Annual financial statements

Approval of annual financial statements

The financial statements set out on pages 45 to 90 were approved by the board of directors on 12 October 2007, and are signed on its behalf by:

P L Zim	G T Lewis
Chairman	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
12 October 2007

Report of the independent auditors

Report on the financial statements

We have audited the group annual financial statements of Northam Platinum Limited, which comprise the directors' report, a summary of the significant accounting policies, the balance sheets as at 30 June 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended and other explanatory notes, as set out on pages 46 to 90.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group as of 30 June 2007, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor
Johannesburg
12 October 2007

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2007. The review of the group's operational performance is set out in the operational review on pages 10 to 16 whilst the nature of business is described in the corporate profile which appears on page 4.

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 group's corporate governance practices are set out in the Corporate Governance Report on pages 37 to 42.

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.

Conversion of mining rights

The company submitted its application to the Department of Minerals and Energy (DME) for the conversion of its old order mining rights to new order mining rights in April 2006. The application was accepted by the DME and is at the date hereof still being processed.

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 sheets, income statements, statements of changes in equity, cash flow statements and notes to the financial statements, on pages 55 to 90 reflect the financial results and position of the company and the group.

Dividends

Dividends totalling 525 cents per share (F2006: 280 cents per share) absorbing R1 245 078 800 (F2006: R658 914 700) were declared. Details are as follows:

Interim dividend (No 16) – 245 cents per share

Declaration date:	31 January 2007
Last day to trade cum div:	16 February 2007
Commencement of trading ex div:	19 February 2007
Record date:	23 February 2007
Payment date:	26 February 2007

Final dividend (No 17) – 280 cents per share

Declaration date:	1 August 2007
Last day to trade cum div:	17 August 2007
Commencement of trading ex div:	20 August 2007
Record date:	24 August 2007
Payment date:	27 August 2007

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 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 (F2006: R3 500 000) divided into 350 000 000 (F2006: 350 000 000) shares of one cent each.

During the year 1 223 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R12 128 000, resulting in the issued share capital at 30 June 2007 being 237 226 000 (F2006: 236 003 000) shares of one cent each.

Since the balance sheet date a further 8 000 shares have been allotted and issued in terms of the rules of the aforementioned scheme.

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 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited (JSE). The text of the necessary resolution appears in the notice of annual general meeting on page 92, which forms part of this report.

Repayments of share capital

At the annual general meeting held on 9 November 2006 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. The company has a substantial share premium account, equivalent to R8.74 per share that has arisen from previous rights issues. Should the company under prevailing market conditions generate cash funds that are surplus to its operational requirements, this general authority enables the directors to return some or all of these surplus funds to shareholders should they deem it 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 (being 9 November 2006) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the text of the necessary resolution appears in the notice of annual general meeting on page 92, which forms part of this report.

No payments were made during the year in terms of this general authority.

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 their holding company. Accordingly, at the annual general meeting held on 9 November 2006 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 (being 9 November 2006) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again 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 92, which forms part of this report.

During the year no acquisitions of shares were effected in terms of this general authority.

Directors' report (continued)

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 closing price on the JSE on the day that the offer is approved. 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.

At the forthcoming annual general meeting shareholders will be asked to consider and approve a change in the rules of the Scheme. The rules currently provide that the exercise price is based on the closing price on the JSE on the day that the offer is approved. It is proposed to amend this clause to provide that the exercise price will be based on the 30-day 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, 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 948 936 shares.

A summary of the shares held under option is as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options
18 November 2004 and 17 November 2007	1 925	71 000
14 October 2005 and 13 October 2008	1 060	561 500
14 October 2006 and 13 October 2009	830	1 345 000
24 October 2007 and 23 October 2010	1 700	2 172 500
Number of options held at 30 June 2006		4 150 000
New options granted during the year at R38.45 per share		2 267 500
Number of options forfeited during the year		540 000
Number of options exercised during the year – refer Annexure 1 on page 88		1 223 000
Number of options held at 30 June 2007		4 654 500

At 30 June 2007 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 2007	Options exercisable in F2008	Options exercisable thereafter
14 October 2005 and 13 October 2008	1 060	22 000	22 000	–	–
14 October 2006 and 13 October 2009	830	642 500	25 000	617 500	–
24 October 2007 and 23 October 2010	1 700	1 812 500	–	906 250	906 250
23 October 2008 and 22 October 2011	3 845	2 177 500	–	–	2 177 500
		4 654 500	47 000	1 523 750	3 083 750

Full details of the options exercised during the year are set out in Annexure 1 on page 88, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
18 November 2002	71 000	19.25	1 366
14 October 2003	522 000	10.60	5 533
14 October 2004	630 000	8.30	5 229
Total	1 223 000		12 128

Directorate

The following changes occurred during the year:

- Mr Tokyo Sexwale resigned as non-executive director and chairman of the board of the company on 20 April 2007;
- Mr Lazarus Zim was appointed a non-executive director and chairman on 25 April 2007;
- Mr Roeland van Kerckhoven resigned as a non-executive director on 23 March 2007;
- Mr Norman Mbazima was appointed a non-executive director on 1 May 2007;
- Mr Mark Willcox resigned as a non-executive director on 13 August 2007;
- Mr Pine Pienaar was withdrawn as alternate to Mr Bernard van Rooyen and appointed a non-executive director on 10 September 2007; and
- Mr Robin Mills resigned as a non-executive director on 16 September 2007.

The board wishes to place on record its appreciation of the services rendered to the company by Messrs Mills, Sexwale, van Kerckhoven and Willcox. The board also extends a warm welcome to Messrs Zim and Mbazima.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 35 to 42.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs M E Beckett and B R van Rooyen who, being eligible and available, offer themselves for election. Furthermore, any director appointed during the course of the year following the last annual general meeting shall retain office until the next annual general meeting. Messrs Mbazima, Pienaar and Zim were appointed during the year. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Messrs Beckett, Mbazima, Pienaar, van Rooyen and Zim as non-executive directors of the company.

Brief summaries of their curricula vitae appear on page 35.

Directors' report (continued)

Directors' fees

In terms of the articles of association the fees for services as directors are determined by the company in general meeting. 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 chairman – R50 000 per annum.
- Committee members – R25 000 per annum.
- Committee meeting attendance fees – R3 000 per meeting.

The above fees were set in 2004, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is considered appropriate that they be revised. Accordingly it is proposed that the fees be restructured as follows:

Board fees

- Board chairman – R60 000 per annum.
- Board members – R30 000 per annum.
- Board meeting attendance fees – R20 000 per meeting.

Board appointed committees

- Committee chairman – R24 000 per annum.
- Committee members – R12 000 per annum.
- Committee meeting attendance fees – R8 000 per meeting.

At the forthcoming annual general meeting members will accordingly be requested to consider a resolution providing for the change in the fees as set out above.

Directors' remuneration

The directors' remuneration for the year ended 30 June 2007 was as follows:

	Fees	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
2007						
Executive						
G T Lewis	–	1 525	212	210	3 963	5 910
Non-executive						
M E Beckett	161	–	–	–	–	161
N J Dlamini	137	–	–	–	–	137
R Havenstein	86	–	–	–	–	86
E T Kgosi	166	–	–	–	–	166
N M Mbazima	17	–	–	–	–	17
R G Mills	96	–	–	–	–	96
P C Pienaar (Note 1)	23	–	–	–	–	23
T M G Sexwale	102	–	–	–	–	102
R H H van Kerckhoven	78	–	–	–	–	78
B R van Rooyen	209	–	–	–	–	209
M J Willcox	85	–	–	–	–	85
P L Zim	22	–	–	–	–	22
	1 182	1 525	212	210	3 963	7 092

Note 1 – Mr P C Pienaar, who was alternate to Mr B R van Rooyen, was paid a fee as a member of the company's operations committee.

	Fees	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
2006						
Executive						
G T Lewis	–	1 425	248	198	3 084	4 955
Non-executive						
M E Beckett	172	–	–	–	–	172
N J Dlamini	138	–	–	–	–	138
R Havenstein	104	–	–	–	–	104
E T Kgosi	106	–	–	–	–	106
R G Mills	99	–	–	–	–	99
E Molobi	96	–	–	–	–	96
T M G Sexwale	139	–	–	–	–	139
R H H van Kerckhoven	106	–	–	–	–	106
B R van Rooyen	187	–	–	–	–	187
M J Willcox	90	–	–	–	–	90
	1 237	1 425	248	198	3 084	6 192

Details of gains made by directors on the exercise of options are disclosed in Annexure 1 on page 88.

Directors' report *(continued)*

Service contracts

The Chief Executive Officer, Mr G T Lewis, has a service contract with the company which is subject to a notice period of one year. None of the other directors has a service contract with the company.

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 2007 were as follows:

	30 June 2007			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
B R van Rooyen	–	37 462	–	37 462
M J Willcox	–	734	1 637 529	1 638 263
P L Zim	–	4 776 631	–	4 776 631
	30 000	4 814 827	1 637 529	6 482 356

	30 June 2006			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	80 804	2 004 180	2 084 984
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	–	37 462	–	37 462
M J Willcox	–	826	479 059	479 885
	35 145	119 092	2 483 239	2 637 476

At 30 June 2007, there were no direct non-beneficial holdings by directors.

Since 30 June 2007 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2007

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	5 566	5 319 174	2.2
5 001 –10 000	263	2 010 171	0.9
10 001 – 50 000	346	7 827 435	3.3
50 001 – 100 000	82	6 004 197	2.5
100 001 – 1 000 000	142	41 774 472	17.6
1 000 001 and over	26	174 290 551	73.5
Total	6 425	237 226 000	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	6 217	18 988 690	8.0
Companies	2	104 841 230	44.2
Managed funds and other bodies	206	113 396 080	47.8
Total	6 425	237 226 000	100.0

Major shareholders at 30 June 2007

	Number of shares	Percentage holding
Owner		
Anglo Platinum Limited	53 102 925	22.4
Mvelaphanda Resources Limited	51 738 305	21.8
Fund manager		
Allan Gray Limited	25 630 415	10.8
Stanlib Asset Management Limited	9 249 493	3.9
Helier Investments Limited	8 700 000	3.7
Foord Asset Management Limited	7 615 500	3.2
M & G Investment Management Limited	7 402 571	3.1

Shareholder spread at 30 June 2007

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	6 419	53.5
Non-public		
– Directors	4	2.3
– Other (any who fall outside the scope of the above)	2	44.2
Total	6 425	100

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 6 and 11 of the notes to the financial statements. In addition, the company has procured the issue of a guarantee for R24.0 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 7 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.

Subsidiary

Norplats Properties (Proprietary) Limited (Norplats) remains the company's only subsidiary.

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 message from the chairman and chief executive, as well as the group's present financial resources, the directors believe that the group is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The group annual financial statements have accordingly been prepared on this basis.

Directors' report (continued)

Company secretary

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

Listing

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

Post balance sheet events

Shareholders are referred to the announcement dated 4 September 2007 advising of the proposed acquisition of the Booysendal Platinum Project. A circular will be posted to shareholders in due course. No material changes, other than those highlighted in this report, have taken place in the affairs of the group between the end of the financial year and the date of this report.

Accounting policies

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 financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the year as more fully set out below in accounting policy note 1.1.

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.

1.1 New accounting policies adopted

During the year the group adopted the following policies in response to changes in IFRS:

IAS 19: Employee benefits (amendment)

IAS 21: The effect of changes in Foreign Exchange Rates (amendment)

IAS 39: Financial Investments: Recognition and measurement (amendment)

IFRS 6: Exploration for and Evaluation of Mineral Resources

IFRIC 4: Determining whether an arrangement contains a lease.

IFRIC 8: Scope of IFRS 2

IFRIC 9: Requirement of Embedded Derivatives

IFRIC 10: Interim Reporting and Impairment

The adoption of these amendments, standards and interpretations has had no effect on the financial statements of the group.

Accounting policies (continued)

1 Basis of preparation (continued)

1.2 New accounting policies not yet adopted

The group has not yet adopted the new IFRS standards, IFRIC interpretations or revisions to existing IFRS standards as set out below:

Standard	Effective date *	Description	Impact
IFRS 4	1 January 2007	Insurance contracts	The amendment to this standard reflects changes made by IFRS7. The adoption of the statement will have no material effect on the group's current financial statements.
IFRS 7	1 January 2007	Financial instruments – disclosure	This standard provides guidance on the disclosure of the qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The adoption of this standard will impact the manner in which the group reports information about financial instruments.
IFRS 8	1 January 2009	Operating segments	This standard provides guidance on the reporting of operating segments. Such reporting should be based on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard will impact the manner in which the group reports segmental performance.
IAS 1	1 January 2007	Presentation of financial statements	The amendment to this standard gives guidance on the presentation of financial statements. The adoption of this amendment will require additional disclosures about the group's capital.
IAS 23	1 January 2009	Borrowing costs	This standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of the statement will have no material effect on the group's current financial statements.

1 Basis of preparation (continued)

1.2 New accounting policies not yet adopted (continued)

Standard	Effective date *	Description	Impact
IFRIC 11	1 March 2007	Scope of IFRS 2 – Share based payments	This interpretation statement provides clarification on the treatment required where grants to employees to acquire equity instruments are satisfied by the acquisition of the equity instruments from a third party. The adoption of the statement will have no material effect on the group's financial statements.
IFRIC 12	1 January 2008	Service concession arrangements	This interpretation statement provides clarification on the accounting by operators for public-to-private service concession arrangements. The adoption of the statement will have no material effect on the group's financial statements.
IFRIC 13	1 July 2008	Customer loyalty programmes	This interpretation statement provides that an entity that operates customer loyalty programmes shall recognise the consideration allocated to award credits as revenue when the award credits are redeemed and it fulfils its obligation to award credits, with the consideration allocated to award credits being measured by reference to their fair value. The adoption of the statement will have no material effect on the group's financial statements

* The standards are effective for financial years beginning on or after these dates.

2 Consolidation

The consolidated financial statements include the results, financial position and cash flows of Northam Platinum Limited and its subsidiary. A subsidiary is an entity that is controlled due to the company having the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of any subsidiary acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Where an acquisition of a subsidiary is made during the financial year, any excess or deficit of the purchase price compared to the fair value of the attributable net identifiable assets is recognised respectively as goodwill or in the income statement and accounted for as described in the goodwill accounting policy note 3.

The subsidiary adopts the same accounting policies and year end as those used by Northam Platinum Limited, and all intra-group transactions and balances are eliminated on consolidation.

Investments in subsidiaries in the accounts of the company are recognised at cost, less accumulated impairment losses.

Accounting policies *(continued)*

3 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods.

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it might be impaired and an impairment loss recognised is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 Property, plant and equipment

4.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and accumulated impairment losses.

4.2 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 development is 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 recognised as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine (currently estimated at 16 years), based on measured and indicated resources which are revised annually.

4.3 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, which are revised annually, or their expected useful lives.

Where items of plant and equipment comprise separate, identifiable components that have differing lives, such components are depreciated according to their useful lives.

Research costs associated with the design of new items of plant and equipment, or improvements to existing items of plant and equipment, are expensed when incurred.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

4 Property, plant and equipment (continued)

4.4 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 which are revised annually.

The decommissioning asset is recognised as set out in the decommissioning provision accounting policy note 10.1.1.

4.5 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 which are revised annually.

4.6 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.

4.7 Land

Land is recorded at cost of acquisition less accumulated impairment losses and is not depreciated.

4.8 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 group 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 and the difference is recognised in the income statement. 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.

4.9 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.
The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

4.10 Subsequent expenditure

Subsequent expenditure relating to an item of property, plant, equipment and mineral rights is added to the carrying value of the asset when it is probable that future economic benefits are probable which will flow to the group. All other subsequent expenditure is recognised as an expense and included in profit before tax.

5 Township land and development

Township land and development is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the fair value less costs to sell is less than the carrying value, an impairment loss is recognised.

Cost is determined on the basis of land acquisition, development and housing construction cost.

Accounting policies *(continued)*

6 Financial instruments

Financial instruments recognised on the balance sheet include investments, cash and cash equivalents, accounts receivable, accounts payable, borrowings and certain derivative instruments. These are recognised when the group becomes party to the contractual agreements.

6.1 Investments

Investments are initially recognised at the fair value of the consideration given plus, in the case of investments not at fair value through profit or loss, acquisition charges associated with the investment. Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of at fair value through profit or loss class of financial assets. Other investments are classified as available-for-sale.

After initial recognition, investments, which are classified as available-for-sale, are re-measured at fair value with unrealised gains or losses 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 when it is recognised in the income statement.

Gains or losses on investments held for trading are recognised in the income statement.

6.2 Accounts receivable

Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the income statement when the receivables are derecognised or impaired, as well as through the amortisation process.

6.3 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. Cash and cash equivalents are carried at amortised cost.

Negotiable instruments are recorded initially at the fair value of the consideration given 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.

6.4 Accounts payable

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

6.5 Borrowings

All loans and borrowings are initially recognised at 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

6 Financial instruments (continued)

6.6 Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The group 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 group does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at fair value 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 income/(expenditure).

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

6.7 Impairment of financial instruments

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available for sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Accounting policies (continued)

6 Financial instruments (continued)

6.8 Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

7 Commodity contracts

Contracts that are entered into and continue to meet the group'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 recognised in the financial period when the risks and rewards of ownership of such items have passed.

8 Inventories

8.1 Stores

Stores consist of consumable and maintenance stores and are valued at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis. Stores are under continual review and are written down in regard to age, condition and utility.

8.2 Metal on hand

Stocks of the three major platinum group elements and gold (3 PGEs + 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.

9 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates at the balance sheet date, that are expected to apply to the year when the asset is realised or the liability is settled, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax values of the assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax is not recognised on the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit; and, in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the forseeable future.

9 Deferred tax (continued)

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

10 Provisions

10.1 Environmental rehabilitation provisions

10.1.1 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 recognised, otherwise the costs are charged to the income statement.

The estimates are discounted at a pre-tax discount 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 recognised as a borrowing cost in the income statement. 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.

10.1.2 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 discount 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 recognised as a borrowing cost in the income statement.

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 recognised as an expense when incurred.

10.1.3 Environmental rehabilitation fund

The group makes annual contributions to a dedicated trust fund, the Northam Platinum Restoration Trust Fund ("the Fund"), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the group's income statement in the period to which it relates.

Accounting policies *(continued)*

10 Provisions (continued)

10.1 Environmental rehabilitation provisions (continued)

In terms of IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, the Fund is consolidated.

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

10.2 Other provisions

Provisions are recognised where the group 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.

11 Foreign currencies

The functional and presentation currency of the group 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 realised or unrealised, are credited to or charged to the income statement.

12 Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the amounts received or receivable net of value added tax, cash discounts and rebates.

12.1 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 recognised in the period in which the adjustment arises.

12.2 Revenue from the sale of township land

Revenue from the sale of township land which is sold under suspensive sale agreements is recognised when the substantial risks and rewards of ownership have been assigned to the purchaser.

12.3 Interest income

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

13 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 metal inventories.

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

14 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. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete. Other borrowing costs are recognised as an expense when incurred.

15 Employee benefits

15.1 Short-term employee benefits

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

15.2 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 recognised as an expense, together with a corresponding increase in the equity compensation reserve, 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 recognised for these options at each reporting date until the vesting date reflects the best estimate of the value attributable to the number of options that will ultimately vest.

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.

The accumulated credit to the equity compensation reserve in respect of options that have lapsed or been forfeited after their vesting date is transferred to returned earnings (accumulated loss).

15.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

15.4 Medical benefits

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

15.5 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 recognised as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' service terminates.

Accounting policies *(continued)*

16 Leases

A financial lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to financial leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset or the present value of the lease payments at inception of the lease, with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives or the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Financial lease payments are allocated between finance costs and the capital repayment, using the effective interest rate method.

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

17 Taxation

17.1 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 enacted or substantially enacted tax rates, at the balance sheet date.

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

17.2 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in note 9 – Deferred tax, of the accounting policies.

17.3 Secondary tax on companies

Secondary tax on companies, which is levied at enacted or substantially enacted tax rates at balance sheet date, on net dividends declared, is charged to net income in the period in which the relevant dividend is declared.

18 Dividends declared

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

Balance sheets

as at 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Assets					
Non current assets					
Property, plant and equipment	2	1 536 289	1 481 901	1 536 289	1 481 901
Township development	3	35 198	6 602	–	–
Subsidiary	4			37 059	6 539
Available for sale investment	5	6	6	6	6
Investments held by Northam Platinum					
Restoration Trust Fund	6	18 920	16 393	18 920	16 393
Environmental Guarantee Investment	7	10 311	6 279	10 311	6 279
		1 600 724	1 511 181	1 602 585	1 511 118
Current assets		1 733 264	1 231 073	1 731 298	1 230 266
Inventories	8	254 490	280 372	254 490	280 372
Accounts receivable	26	268 862	119 415	268 730	118 972
Cash and cash equivalents		1 209 912	831 286	1 208 078	830 922
Total assets		3 333 988	2 742 254	3 333 883	2 741 384
Equity and liabilities					
Share capital	9	2 030 914	2 018 786	2 030 914	2 018 786
Equity compensation reserve		29 777	22 788	29 777	22 788
Retained earnings/(accumulated loss)		320 755	(39 942)	320 862	(39 823)
Shareholders' equity		2 381 446	2 001 632	2 381 553	2 001 751
Non-current liabilities		397 912	382 781	397 956	382 829
Deferred tax	10	376 163	357 632	376 207	357 680
Long term provisions	11	21 749	25 149	21 749	25 149
Current liabilities		554 630	357 841	554 374	356 804
Accounts payable		211 439	186 380	211 183	185 343
Tax		343 191	171 461	343 191	171 461
Total equity and liabilities		3 333 988	2 742 254	3 333 883	2 741 384

** Restated*

Income statements

for the year ended 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Total revenue	13	3 831 925	2 437 444	3 831 925	2 437 441
Sales revenue	26	3 739 805	2 386 326	3 739 805	2 386 326
Cost of sales		1 727 945	1 372 727	1 727 945	1 372 727
– operating costs	14	1 360 818	1 240 320	1 360 818	1 240 320
– concentrates purchased		106 447	–	106 447	–
– refining and other costs		91 816	59 520	91 816	59 520
– depreciation	15	129 040	114 713	129 040	114 713
– change in metal inventories		39 824	(41 826)	39 824	(41 826)
Operating profit		2 011 860	1 013 599	2 011 860	1 013 599
Investment income	16	83 643	39 700	83 643	39 697
Net sundry income	17	5 303	19 820	5 287	19 990
Profit before tax		2 100 806	1 073 119	2 100 790	1 073 286
Tax	18	774 562	367 555	774 558	367 603
Profit attributable to shareholders		1 326 244	705 564	1 326 232	705 683
		Cents	Cents	Cents	Cents
Earnings per share	19	560.2	301.9	560.2	302.0
Fully diluted earnings per share	19	547.9	294.5	547.9	294.6
Headline earnings per share	19	560.1	301.9	560.1	301.9
Fully diluted headline earnings per share	19	547.8	294.5	547.8	294.5
Dividends per share		410.0	160.0	410.0	160.0

** Restated*

Statement of changes in equity – group

for the year ended 30 June 2007

	Share capital R000	Share premium R000	Equity compensation reserve R000	Retained earnings/ (accumulated loss) R000	Total R000
Balance at 30 June 2005 as previously stated	2 320	1 952 413	16 674	(374 654)	1 596 753
Prior year adjustment – note 12				2 133	2 133
Restated balance	2 320	1 952 413	16 674	(372 521)	1 598 886
Credit in respect of share-based payments			7 009		7 009
Profit attributable to shareholders				705 564	705 564
Profit attributable to shareholders as previously stated				703 238	703 238
Prior year adjustment – note 12				2 326	2 326
Adjustment in respect of equity compensation reserve			(895)	895	–
Dividends distributed				(373 880)	(373 880)
Issue of new shares	40	64 013			64 053
Balance at 30 June 2006	2 360	2 016 426	22 788	(39 942)	2 001 632
Credit in respect of share-based payments			11 774		11 774
Profit attributable to shareholders				1 326 244	1 326 244
Adjustment in respect of equity compensation reserve			(4 785)	4 785	–
Dividends distributed				(970 332)	(970 332)
Issue of new shares	12	12 116			12 128
Balance at 30 June 2007	2 372	2 028 542	29 777	320 755	2 381 446
Note	9	9			

Statement of changes in equity – company

for the year ended 30 June 2007

	Share capital R000	Share premium R000	Equity compensation reserve R000	Retained earnings/ (accumulated loss) R000	Total R000
Balance at 30 June 2005 as previously stated	2 320	1 952 413	16 674	(374 654)	1 596 753
Prior year adjustment – note 12				2 133	2 133
Restated balance	2 320	1 952 413	16 674	(372 521)	1 598 886
Credit in respect of share-based payments			7 009		7 009
Profit attributable to shareholders				705 683	705 683
Profit attributable to shareholders as previously stated				703 357	703 357
Prior year adjustment – note 12				2 326	2 326
Adjustment in respect of equity compensation reserve			(895)	895	–
Dividends distributed				(373 880)	(373 880)
Issue of new shares	40	64 013			64 053
Balance at 30 June 2006	2 360	2 016 426	22 788	(39 823)	2 001 751
Credit in respect of share-based payments			11 774		11 774
Profit attributable to shareholders				1 326 232	1 326 232
Adjustment in respect of equity compensation reserve			(4 785)	4 785	–
Dividends distributed				(970 332)	(970 332)
Issue of new shares	12	12 116			12 128
Balance at 30 June 2007	2 372	2 028 542	29 777	320 862	2 381 553
Note	9	9			

Cash flow statements

for the year ended 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Cash flows from operating activities		1 555 025	852 501	1 555 479	852 074
Cash generated from operations	20	2 156 896	1 159 025	2 156 880	1 159 195
Interest income		80 936	37 925	80 936	37 922
Change in working capital	21	(98 506)	(69 755)	(98 036)	(70 349)
Tax paid	22	(584 301)	(274 694)	(584 301)	(274 694)
Cash flows utilised in investing activities		(211 636)	(212 045)	(213 560)	(211 982)
Property, plant and equipment					
– additions to maintain operations		(187 562)	(210 512)	(187 562)	(210 512)
– disposals proceeds		4 522	4 839	4 522	4 839
Township development		(28 596)	(6 602)	–	–
Investments					
– subsidiary				(30 520)	(6 539)
– disposals proceeds		–	230	–	230
Cash flows utilised in financing activities		(964 763)	(315 052)	(964 763)	(315 052)
Proceeds from issue of shares		12 128	64 053	12 128	64 053
Dividends paid		(970 332)	(373 880)	(970 332)	(373 880)
Increase in investments held by Northam Platinum Restoration Trust Fund		(2 527)	(1 950)	(2 527)	(1 950)
Increase in investments held by Environmental Contingency Fund		(4 032)	(3 275)	(4 032)	(3 275)
Net increase in cash and cash equivalents		378 626	325 404	377 156	325 040
Cash and cash equivalents at beginning of year		831 286	505 882	830 922	505 882
Cash and cash equivalents at end of year		1 209 912	831 286	1 208 078	830 922

** Restated*

	2007 Group	2006 Group	2007 Company	2006 Company
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 4.8. 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 managements interpretation of market forecasts.				
The main assumptions include:				
– long term real platinum price – US$ per ounce	920	900	920	900
– long term real exchange rate – US$ = R	7.25	6.50	7.25	6.50
– long term real discount rate – %	8.50	5.30	8.50	5.30
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 – %	8.00	4.50	8.00	4.50
– long term real discount rate – %	8.50	5.30	8.50	5.30

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000

2. Property, plant and equipment – group and company

30 June 2007

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	263 004	2 834 199	12 229	10 723	3 120 155
– accumulated depreciation	90 767	1 486 667	3 949	2 483	1 583 866
	172 237	1 347 532	8 280	8 240	1 536 289
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	183 666	1 281 308	8 832	8 095	1 481 901
– additions	–	181 673	–	5 889	187 562
– transfers	–	(64)	–	64	–
– disposals	–	(988)	–	(6 255)	(7 243)
– depreciation charged for the year	(11 429)	(115 429)	(552)	(1 630)	(129 040)
– depreciation on transfers	–	49	–	(49)	–
– depreciation on disposals during the year	–	983	–	2 126	3 109
– balance at end of year	172 237	1 347 532	8 280	8 240	1 536 289

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 6).

A register containing the information required by the Companies Act is available for inspection at the registered office of the company

30 June 2006

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	263 004	2 653 578	12 229	11 025	2 939 836
– accumulated depreciation	79 338	1 372 270	3 397	2 930	1 457 935
	183 666	1 281 308	8 832	8 095	1 481 901
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	195 098	1 177 559	9 169	8 760	1 390 586
– additions	–	204 634	–	5 878	210 512
– present value of decommissioning asset capitalised (note 11)	–	–	209	–	209
– disposals	–	(640)	–	(6 629)	(7 269)
– depreciation charged for the year	(11 432)	(100 885)	(546)	(1 850)	(114 713)
– depreciation on disposals during the year	–	640	–	1 936	2 576
– balance at end of year	183 666	1 281 308	8 832	8 095	1 481 901

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
3. Township development				
Township development comprising 382 residential erven with houses erected thereon in Mojuteng Township, Northam, District of Thabazimbi.	35 198	6 602	–	–
Included therein is the purchase price of certain erven in the course of transfer into the name of the company's subsidiary.				
4. Subsidiary				
Shares at cost – R100.00 (2006: R100.00)			–	–
Loan advanced			37 059	6 539
			37 059	6 539
The loan is interest free and is repayable out of surplus cash funds. The holding company has undertaken not to call up the loan within the next 12 months				
5. Available for sale investments				
Fair value	6	6	6	6
The investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R6 000 (2006: R6 000)				
6. 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 in the fund was as follows:				
– balance at beginning of year	16 393	14 443	16 393	14 443
– contributions made during the year	1 002	800	1 002	800
– net income earned during the year (note 16)	1 525	1 150	1 525	1 150
– balance at end of year	18 920	16 393	18 920	16 393
The assets of the Fund are separately administered and the group's right of access to these funds is restricted.				
In addition, the company has passed a notarial bond for R27.3 million over certain of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.				

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

7. Environmental Guarantee Investment

The balance in the fund was as follows:				
– balance at beginning of year	6 279	3 004	6 279	3 004
– contributions made during the year	3 000	3 000	3 000	3 000
– management fees	(150)	(350)	(150)	(350)
– net income earned during the year (note 16)	1 182	625	1 182	625
– balance at end of year	10 311	6 279	10 311	6 279

The environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2006: R18.2 million).

8. Inventories

Metals on hand and in transit – at cost	210 964	250 788	210 964	250 788
Consumable stores – at cost	43 526	29 584	43 526	29 584
	254 490	280 372	254 490	280 372

The cost of sales figure disclosed in the income statements approximates the cost of inventory expensed during the period.

The amount of write-down of consumable shares recognised as an expense in cost of sales:	774	885	774	885

9. Share capital

Authorised				
350 000 000 (2006: 350 000 000) shares of 1 cent each	3 500	3 500	3 500	3 500
Issued				
237 226 000 (2006: 236 003 500) shares of 1 cent each	2 372	2 360	2 372	2 360
Share premium	2 028 542	2 016 426	2 028 542	2 016 426
	2 030 914	2 018 786	2 030 914	2 018 786

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.

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
10. Deferred tax				
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	386 643	369 027	386 643	369 027
– metal inventory	9 398	7 514	9 398	7 514
	396 041	376 541	396 041	376 541
Deferred tax assets				
– estimated tax losses available for set-off against future taxable income	44	48	–	–
– employee benefits	16 785	14 535	16 785	14 535
– decommissioning and environmental restoration provisions	3 049	4 326	3 049	4 326
	19 878	18 909	19 834	18 861
Net deferred tax liability	376 163	357 632	376 207	357 680
The charge / (credit) in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	357 632	325 298	357 680	325 298
– charge for the year (per note 18)	18 531	32 334	18 527	32 382
– temporary differences in respect of property, plant and equipment	17 616	29 423	17 616	29 423
– depreciation component included in metals on hand and in transit	1 884	3 874	1 884	3 874
– temporary difference in respect of accounts receivable	–	(37)	–	(37)
– estimated tax losses available for set-off against future income	4	(48)	–	–
– temporary difference in respect of employee benefits	(2 250)	(890)	(2 250)	(890)
– temporary difference in respect of other accounts payable	–	532	–	532
– temporary difference in respect of long-term provisions	1 277	(520)	1 277	(520)
Deferred tax liability at end of year	376 163	357 632	376 207	357 680

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

11. Long term provisions

Provision for decommissioning costs				
– balance at beginning of year	21 872	19 593	21 872	19 593
– present value of decommissioning asset capitalised (note 2)	–	209	–	209
– charged to operating costs (note 14)	1 814	1 032	1 814	1 032
– adjustment arising from change in discount rate (note 14)	(9 241)	–	(9 241)	–
– unwinding of discount (note 14)	1 859	1 038	1 859	1 038
– revisions (note 14)	3 001	–	3 001	–
– balance at end of year	19 305	21 872	19 305	21 872
Provision for restoration costs				
– balance at beginning of year	3 277	2 963	3 277	2 963
– adjustment arising from change in discount rate (note 14)	(1 428)	–	(1 428)	–
– unwinding of discount (note 14)	279	157	279	157
– charged to operating costs (note 14)	316	157	316	157
– balance at end of year	2 444	3 277	2 444	3 277
Environmental rehabilitation obligations at year end	21 749	25 149	21 749	25 149
Environmental rehabilitation obligation before funding	21 749	25 149	21 749	25 149
Less: Northam Platinum Restoration Trust Fund (note 6)	18 920	16 393	18 920	16 393
Net present value of unfunded environmental rehabilitation obligations	2 829	8 756	2 829	8 756

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 6) over the remaining life of the mine, which is currently estimated at 16 years.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.5% over the remaining life of the mine.

In terms of, inter alia, the Minerals Act, 1991, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. Financial provision is not, however, required to be made for the decommissioning of certain structures, such as housing, which may have an alternative use.

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
11. Long term provisions – cont				
The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the net unfunded future obligations were as follows:				
Decommissioning obligations	60 492	47 459	60 492	47 459
Restoration obligations	7 656	7 109	7 656	7 109
Total decommissioning and restoration obligation	68 148	54 568	68 148	54 568
Less: Obligation not requiring financial provision	25 740	20 407	25 740	20 407
	42 408	34 161	42 408	34 161
Less: Funds held by Northam Platinum Restoration Trust Fund (note 6)	18 920	16 393	18 920	16 393
Environmental Guarantee Investment (note 7)	10 311	6 279	10 311	6 279
Total unfunded future rehabilitation obligations	13 177	11 489	13 177	11 489

The company has procured the issue of an insurance guarantee for R24.0 million (2006: R18.2 million) in respect of the unfunded decommissioning and restoration costs.

12. Prior year adjustment

Arising out of a review of the group's insurance policies, it has been determined that the environmental contingency policy constitutes a financial asset, and accordingly the group has recognised this as loans and receivables.

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
The effect of this change is as follows:				
– reduction in accumulated loss in respect of prior year adjustment		2 133		2 133
– reduction in operating costs		2 650		2 650
– increase in investment income		625		625
– increase in profit before tax		3 275		3 275
– increase in tax charge		949		949
– increase in profit attributable to shareholders		2 326		2 326
– increase in loan and receivables		6 279		6 279
– increase in tax liability		1 820		1 820

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

13. Total revenue

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Total revenue comprises:				
– sales revenue	3 739 805	2 386 326	3 739 805	2 386 326
– investment income	83 643	39 700	83 643	39 697
– sundry revenue	8 477	11 418	8 477	11 418
	3 831 925	2 437 444	3 831 925	2 437 441

14. Operating costs

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:				
– labour	593 080	557 054	593 080	557 054
– stores	448 700	421 051	448 700	421 051
– utilities	103 740	99 426	103 740	99 426
– sundries	218 698	160 405	218 698	160 405
– provision for decommissioning and restoration costs (note 11)	(3 400)	2 384	(3 400)	2 384
– unwinding of discount	2 138	1 195	2 138	1 195
– inflation adjustment	2 130	1 189	2 130	1 189
– adjustment arising from change in discount rate	(10 669)	–	(10 669)	–
– revisions	3 001	–	3 001	–
	1 360 818	1 240 320	1 360 818	1 240 320
Operating costs include the following:				
External auditors remuneration				
– current year	899	800	840	780
– prior year adjustment	22	–	22	–
– other services	–	276	–	276
Internal audit fees				
– current year	962	797	962	797
– prior year adjustment	(41)	–	(41)	–
Directors' remuneration				
– non executive fees	1 182	1 237	1 182	1 237
– executive remuneration	5 910	4 955	5 910	4 955
Equity compensation charges	11 774	7 009	11 774	7 009
Operating lease payments				
– office equipment	356	260	356	260
– premises	366	334	366	334

Details of directors' remuneration are contained in the directors' report on page 51

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
15. Depreciation				
Depreciation of mining properties, plant and equipment consists of the following:				
– mining property	11 429	11 432	11 429	11 432
– plant and equipment	115 429	100 885	115 429	100 885
– decommissioning asset	552	546	552	546
– vehicles	1 630	1 850	1 630	1 850
	129 040	114 713	129 040	114 713
16. Investment income				
Investment income consists of the following:				
– interest received	80 936	37 925	80 936	37 922
– growth in Northam Platinum Restoration Trust Fund (note 6)	1 525	1 150	1 525	1 150
– growth in Environmental Contingency Fund (note 7)	1 182	625	1 182	625
	83 643	39 700	83 643	39 697
17. Net sundry income				
Net sundry income/(expenditure) is arrived at as follows:				
– foreign currency hedging gains/(loss) – realised	–	531	–	531
– foreign currency transaction gains/(loss) – realised	(4 707)	7 634	(4 707)	7 634
– metal hedging gains/(loss) – realised	–	(12)	–	(12)
– profit on sale of unlisted investments	–	129	–	129
– profit on sale of property plant and equipment	388	146	388	146
– other	1 145	(26)	1 129	144
– sundry revenue				
– rent received	863	817	863	817
– royalties received from chrome recovery plant	5 079	2 191	5 079	2 191
– sale of scrap	2 084	843	2 084	843
– toll treatment revenue	451	7 567	451	7 567
	5 303	19 820	5 287	19 990

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

18. Tax

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Current	756 031	335 221	756 031	335 221
Deferred (note 10)	18 531	32 334	18 527	32 382
	774 562	367 555	774 558	367 603
The tax charge comprises:				
– mining tax	575 001	306 291	575 001	306 291
– non-mining tax	23 948	14 373	23 944	14 421
– state's share of profits	55 726	–	55 726	–
– capital gains tax	–	19	–	19
– adjustment in respect of previous years	(1 404)	137	(1 404)	137
– secondary tax on companies	121 291	46 735	121 291	46 735
	774 562	367 555	774 558	367 603
A reconciliation of the standard rate of South African tax compared with that charged in the income statement is set out below:	%	%	%	%
– South African normal tax	29.0	29.0	29.0	29.0
– state's share of profits	2.7	–	2.7	–
– secondary tax on companies	5.8	4.4	5.8	4.4
	37.5	33.4	37.5	33.4
– expenditure disallowed	0.2	0.4	0.2	0.4
– permanent differences	(0.7)	0.5	(0.7)	0.5
– other	(0.1)	–	(0.1)	–
– effective tax rate	36.9	34.3	36.9	34.3
	R000	R000	R000	R000
Amounts which are available for offset against future taxable income	150	167	–	–

Notes to the financial statements (continued)

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

18. Tax (continued)

18.1 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 was raised for state's share of profits in the previous year as the company had estimated unredeemed capital expenditure of R420 313 000 which was redeemed during the current year.

18.2 Mining tax

The current rate of mining tax applicable to the company is 29%

18.3 Non-mining tax

Non-mining income is subject to a rate of 29%

18.4 Deferred tax

Deferred tax is provided at the statutory rate of 29% for all temporary differences.

18.5 Secondary tax on companies

Secondary tax on companies is levied at the rate of 12.5% of net dividends declared.

18.6 Capital gains tax

Capital gains tax, at an effective rate of 14.5%, is payable on any gains realised on the disposal of investments or mining properties.

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

19. Earnings per share

Earnings per share is based on profit attributable to shareholders and an average of 236 746 919 (2006: 233 704 034) shares in issue during the year.

Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Profit attributable to shareholders	1 326 244	705 564	1 326 232	705 683
Profit on sale of property, plant and equipment	(388)	(146)	(388)	(146)
Profit on disposal of unlisted investments	–	(129)	–	(129)
Tax effect	113	61	113	42
Headline earnings	1 325 969	705 350	1 325 957	705 450

Fully diluted earnings per share are based on the profit attributable to shareholders and the average number of potential diluted shares in issue.

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

The number of potential diluted shares are calculated as follows:

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Average number of ordinary shares in issue during the year	236 746 919	233 704 034	236 746 919	233 704 034
Average number of Northam Share Option Scheme options outstanding during the year	5 300 163	5 838 627	5 300 163	5 838 627
Average number of potential diluted ordinary shares in issue	242 047 082	239 542 661	242 047 082	239 542 661

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

20. Cash generated from operations

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Profit before taxation	2 100 806	1 073 119	2 100 790	1 073 286
Adjusted for non-cash items				
– profit on disposal of unlisted investment	–	(129)	–	(129)
– profit on disposal of property, plant and equipment	(388)	(146)	(388)	(146)
– depreciation and impairments	129 040	114 713	129 040	114 713
– increase/(decrease) in long-term provisions	(3 400)	2 384	(3 400)	2 384
– equity compensation charges	11 774	7 009	11 774	7 009
Interest received	(80 936)	(37 925)	(80 936)	(37 922)
	2 156 896	1 159 025	2 156 880	1 159 195

21. Change in working capital

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Inventories	25 882	(34 070)	25 882	(34 070)
Accounts receivable	(149 447)	(36 412)	(149 758)	(35 969)
Accounts payable	25 059	727	25 840	(310)
	(98 506)	(69 755)	(98 036)	(70 349)

22. Tax paid

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Balance owing at beginning of year	171 461	110 934	171 461	110 934
Charge per income statement, excluding deferred tax	756 031	335 221	756 031	335 221
Balance owing at end of year	(343 191)	(171 461)	(343 191)	(171 461)
	584 301	274 694	584 301	274 694

23. Commitments

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Capital expenditure – plant and equipment				
Authorised but not contracted	179 380	170 105	179 380	170 105
Contracted	25 712	17 584	25 712	17 584
Information Technology Outsource Service Providers				
Due within one year	8 851	8 123	8 851	8 123
Due within two to five years	1 868	10 224	1 868	10 224
Operating lease rentals – office equipment				
Due within one year	114	622	114	622
Due within two to five years	31	101	31	101
Operating lease – premises				
Due within one year	99	155	99	155
Due within two to five years	–	81	–	81
Housing development				
Contracted	1 913	2 843	–	–

These commitments will be financed out of operating cash flows

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

24. Employee benefits

The aggregate earnings and benefits of employees, including directors, were				
– salaries, wages and other benefits	497 506	458 880	497 506	458 880
– contributions to retirement benefit funds	47 693	44 610	47 693	44 610
– contributions to health-care funds	36 107	46 555	36 107	46 555
– equity compensation charge	11 774	7 009	11 774	7 009
	593 080	557 054	593 080	557 054
– fees paid to non-executive directors	1 182	1 237	1 182	1 237
	594 262	558 291	594 262	558 291
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	5 473	1 154	5 473	1 154

The company participates in a number of retirement plans for its eligible employees. These defined contribution plans are governed by the Pension Funds Act of 1956.

Details of directors' remuneration are contained in the directors' report on page 51.

25. Related parties

The group, in the ordinary course of business, enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions were concluded on an arms length basis.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 2 on page 89.

26. Segmental reporting

The company's primary segment reporting format is by business segment and it's 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. An analysis of sales revenue per metal is contained in the financial review on page 17.

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
26. Segmental reporting				
Geographic segment: By location of customers:				
Segment revenue				
Europe	1 222 261	882 799	1 222 261	882 799
Japan	1 093 848	620 021	1 093 848	620 021
North America	939 375	667 991	939 375	667 991
South Africa	484 321	215 515	484 321	215 515
	3 739 805	2 386 326	3 739 805	2 386 326
Segment accounts receivable				
Europe	25 138	13 639	25 138	13 639
Japan	85 508	6 734	85 508	6 734
North America	55 217	33 611	55 217	33 611
South Africa	102 999	65 431	102 867	64 988
	268 862	119 415	268 730	118 972

Trade receivables are non-interest bearing and no provision has been made for doubtful debts.

27. 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.

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

At year end the foreign currency value of items under their respective balance sheet classifications was as follows:

	2007 Group	2006 Group	2007 Company	2006 Company
– accounts receivable – US$	23 437	7 560	23 437	7 560
– cash and cash equivalents – US$	1 139	4 394	1 139	4 394
– accounts payable – €	1 034	868	1 034	868
Exchange rates at year end				
Rand/Dollar	7.08	7.14	7.08	7.14
Rand/Euro	9.52	9.22	9.52	9.22

27. Financial instruments (continued)

(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.

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

(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.

At year end there was no indication of impairment.

The granting of credit is made on application and is approved by the chief executive officer. 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, except for the loan to the subsidiary which is stated at cost.

Annexure 1

for the year ended 30 June 2007

Analysis of options held as at 30 June 2007

Grant date	18 November 2002	14 October 2003	14 October 2004	24 October 2005	23 October 2006	Total
Earliest exercise date	18 November 2004	14 October 2005	14 October 2006	24 October 2007	23 October 2008	
Expiry date	17 November 2007	13 October 2008	13 October 2009	23 October 2010	23 October 2011	
Exercise price – cents	1 925	1 060	830	1 700	3 845	
Balance at 30 June 2006	71 000	561 500	1 345 000	2 172 500	–	4 150 000
New options granted during the year	–	–	–	–	2 267 500	2 267 500
Options forfeited during the year	–	(17 500)	(72 500)	(360 000)	(90 000)	(540 000)
Options exercised during the year	(71 000)	(522 000)	(630 000)	–	–	(1 223 000)
Month						
July	–	–	–	–	–	–
August	(35 000)	(14 000)	–	–	–	(49 000)
September	(6 000)	–	–	–	–	(6 000)
October	–	(317 000)	(270 000)	–	–	(587 000)
November	(30 000)	(47 000)	(180 000)	–	–	(257 000)
December	–	(44 000)	(55 000)	–	–	(99 000)
January	–	–	–	–	–	–
February	–	(54 000)	(35 000)	–	–	(89 000)
March	–	(20 000)	(37 500)	–	–	(57 500)
April	–	(26 000)	(52 500)	–	–	(78 500)
May	–	–	–	–	–	–
June	–	–	–	–	–	–
Balance at 30 June 2007	–	22 000	642 500	1 812 500	2 177 500	4 654 500
Total consideration received R000	1 366	5 533	5 229	–	–	12 128
Details of options granted to directors – G T Lewis						
Balance at 1 July 2006	–	60 000	150 000	187 500	–	397 500
New options granted during the year	–	–	–	–	187 500	187 500
Options exercised during the year	–	(60 000)	(75 000)	–	–	(135 000)
Balance at 30 June 2007	–	–	75 000	187 500	187 500	450 000
Gains on exercise of options by directors – G T Lewis						
Market value on date exercised – R000	–	2 321	2 901	–	–	5 222
Consideration – R000	–	636	623	–	–	1 259
Gain – R000	–	1 685	2 278	–	–	3 963

Note: The market value is based on the closing price on the JSE Limited on the day the options are exercised.

Annexure 2

Related party transactions for the year ended 30 June 2007

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in income statement	Charge / (credit) to income statement 2007 R000	Charge / (credit) to income statement 2006 R000	Year end balance 2007 R000	Year end balance 2006 R000	Year end balance included in:
Anglo Platinum Limited	Major shareholder and common directors	R Havenstein R Mills and N M Mbazima	Sales of by-products – nickel and cobalt	Sales revenue	(166 799)	(100 798)	14	12 595	Accounts receivable
			Supply of internal audit services	Operating costs – sundries	962	797	962	501	Accounts payable
			Toll treatment of concentrates	Net sundry revenue	(451)	(12 968)	–	1 071	Accounts receivable
ABSA Group Limited	Common directorship	T M G Sexwale (Note 1)	Treasury operations – investment of surplus cash funds	n/a			355 000	135 000	Cash and cash equivalents
				Investment income	(18 365)	(8 992)	6 411	902	Accounts receivable
			Treasury operations – sale of export proceeds	Sales revenue	–	(337 952)	–	–	n/a
GijimaAst Group Limited	Common directorship	N J Dlamini	Maintenance of computer systems	Operating costs – sundries	2 313	127	–	7	Accounts payable
Gold Fields Training Services (Proprietary) Limited	Common directorship	T M G Sexwale, director of holding company (Note 1)	Supply of training services	Operating costs – sundries	1 274	190	9	96	Accounts payable
J I C Mining Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Supply of consumable stores	Operating costs – stores	4	259	–	5	Accounts payable
LexisNexis Butterworths (Proprietary) Limited	Common directorship	E Molobi director of holding company (Note 2)	Supply of legal subscription services	Operating costs – sundries	33	36	3	–	n/a
Mvelaphanda Resources Limited	Major shareholder and common directors	M E Beckett, T M G Sexwale, B R van Rooyen and M J Willcox (Note 1)	Reimbursement of expenses	Operating costs – sundries	182	155	–	–	n/a
Protea Aviation Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Transport of products	Refining and other costs	999	855	56	75	Accounts payable
Protea Security Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Supply of security Services	Operating costs – sundries	7 971	7 276	–	442	Accounts payable
Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited	Common directorship	E Molobi (Note 2)	Ore resource audit services	Operating costs - – sundries	–	21	–	–	n/a
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Transport of waste and hire of plant	Operating costs – sundries	9 622	5 658	1 214	300	Accounts payable

Annexure 2 (continued)

Related party transactions for the year ended 30 June 2007

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in income statement	Charge / (credit) to income statement 2007 R000	Charge / (credit) to income statement 2006 R000	Year end balance 2007 R000	Year end balance 2006 R000	Year end balance included in:
Key management personnel									
Non-executive directors' fees			See Directors' Report page 51	Operating costs – sundries	1 182	1 237			
Executive directors remuneration									
G T Lewis			Remuneration	Operating costs – labour	1 525	1 425			
			Performance bonus	Operating costs – labour	212	248			
			Contribution to retirement fund	Operating costs – labour	190	178			
			Other benefits	Operating costs – labour	20	20			
			Gain on exercise of share options		3 963	3 084			
			See Directors' Report page 51		5 910	4 955			
			Equity compensation charge	Operating costs – labour	1 232	618			
					7 142	5 573			
Senior management remuneration			Remuneration	Operating costs – labour	7 241	7 042			
			Performance bonus	Operating costs – labour	704	936			
			Contribution to retirement fund	Operating costs – labour	905	880			
			Other benefits	Operating costs – labour	1 189	156			
			Equity compensation charge	Operating costs – labour	4 915	2 582			
					14 954	11 596			

Notes

Note 1. Mr T M G Sexwale resigned as a director on 20 April 2007.

Note 2. Mr E Molobi died on 14 June 2006.