associated transaction costs are charged to the income statement when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at financial reporting dates are marked to market and any changes in their fair value is included in net sundry revenue.

- Gains and losses on all other contracts not spanning a financial reporting date are recognized and included in net sundry revenue at the time that the contracts expire.

4 Commodity contracts

Contracts that are entered into and continue to meet the company's expected purchase, sale or usage requirements that were designated for that purpose at their inception and are expected to be settled by delivery are recognized in the financial period when the risks and rewards of ownership of such items have passed.

5 Inventories

5.1 Stores

Stores consist of consumable and maintenance stores and are valued at average cost. Stores are under continual review and are written down in regard to age, condition and utility.

5 Inventories (continued)

5.2 Metal on hand

Stocks of the three major platinum group elements and gold (3PGEs+Au), either in refined or concentrate form, are valued at the lower of cost of production or net realisable value. Production costs include an appropriate portion of overhead expenses. Cost is determined on the first-in, first-out basis. No account is taken of the value of metal in the process of production prior to the production of flotation concentrate.

Other metals are accounted for as by-products and are not valued.

6 Deferred tax

Deferred tax is provided at current rates, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognized when it is probable that future taxable profits will be available, against which the deferred tax assets can be utilised in the foreseeable future.

7 Provisions

7.1 Environmental rehabilitation provisions

7.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. When this provision gives rise to future economic benefits, a decommissioning asset is recognized, otherwise the costs are charged to the income statement.

The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The increase in the decommissioning provision due to the passage of time is recognized as a borrowing cost. Other changes in the carrying value of the provision subsequent to initial recognition are included in the determination of the carrying value of the decommissioning asset.

7.1.2 Environmental restoration provision

Provision is made for the estimated cost to be incurred on long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The increase in the restoration provision due to the passage of time is recognized as a borrowing cost.

In assessing the future liability, no account is taken of the potential proceeds from the sale of assets and metals from the plant clean-up. The future liability is reviewed regularly and adjusted as appropriate for new facts and changes in legislation.

The cost of ongoing programmes to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

7.1.3 Environmental rehabilitation fund

The company makes annual contributions to a dedicated trust fund to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the company's income statement in the period to which it relates.

7 Provisions (continued)

7.2 Other provisions

Provisions are recognized where the company has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

8 Foreign currencies

The functional and presentation currency of the company is the South African rand. Transactions in foreign currencies are translated into South African rand at the rates of exchange ruling at the transaction date. Monetary assets or liabilities denominated in foreign currencies are translated at rates prevailing at the balance sheet date. Profits and losses arising on the translation of foreign currencies, whether realized or unrealized, are credited to or charged against income.

9 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

9.1 Metal sales

Revenue from the sale of metal is accounted for on the accrual basis when the risks and rewards of ownership have passed. Adjustments arising between the date of recognition of the revenue and the date of settlement are recognized in the period in which the adjustment arises.

9.2 Interest income

Interest income is recognized on a time proportionate basis that takes into account the effective yield and an appropriate accrual is made at each accounting date.

10 Leased metal

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in the income statement and is reflected in the balance sheet as a liability. On the maturity of the lease the liability is credited to cost of sales.

The leasing transaction costs associated with the borrowed metal are charged to other costs in net sundry revenue on a time proportional basis.

11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets that require a substantial period of time to prepare for their intended use are capitalised. Other borrowing costs are recognized as an expense when incurred.

12 Employee benefits

12.1 Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognized as an expense in that reporting period. Provision is made for accumulated leave.

12.2 Equity compensation plans

Options granted to employees in terms of the rules of the Northam Share Option Scheme (“the Scheme”) are valued at the grant date using the Binomial Model. The value so determined is recognized as an expense, together with a corresponding increase in equity, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award (‘vesting date.’)

The cumulative expense recognized for these options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the company at that date, based on the best available estimate of the number of options that will ultimately vest.

12 Employee benefits (continued)

12.2 Equity compensation plans (continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Where employees exercise options in terms of the rules of the Scheme, shares are issued to them as beneficial owners. In exchange, employees pay in cash a consideration equal to the price specified in the option allocated to them. The nominal value of the shares is credited to share capital and the difference between the nominal value and the price of the cash consideration credited to share premium.

The directors procure a listing of these shares on the stock exchange where the company's shares are listed and quoted.

12.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

Employer contributions in respect of current service are recognized as an expense during the period in which the employees' services are rendered.

12.4 Medical benefits

Employer contributions in respect of current medical benefits are recognized as an expense during the period in which the employees' services are rendered.

12.5 Post-retirement medical costs

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post retirement medical costs.

Employer contributions in respect of current service are recognized as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' service terminates.

13 Operating leases

Operating lease rentals are recognized as an expense in the income statement on a straight line basis over the period of the lease.

14 Taxation

14.1 Current tax

The charge for current tax is based on the results for the year, as adjusted for by items that are exempt or disallowed, and is calculated using the current tax rate at the balance sheet date.

Where items are credited or charged directly to equity the tax effect is also recognized within equity.

14.2 Deferred tax

Deferred tax is provided at current rates as more fully set out in note 6 – Deferred tax, of the accounting policies.

14.3 Secondary tax on companies

Secondary tax on companies, which is levied at current rates on net dividends declared, is charged to net income in the period in which the relevant dividend is declared.

15 Dividends declared

Dividends declared are charged to equity in the period in which the dividend is declared.

BALANCE SHEET
at 30 June 2005

	Note	2005 R000	2004 R000
ASSETS			
Non current assets			
Property, plant and equipment	2	**1 390 586**	1 355 765
Unlisted investments	3	**107**	181
Northam Platinum Restoration Trust Fund	4	**14 443**	12 563
		1 405 136	1 368 509
Current assets		**835 187**	804 015
Inventories	5	**246 302**	223 187
Accounts receivable	23	**83 003**	79 206
Cash and cash equivalents		**505 882**	501 622
Total assets		**2 240 323**	2 172 524
EQUITY AND LIABILITIES			
Share capital	6	**1 954 733**	1 996 759
Equity compensation reserve		**16 674**	13 228
Accumulated loss		**(374 654)**	(426 345)
Shareholders' equity		**1 596 753**	1 583 642
Non-current liabilities		**347 854**	347 546
Deferred tax	7	**325 298**	332 395
Long term provisions	8	**22 556**	15 151
Current liabilities		**295 716**	241 336
Accounts payable		**185 653**	161 855
Tax		**110 063**	79 481
Total equity and liabilities		**2 240 323**	2 172 524

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INCOME STATEMENT

for the year ended 30 June 2005

	Note	2005 R000	2004 R000
Total revenue	10	**1 663 131**	1 770 777
Sales revenue	23	**1 554 501**	1 720 399
Cost of sales		**1 283 055**	1 335 217
– operating costs	11	**1 121 556**	1 061 171
– purchase cost custom material		**20 075**	14 632
– refining and other costs		**57 222**	60 569
– leased metal cost		**–**	(14 149)
– depreciation and impairments	12	**103 646**	97 527
– change in metal inventories		**(19 444)**	115 467
Operating profit		**271 446**	385 182
Investment income	13	**29 269**	38 174
Net sundry revenue/(expenditure)	14	**75 367**	(36 392)
Profit before tax		**376 082**	386 964
Tax	15	**127 569**	136 869
Net profit attributable to shareholders		**248 513**	250 095
		Cents	Cents
Earnings per share	16	**107.3**	108.0
Fully diluted earnings per share	16	**106.9**	108.0
Headline earnings per share	16	**107.3**	108.0
Dividends per share		**85.0**	45.0

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2005

		Share capital R000	Share premium R000	Equity compensation reserve R000	Accumulated loss R000	Total R000
Balance at 30 June 2003		2 315	2 075 814	–	(562 621)	1 515 508
Adoption of IFRS 2	9			9 625	(9 625)	–
Restated balance		2 315	2 075 814	9 625	(572 246)	1 515 508
Net profit attributable to shareholders					250 095	250 095
As previously reported					253 698	253 698
Adoption of IFRS 2	9				(3 603)	(3 603)
Credit in respect of share based payments				3 603		3 603
Dividends distributed					(104 194)	(104 194)
Repayment of share premium			(81 394)			(81 394)
Issue of new shares			24			24
Balance at 30 June 2004		2 315	1 994 444	13 228	(426 345)	1 583 642
Credit in respect of share based payments				3 446		3 446
Net profit attributable to shareholders					248 513	248 513
Dividends distributed					(196 822)	(196 822)
Repayment of share premium			(46 310)			(46 310)
Issue of new shares		5	4 279			4 284
Balance at 30 June 2005		2 320	1 952 413	16 674	(374 654)	1 596 753
Note		6	6			

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CASH FLOW STATEMENT
for the year ended 30 June 2005

	Note	2005 R000	2004 R000
Cash generated by operating activities		**378 696**	512 808
Cash generated from operations	17	**457 685**	454 070
Interest income		**28 209**	37 142
Change in working capital	18	**(3 114)**	139 362
Tax paid	19	**(104 084)**	(117 766)
Cash utilised in investing activities		**(133 708)**	(118 496)
Property, plant and equipment			
– additions to maintain operations		**(138 873)**	(122 925)
– disposals		**5 157**	4 427
Investments			
– disposals		**8**	2
Cash effects of financing activities		**(240 728)**	(187 665)
Net proceeds of share issue		**4 284**	24
Share premium repaid		**(46 310)**	(81 394)
Dividends paid		**(196 822)**	(104 194)
Increase in Restoration Trust Fund		**(1 880)**	(2 101)
Net increase in cash and cash equivalents		**4 260**	206 647
Cash and cash equivalents at beginning of year		**501 622**	294 975
Cash and cash equivalents at end of year		**505 882**	501 622

	2005 R000	2004 R000
1 Key accounting estimates and judgments		
In order to determine the carrying value of certain assets and liabilities, discussed below, the company makes certain economic and other assumptions.		
These 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		
The nature of the company's operations is such that it is regarded as a single cash generating unit. The company tests whether the operation has suffered any impairment, in accordance with the accounting policy disclosed in Accounting Policy 2.8. The recoverable amount has been determined based on value in use calculations. These calculations require the use of estimates of future commodity prices and exchange rates. These estimates are based on management's interpretation of market forecasts.		
The main assumptions include:		
– long term platinum price – US$ per ounce	**750**	630
– long term exchange rate – US$ = R	**6.60**	6.90
– long term real after tax discount rate – %	**5.30**	7.00
1.2 Provisions		
The net present value of current decommissioning and restoration costs are based on the following assumptions:		
– long term inflation rate for South Africa – %	**5.00**	5.00
– long term real after tax discount rate – %	**5.30**	7.00

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2 Property, plant and equipment

	30 June 2005 Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	**263 003**	**2 449 569**	**12 020**	**11 792**	**2 736 384**
– accumulated depreciation	**67 905**	**1 272 010**	**2 851**	**3 032**	**1 345 798**
	195 098	**1 177 559**	**9 169**	**8 760**	**1 390 586**
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	**206 530**	**1 134 703**	**5 029**	**9 503**	**1 355 765**
– additions		**132 036**		**6 837**	**138 873**
– present value of decommissioning asset capitalised (note 8)			**4 679**		**4 679**
– disposals				**(7 872)**	**(7 872)**
– depreciation charged for the year	**(11 432)**	**(89 180)**	**(539)**	**(2 495)**	**(103 646)**
– depreciation on disposals during the year				**2 787**	**2 787**
– balance at end of year	**195 098**	**1 177 559**	**9 169**	**8 760**	**1 390 586**

Certain fixed property has been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 4).

	30 June 2004 Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	263 003	2 317 533	7 341	12 827	2 600 704
– accumulated depreciation	56 473	1 182 830	2 312	3 324	1 244 939
	206 530	1 134 703	5 029	9 503	1 355 765
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	217 943	1 101 388	4 889	9 983	1 334 203
– additions	50	116 528		6 347	122 925
– present value of decommissioning asset capitalised (note 8)			398		398
– disposals				(5 857)	(5 857)
– depreciation charged for the year	(11 463)	(83 213)	(258)	(2 593)	(97 527)
– depreciation on disposals during the year				1 623	1 623
– balance at end of year	206 530	1 134 703	5 029	9 503	1 355 765

		2005 R000	2004 R000
3	**Unlisted investments**		
	Book value	107	181
	The unlisted investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R107 000 (2004 – R181 000).		
4	**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 in the fund was as follows:		
	– balance at beginning of year	**12 563**	10 462
	– contributions made during the year	**820**	1 069
	– net income earned during the year (note 13)	**1 060**	1 032
	– balance at end of year	**14 443**	12 563
	In addition, the company has passed a notarial bond for R27.3 million over certain of of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.		
5	**Inventories**		
	Metals on hand and in transit	**208 962**	189 518
	Consumable stores	**37 340**	33 669
		246 302	223 187
6	**Share capital**		
	Authorised		
	350 000 000 (2004 – 350 000 000) shares of 1 cent each	**3 500**	3 500
	Issued		
	231 968 500 (2004 : 231 543 500) shares of 1 cent each	**2 320**	2 315
	Share premium	**1 952 413**	1 994 444
		1 954 733	1 996 759
	The unissued shares, other than those reserved for the Northam Platinum Share Option Scheme, are under the control of the directors until the date of the next annual general meeting.		
	Details of share capital and shares held by the directors are contained in the Directors' Report.		

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	2005 R000	2004 R000
7 Deferred tax		
The principal components of the deferred tax are as follows:		
Deferred tax liabilities		
– property, plant and equipment	**339 604**	339 138
– metal stocks	**3 640**	5 492
– accounts receivable	**37**	1 223
	343 281	345 853
Deferred tax assets		
– employee benefits	**13 645**	12 682
– other accounts payable	**532**	–
– decommissioning and environmental restoration	**3 806**	776
	17 983	13 458
Net deferred tax liability	**325 298**	332 395
The change in the deferred tax balance is reconciled as follows:		
Deferred tax liability at beginning of year	**332 395**	330 323
– charge/(credit) for the year	**(7 097)**	2 072
– temporary differences in respect of property, plant and equipment	**466**	10 269
– depreciation component included in metals on hand and in transit	**(1 852)**	(1 866)
– temporary difference in respect of accounts receivable	**(1 186)**	(3 787)
– temporary difference in respect of employee benefits	**(963)**	(2 062)
– temporary difference in respect of other accounts payable	**(532)**	–
– temporary difference in respect of long-term provisions	**(3 030)**	(482)
Deferred tax liability at end of year	**325 298**	332 395

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	2005 R000	2004 R000
8 Long term provisions		
Provision for decommissioning costs		
– balance at beginning of year	**13 489**	10 966
– present value of decommissioning asset capitalised (note 11)	**12**	398
– adjustment arising from change in discount rate	**4 667**	–
– unwinding of discount (note 11)	**715**	768
– charged to operating costs (note 11)	**710**	1 357
– balance at end of year	**19 593**	13 489
Provision for restoration costs		
– balance at beginning of year	**1 662**	476
– adjustment arising from change in discount rate	**1 088**	–
– unwinding of discount (note 11)	**88**	33
– charged to operating costs (note 11)	**125**	1 153
– balance at end of year	**2 963**	1 662
Environmental rehabilitation obligation at year end	**22 556**	15 151
Environmental rehabilitation obligation before funding	**22 556**	15 151
Less: Northam Platinum Restoration Trust Fund (note 4)	**14 443**	12 563
Net unfunded environmental obligation	**8 113**	2 588
Future value of decommissioning obligation	**44 766**	42 609
Future value of restoration obligation	**6 770**	6 448
Future value of rehabilitation obligation	**51 536**	49 057

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 4) over the remaining life of the mine, which is currently estimated at 17 years.

The present value of the environmental restoration obligation is determined by applying an after tax discount rate of 5.3% over the remaining life of the mine.

In addition the company has procured the issue of an insurance guarantee for R18.2 million in respect of certain unfunded decommissioning and restoration costs.

9 Restatement of prior periods – adoption of IFRS 2

The company has adopted IFRS 2 "Share Based payments" with effect from 1 July 2003.

This is before the effective date of this statement. In accordance with IFRS 2, share options granted to employees are required to be fairly valued at grant date, with the value as determined being recognized as a cost systematically between the grant date and the date on which the employee has an unrestricted right to exercise such options ("the vesting date").

The cost is included in the income statement as part of operating costs.

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	2005 R000	2004 R000
9 Restatement of prior periods – adoption of IFRS 2 (continued)		
The adoption of IFRS 2 has had the following effect:		
The cost is not allowed as a deduction for income tax purposes, and therefore the effect of this accounting change is before and after tax.		
At 30 June 2003		
Increase in equity compensation reserve		9 625
Increase in accumulated loss		9 625
At 30 June 2004		
Increase in cost of sales		3 603
Increase in equity compensation reserve		3 603

	2005 R000	2004 R000
10 Total revenue		
Total revenue comprises:		
– sales revenue (Note 23)	**1 554 501**	1 720 399
– investment income (Note 13)	**29 269**	38 174
– sundry revenue	**79 361**	12 204
	1 663 131	1 770 777

	2005 R000	2004 R000
11 Operating costs		
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:		
– labour	**501 364**	449 268
– stores	**370 431**	353 272
– utilities	**87 015**	85 588
– sundries	**160 020**	169 732
– provision for decommissioning and restoration costs (note 8)		
– unwinding of discount	**803**	801
– inflation adjustment	**835**	806
– adjustment arising from change in discount rate	**1 088**	–
– revisions	**–**	1 704
	1 121 556	1 061 171
Operating costs include the following:		
External auditors' remuneration		
– current year	**665**	620
– special projects	**–**	804
– expenses	**15**	17
Internal audit fees		
– current year	**704**	938
– expenses	**40**	35
Directors' remuneration		
– non executive fees	**1 306**	1 005
– executive remuneration	**714**	–

	2005 R000	2004 R000
11 Operating costs (continued)		
Equity compensation charges	**3 446**	3 603
Operating lease rentals		
– office equipment	**275**	206
– premises	**477**	525
Details of directors' remuneration are contained in the directors' report on page xx.		
12 Depreciation and impairments		
Depreciation of mining properties, plant and equipment consists of the following:		
– mining property	**11 432**	11 463
– plant and equipment	**89 180**	83 213
– decommissioning asset	**539**	258
– vehicles	**2 495**	2 593
	103 646	97 527
13 Investment income		
Investment income consists of the following:		
– interest received	**28 209**	37 142
– growth in Northam Platinum Restoration Trust Fund (note 4)	**1 060**	1 032
	29 269	38 174
14 Net sundry revenue/(expenditure)		
Net sundry revenue/(expenditure) is arrived at as follows:		
– foreign currency hedging gains/(loss) – realised	**1 448**	5 534
– foreign currency hedging gains/(loss) – unrealised	**(1 836)**	4 078
– metal hedging gains/(loss) – realised	**649**	(48 523)
– metal hedging gains/(loss) – unrealised	**127**	–
– foreign currency transaction gains/(loss)	**(1 924)**	1 324
– metal leasing costs	**–**	(66)
– business interruption claim	**75 940**	–
– rent received	**839**	885
– loss on disposal of unlisted investment	**(66)**	–
– profit on sale of property, plant and equipment	**72**	193
– other	**118**	183
	75 367	(36 392)

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	2005 R000	2004 R000
15 Tax		
Non mining tax	**8 315**	8 013
Mining tax	**101 748**	111 324
Deferred tax	**3 982**	2 072
Current year's tax charge	**114 045**	121 409
Adjustment in respect of previous year	**–**	2 436
Adjustment to deferred tax liability arising from the change in tax rate	**(11 079)**	–
	102 966	123 845
Secondary tax on companies	**24 603**	13 024
	127 569	136 869
The tax charge is reconciled as follows:		
Tax at statutory rates	**109 064**	116 089
Adjustments for permanent differences		
– expenditure disallowed	**1 460**	1 858
– property, plant and equipment	**5 075**	3 360
– other	**(1 554)**	102
	114 045	121 409

15.1 State's share of profit

The formula for determining the State's share of profit is:

$$Y = 15 - 120/X$$

where Y = the percentage of divisible profit payable to the State, and X = the ratio of mining profit (after deduction of redeemable capital expenditure) to mining revenue expressed as a percentage.

The amount as determined by the above formula is subject to a surcharge of 1.25%.

No provision has been made for State's share of profit as the company had estimated unredeemed capital expenditure of R685 530 000 (2004: R1 055 630 000) at 30 June 2005.

15.2 Mining tax

The current rate of mining tax applicable to the company is 29% (2004:30%).

15.3 Non-mining tax

Non-mining income is subject to a rate of 29% (2004:30%).

15.4 Deferred tax

Deferred tax is provided at the statutory rate of 29% (2004:30%) for all temporary differences.

	2005 R000	2004 R000
15.5 Secondary tax on companies		
Secondary tax on companies is levied at the rate of 12.5% of net dividends declared.		
15.6 Capital gains tax		
Capital gains tax at an effective rate of 15%, is payable on any gains realised on the disposal of mining properties.		
16 Earnings per share		
Earnings and headline earnings per share are based on net profit attributable to shareholders and an average of 231 577 747 (2004: 231 540 413) shares in issue during the year. Headline earnings are reconciled to net profit attributable to shareholders as follows:		
Net profit attributable to shareholders	**248 513**	250 095
Profit on sale of property, plant and equipment	**(72)**	(193)
Loss on disposal of unlisted investments	**66**	–
Tax effect	**21**	58
Headline earnings	**248 528**	249 960
Fully diluted earnings per share is based on the net profit attributable to shareholders and an average of 232 366 778 (2004: 231 556 027) shares in issue during the year.		
The number of fully diluted shares is calculated as follows:		
Average number of ordinary shares in issue during the year	**231 577 747**	231 540 413
Average number of Northam Share Option Scheme options outstanding during the year	**789 031**	15 614
	232 366 778	231 556 027
17 Cash generated from operations		
Profit before tax	**376 082**	386 964
Adjusted for non-cash items		
– loss on disposal of unlisted investment	**66**	–
– profit on disposal of property, plant and equipment	**(72)**	(193)
– depreciation and impairments	**103 646**	97 527
– increase in long-term provisions	**2 726**	3 311
– equity compensation charges	**3 446**	3 603
Interest received	**(28 209)**	(37 142)
	457 685	454 070

NORTHAM PLATINUM LIMITED

	2005 R000	2004 R000
18 Change in working capital		
Inventories	**(23 115)**	115 969
Accounts receivable	**(3 797)**	34 570
Accounts payable	**23 798**	(11 177)
	(3 114)	139 362
19 Tax paid		
Balance owing at beginning of year	**79 481**	62 450
Charge per income statement, excluding deferred tax	**134 666**	134 797
Balance owing at end of year	**(110 063)**	(79 481)
	104 084	117 766
20 Commitments		
Capital expenditure – plant and equipment		
Authorised but not contracted	**148 824**	127 737
Contracted	**35 826**	8 399
Information Technology Outsource Service Providers		
Due within one year	**9 351**	8 346
Due within two to five years	**18 920**	29 607
Operating lease rentals – office equipment		
Due within one year	**186**	167
Due within two to five years	**178**	332
Operating lease – premises		
Due within one year	**142**	204
Due within two to five years	**236**	–
These commitments will be financed out of operating cash flows		
Housing project	**7 325**	–

The Board has approved the purchase of 383 residential stands for the purpose of erecting houses which will be sold to employees. Construction of houses will only commence once sale agreements with individual employees have been signed.

The selling price of the houses will be financed by bank finance and the first time home owners' subsidy.

	2005 R000	2004 R000
21 Retirement benefits		
The company participates in a number of retirement benefit plans for its eligible employees. These defined contribution plans are governed by the Pension Funds Act of 1956.		
Contributions made during the year were as follows:	**41 227**	38 401
22 Related parties		
(a) The company sold, under contract, nickel sulphate to Anglo Platinum Limited, which holds an equity interest of 22.5% (2004 – 22.5%). The contract was concluded at arms length.		
– value of sales during the year	**78 309**	74 011
– included in accounts receivable	**7 066**	8 563
(b) As reported on page 43, the company's internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Pty) Ltd		
– fees paid included in operating costs	**704**	938
– included in accounts payable	**365**	130
23 Segmental reporting		
The company's primary segment reporting format is by business segment and its secondary reporting format by geographical location of customers. This reflects the predominant risks and rates of return that affect the company.		
Business segment: The directors consider that there is only one business segment and accordingly the disclosures required by IAS 14, Segment Reporting, are given in the income statement, balance sheet and notes thereto.		
Geographic segment: by location of customers:		
Segment revenue		
Europe	**588 167**	716 271
Japan	**430 965**	309 041
North America	**364 440**	509 396
South Africa	**170 929**	185 691
	1 554 501	1 720 399
Segment debtors		
Europe	**8 751**	7 447
Japan	**4 563**	3 998
North America	**19 816**	13 488
South Africa	**49 873**	54 273
	83 003	79 206

NORTHAM PLATINUM LIMITED

		2005	2004

24 Financial instruments

(a) Foreign currency risk management

The company incurs currency risk as a result of sales and refining cost transactions which are denominated in a currency other than the company's functional currency. The currencies giving rise to these risks are primarily the US dollar and the euro. At the year end the company did not consider that there was any significant foreign currency risk.

During the year, in order to mitigate the effects of the strengthening rand commodity prices, the company entered into various hedging contracts.

The net fair value of the hedging contracts that were outstanding at year end is recognised as a financial instrument in terms of IAS 39.

At year end the aggregate outstanding contracts were as follows:

		2005	2004
– period		**July 2005 to August 2005**	July 2004 to September 2004
– average dollars hedged per month	– US$000	**3 000**	2 000
– average contract exchange rate	– US$ = R	**6.32**	7.05
– exchange rate at year end	– US$ = R	**6.69**	6.20
– unrealised gain/(loss) recognised	– R000	**(1 797)**	4 078

In addition the company has hedged its commitment in respect of the importation of certain consumable items. At year end the outstanding contracts were as follows:

			2005	2004
(a)	– month		**July 2005**	Not applicable
	– Euros hedged	– € 000	**80**	–
	– contract rate	– € = R	**8.49**	–
	– exchange rate at year end	– € = R	**8.07**	–
	– unrealised loss	– R 000	**(33)**	–
(b)	– month		**July 2005**	Not applicable
	– Euros hedged	– € 000	**140**	–
	– contract rate	– € = R	**8.23**	–
	– exchange rate at year end	– € = R	**8.07**	–
	– unrealised loss	– R 000	**(6)**	–

		2005	2004
24 Financial instruments (continued)			
At year end the foreign currency value of items under their respective balance sheet clasifications was as follows:			
		R000	R000
– accounts receivable	– US$	**4 956**	4 022
– cash and cash equivalents	– US$	**1 004**	2 389
– accounts payable	– €	**941**	793
Exchange rates at year end			
Rand/Dollar		**6.69**	6.20
Rand/Euro		**8.07**	7.55

(b) Commodity price risk

The company 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. During the year, in order to mitigate the effects of anticipated declines in the commodity prices, the company entered into various hedging contracts.

The net fair value of the hedging contracts that were outstanding at year end is recognised as a financial instrument in terms of AC 133 (IAS 39).

		2005	2004
Palladium			
– period		**July 2005**	Not applicable
– quantity hedged	– oz	**1 000**	–
– contract price	– US$/oz	**200.00**	–
– fair value price at year end	– US$/oz	**181.31**	–
– unrealised gain recognised	– US$ 000	**19**	–
	– R 000	**127**	–

(c) Credit risk management

The company only deposits surplus cash with major banks of high quality credit standing.

Trade accounts receivable comprise a small customer base with whom the company has long standing business relations. Payment is received within 7 days of delivery.

The granting of credit is made on application and is approved by the chief executive. At the year end the company did not consider there to be any significant concentration of credit risk.

(d) Interest rate management

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

At the year end there were no borrowings.

(e) Fair value

Management is of the opinion that the book value of financial instruments approximates fair value.

NORTHAM
PLATINUM LIMITED