Contents

Approval of annual financial statements

The financial statements set out on pages 40 to 86 were approved by the board of directors on 18 September 2008, and are signed on its behalf by:

P L Zim
Chairman

G T Lewis
Chief executive officer

Company secretary's confirmation

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

S J van der Spuy
Company secretary
Johannesburg

18 September 2008

Report of the independent auditors

To the members of Northam Platinum Limited

Report on the financial statements

We have audited the group and company financial statements of Northam Platinum Limited, which comprise the directors' report, the balance sheets as at 30 June 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 86.

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, 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 and company as of 30 June 2008, and of the financial performance and their 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.
Registered Auditor
Johannesburg

18 September 2008

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2008. The review of the group's operational performance is set out in the business review on pages 12 to 15, whilst the nature of business is described in the corporate profile which appears in the inside front cover.

Booysendal Platinum Project

At a general meeting of held on 6 June 2008, shareholders approved the necessary resolutions for the acquisition of the Booysendal Platinum Project (Booysendal) with the special resolutions being registered on 13 June 2008. As announced on 19 August 2008, the implementation of the transaction had commenced, and the 121 000 000 ordinary shares were allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a wholly-owned subsidiary of Mvelaphanda Resources Limited on 20 August 2008, and Northam acquired the entire issued share capital of Khumama Platinum (Proprietary) Limited (Khumama). The first 50% of the issued share capital of Micawber 278 (Proprietary) Limited (Micawber), which holds the Booysendal mining titles, has been transferred to Khumama, and the remaining 50% has been pledged and is held in escrow pending conversion of the old order mining title over Booysendal.

Application for the conversion of the old order mining title covering nine of the eleven Booysendal farms, and for the grant of a mining licence over the remaining two farms presently held under new order prospecting rights, has been lodged with the Department of Minerals and Energy (DME) and is currently being processed.

Upon the grant of the new order mining rights the remaining 50% of the issued share capital of Micawber will be transferred to Khumama and the implementation will be complete.

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 page 33 to 37.

Mining licences

The Northam mine'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.

The Booysendal mine's mining licence, which is held through Micawber, covers an area of approximately 13 926 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Kliprivier 73 JT, Pietersburg 44 JT and Uysedoorns 47 JT. In addition Micawber holds new order prospecting rights of approximately 2 068 hectares on the farms Johannesburg 45 JT and Sheeprun 50 JT.

Additional rights over an area of approximately 1 264 hectares on the farms Der Brochen 7 JT, Hebron 5 JT and Hermansdal 3 JT will be ceded to Micawber once Rustenburg Platinum Mines Limited's application to convert its old order rights to new order rights has been granted.

Conversion of mining rights

The company submitted its application to the DME for the conversion of its old order mining rights pertaining to the Northam mine property, to new order mining rights in April 2006. The application was accepted by the DME and is at the date hereof still being processed.

The application to the DME for the conversion of the Booysendal old order mining rights to new order mining rights was submitted in June 2008. The application was accepted by the DME and is at the date hereof still being processed.

Property

A register of land and buildings containing the information required by the Companies Act 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 49 to 86, reflect the financial results and position of the company and the group.

Dividends

Dividends totaling 330 cents per share (2007: 525 cents per share) absorbing R1 011 223 675 (2007: R1 245 078 800) were declared. Details are as follows:

Interim dividend (No 18) – 145 cents per share

Declaration date:	11 February 2008
Last day to trade cum div:	29 February 2008
Commencement of trading ex div:	3 March 2008
Record date:	7 March 2008
Payment date:	10 March 2008

Final dividend (No 19) – 185 cents per share

Declaration date:	22 August 2008
Last day to trade cum div:	12 September 2008
Commencement of trading ex div:	15 September 2008
Record date:	19 September 2008
Payment date:	22 September 2008

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 has increased to R4 750 000 (2007: R3 500 000) divided into 475 000 000 (2007: 350 000 000) shares of one cent each.

During the year 1 461 500 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R22 280 000, resulting in the issued share capital at 30 June 2008 being 238 687 500 (2007: 237 226 000) shares of one cent each.

Since the balance sheet date no shares were allotted and issued in terms of the rules of the aforementioned scheme, whilst 121 000 000 shares have been allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a subsidiary of Mvelaphanda Resources Limited, resulting in the issued capital of the company being 359 687 500 at the date of this report.

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) ("the Act"), 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 87, which forms part of this report.

Repayments of share capital

At the annual general meeting held on 29 November 2007 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 R8.59 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 29 November 2007) 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 88, which forms part of this report.

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

Directors' report

Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of their holding company. Accordingly, at the annual general meeting held on 29 November 2007 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 29 November 2007) 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 88, which forms part of this report.

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

Borrowing powers

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

Proposed adoption of new articles of association

The company adopted new articles of association in 2001 and has made several changes in the intervening years. In addition there have been amendments to the Listings Requirements of the JSE. Consequently the directors consider it appropriate to adopt new articles of association which incorporate the amendments previously approved by shareholders, the changes necessitated by the amendments to the Listings Requirements of the JSE, as well as the following principal changes:

Definition of HDP

Article 49 requires, inter alia, that no less than 50% of the directors shall be HDPs. The definition of HDPs will be added to the articles for clarification purposes, being a person defined as such in the Minerals and Petroleum Resources Development Act of 2002.

Quorum at a general meeting

The quorum required for a general meeting will be clarified to allow authorised representatives of corporate entities to be included in the number of members present to constitute a quorum. It is also proposed that a quorum may be constituted by proxy attendances.

Electronic notices

In order to keep up with advances in electronic communications methodology and to save postage and printing costs, it is proposed that formal company notices be given by electronic mail, if the recipient of such notice has previously informed the company that he is prepared to receive notices in this form and has provided an e-mail address to the company. An e-mail notification to a member or director shall be deemed to have been received at 09h00 on the day following dispatch of the notice.

Electronic distribution of annual financial statements to shareholders

In the same vein, it is proposed that the annual financial statements of the company could also be sent by e-mail to those persons who have supplied the company with an e-mail address, unless such shareholder has informed the company to the contrary.

Directors' meetings

It is proposed that directors' meetings could also be held via teleconference and videoconference facilities. Resolutions at such meetings are adopted by a majority of the directors participating in the conference.

Directors' interests

The existing article provides in effect that a director may not vote in respect of a resolution concerning a contract in which he is materially interested unless such contract is with a company in which such director is interested ("the company exclusion"), The directors are of the view that the company exclusion is too wide and could lead to manipulation. Accordingly, it is now proposed that the company exclusion be limited to cases where the director in question (a) is a non-executive director of that company and (b) is not directly or indirectly a material shareholder in such company.

Pro rata allotment of securities

Further clarification is provided that a *pro rata* allotment of securities does not have to take place if (a) such securities are issued for an acquisition of assets, and (b) it is authorised by prior approval of the company in general meeting.

Members will accordingly be requested at the forthcoming annual general meeting to consider and, if thought fit, to pass a special resolution to adopt the amended articles of association as the company's new articles of association. The text of this special resolution is contained in the notice of annual general meeting on page 87, which forms part of this report.

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 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, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within five years of the offer date shall lapse.

In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme, and the maximum number of options that any one participant may hold is limited to 0.4% of the issued share capital of the company prevailing from time to time. At the date of this report, 0.4% of the issued capital equated to 1 438 750 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
14 October 2005 and 13 October 2008	1 060	22 000
14 October 2006 and 13 October 2009	830	642 500
24 October 2007 and 23 October 2010	1 700	1 812 500
23 October 2008 and 21 October 2011	4 800	2 177 500
Number of options held at 30 June 2007		4 654 500
New options granted during the year at R48.00 per share		2 202 500
Number of options forfeited during the year		(835 000)
Number of options exercised during the year – refer Annexure 3 on page 86		(1 461 500)
Number of options held at 30 June 2008		4 560 500

Directors' report

At 30 June 2008 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 2008	Options exercisable in 2009	Options exercisable thereafter
14 October 2006 and 13 October 2009	830	92 500	92 500	–	–
24 October 2007 and 23 October 2010	1 700	858 000	116 750	741 250	–
23 October 2008 and 22 October 2011	3 845	1 712 500	–	856 250	856 250
22 October 2009 and 21 October 2012	4 800	1 897 500	–	–	1 897 500
		4 560 500	209 250	1 597 500	2 753 750

Full details of the options exercised during the year are set out in Annexure 2 on page 84, and are summarised as follows:

Grant date	Number of options exercised	Exercise price (cents)	Consideration R000
14 October 2003	22 000	1 060	233
14 October 2004	550 000	830	4 565
24 October 2005	799 500	1 700	13 592
23 October 2006	45 000	3 845	1 730
22 October 2007	45 000	4 800	2 160
Total	1 461 500		22 280

Directorate

The following change occurred since the date of the last annual report:

- Mr N B Mbazima resigned as a non-executive director on 20 August 2008,

The board wishes to place on record its appreciation of the services rendered to the company by Mr 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 34 to 37.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Dr N J Dlamini, Ms E T Kgosi and Mr R Havenstein who, being eligible and available, offer themselves for election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Dr N J Dlamini, Ms E T Kgosi and Mr R Havenstein as non-executive directors of the company.

Brief summaries of their curricula vitae appear on page 30.

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

Board appointed committees

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

The above fees were set in 2007, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is considered appropriate that they be further revised to bring them into line with market norms. Accordingly it is proposed that the fees be increased as follows:

Board fees

- Board chairman – R80 000 per annum.
- Board members – R40 000 per annum.
- Board meeting attendance fees – R26 000 per meeting.

Board appointed committees

- Committee chairmen – R30 000 per annum.
- Committee members – R15 000 per annum.
- Committee meeting attendance fees – R10 000 per meeting.

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

Directors' remuneration

The directors' remuneration for the year ended 30 June 2008 was as follows:

	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
2008						
Executive						
G T Lewis	–	**1 785**	**235**	**236**	–	**2 256**
Non-executive						
M E Beckett	**246**	–	–	–	–	**246**
N J Dlamini (Note 1)	**285**	–	–	–	–	**285**
R Havenstein	**158**	–	–	–	–	**158**
E T Kgosi (Note 1)	**333**	–	–	–	–	**333**
N B Mbazima	**102**	–	–	–	–	**102**
R G Mills	**57**	–	–	–	–	**57**
P C Pienaar	**104**	–	–	–	–	**104**
B R van Rooyen	**234**	–	–	–	–	**234**
M J Willcox	**5**	–	–	–	–	**5**
P L Zim	**160**	–	–	–	–	**160**
	1 684	**1 785**	**235**	**236**	–	**3 940**
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 B Mbazima	17	–	–	–	–	17
R G Mills	96	–	–	–	–	96
P C Pienaar	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. Mesdames Dlamini and Kgosi were paid a special fee of R75 000 each in their capacity as independent directors advising shareholders on the Booysendal Platinum Project.

No options were exercised by directors during the year.

Directors' report

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 2008 were as follows:

	30 June 2008			
	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**
P L Zim	**–**	**–**	**4 496 442**	**4 496 442**
	30 000	**37 462**	**4 496 442**	**4 563 904**

	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	38 196	6 414 160	6 482 356

As a consequence of the allotment and issue of the 121 million Booysendal consideration shares on 20 August 2008, the indirect non-beneficial shareholding of Mr P L Zim has increased to 15 217 200. There have been no changes to the shareholdings of the other directors between 30 June 2008 and the date of this report.

Analysis of shareholders at 30 June 2008

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	5 166	4 158 555	1.8
5 001 – 10 000	249	1 931 883	0.8
10 001 – 50 000	299	6 752 993	2.8
50 001 – 100 000	67	4 719 375	2.0
100 001 – 1 000 000	119	34 925 733	14.6
1 000 001 and over	29	186 198 961	78.0
Total	5 929	238 687 500	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	5 700	14 722 700	6.2
Companies	2	104 841 230	43.9
Managed funds and other bodies	227	119 123 570	49.9
Total	5 929	238 687 500	100.0

Major shareholders at 30 June 2008

Owner	Number of shares	Percentage holding
Anglo Platinum Limited	53 102 925	22.2
Mvelaphanda Resources Limited	51 738 305	21.7

Fund manager	Number of shares	Percentage holding
Allan Gray Limited	22 298 464	9.3
Public investment Commission	10 957 122	4.6
Hellier Investments Limited	9 750 400	4.1
M & G Investment Management Limited	9 600 000	4.0
Foord Asset Management Limited	8 985 263	3.8

Shareholder spread at 30 June 2008

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	5 924	54.3
Non-public		
– Directors	3	1.9
– Other (any who fall outside the scope of the above)	2	43.8
Total	5 929	100.0

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 14 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.

Toro Employee Empowerment Trust Fund

The company has entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after-tax profits to a specially registered trust fund (The Toro Employee Empowerment Fund), providing the Northam mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013. This development, a requirement of the Booysendal Transaction agreements, will provide employees with a vested interest in the operating performance of the company, without being exposed to potential volatility in the market price of Northam shares.

The participation in the scheme of employees at the future Booysendal mine will be addressed in due course.

Directors' report

Subsidiaries

At the 30 June 2008 the company held the following subsidiaries:

Norplats Properties (Proprietary) Limited.

Norplats Properties (Proprietary) Limited (Norplats) owns residential erven in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses. As part of an additional phase of this initiative, Norplats entered into an agreement to acquire the entire issued share capital of Broad Brush 2 (Proprietary) Limited ("Broad Brush") for a consideration of R16 million which cost will be financed by means of an interest free loan from Northam. The agreement was subject to a number of conditions precedent, which were fulfilled after the year end. Broad Brush owns certain property in the town of Northam, and will develop a residential township as a further part of this initiative. Northam has entered into an arrangement with a financial institution whereby the financial institution will provide finance to the employees to assist the employees in acquiring these houses. The loan to Norplats will be repaid as funding from the financial institution becomes available.

Subsequent to the year end, as detailed in the paragraph dealing with the Booysendal transaction on page 40, the company acquired the entire issued share capital of Khumama. As detailed in the paragraph in respect of the Booysendal Platinum Project on page 40, the company owns 50% of the issued share capital of Micawber. The remaining 50% has been pledged and is held in escrow by Northam pending conversion of the old order mining title over Booysendal. On the grant of the new order mining rights the remaining 50% of the issued share capital of Micawber will be transferred to Khumama and be a subsidiary of Northam.

Consequently, at the date of this report, the company held the following subsidiaries:
Broad Brush 2 (Proprietary) Limited,
Khumama Platinum (Proprietary) Limited, and
Norplats Properties (Proprietary) Limited.

Special resolutions

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

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman and chief executive's message, 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.

Company secretary

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

Listing

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

Post balance sheet events

No material changes, other than the Booysendal and Broad Brush tranactions, have taken place in the affairs of the group between the end of the financial year and the date of this report.

Shareholders are referred to the cautionary announcement dated 12 September 2008 advising that the company has received approaches from interested parties which may result in an offer to acquire the entire issued share capital of Northam.

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, 1973.

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 exercises 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 Changes in Accounting Policy

During the years ended the group adopted the following standards, interpretations and amendments in response to changes in IFRS.

IFRS 4 Insurance Contracts

IFRS 7 Financial Instruments – Disclosure

IAS 1 Presentation of Financial Statements – amendment

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

The effect of the adoption of these standards, interpretations and amendments in the current financial year is set out below:

IFRS 4 Insurance Contracts
The adoption of this standard has had no effect on the group's financial statements.

IFRS 7 Financial Instruments – Disclosure
The standard requires disclosures that enable users of the financial statements to evaluate the significance of the group's financial instruments and the nature of the extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements – amendment
This amendment requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
The adoption of this standard has had no effect on the group's financial statements.

Accounting policies

1.2 New accounting policies not yet effective

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 1 Amendment	1 January 2009	IFRS 1 – First-time adoption of IFRS	This amendment allows for the use of a deemed cost for investments in subsidiaries, associates and joint ventures. The adoption of the statement will have no material effect on the group's financial statements.
IFRS 2	1 January 2009	Share-based Payment (amendment)	This amendment restricts the definition of "vesting conditions" to a condition that includes an explicit or implicit requirement to provide service. The adoption of the statement will have no material effect on the group's financial statements.
IFRS 3	1 July 2009	Business Combinations (revised)	This amendment impacts the amount of goodwill recognised in accounting for business combinations, the reporting of results in the period that an acquisition occurs and future reported results. The changes must be applied prospectively and will affect future acquisitions.
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 2009	Presentation of Financial Statements (revised)	This amendment requires owner and non-owner changes in equity to be reported separately and introduces a statement of comprehensive income which presents all items of income and expense together with all other items of recognised income and expense, either in one single statement or in two linked statements. The adoption of this standard will impact the manner in which the group reports its income and expenses.

Standard	Effective date*	Description	Impact
IAS 23	1 January 2009	Borrowing Costs (revised)	The amendment to 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 as the group's policy currently requires such borrowing costs to be capitalised.
IAS 27	1 July 2009	Consolidated and Separate Financial Statements (revised)	This standard requires that a change of ownership interest in a subsidiary is accounted for as an equity transaction, and changes the accounting for losses incurred by a subsidiary as well as loss of control of a subsidiary. The adoption of this standard will impact the manner in which the group reports losses incurred by a subsidiary as well as the effect of changes in ownership interest in a subsidiary.
IAS 27 Amendment	1 January 2009	IAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendment to IAS 27 removed the obligation to distinguish between pre- and post-acquisition dividends. However, the entity must now consider if the receipt of such a dividend is a possible indicator of impairment. The adoption of the statement will have no material affect on the group's financial statements.
IAS 32/IAS 1	1 January 2009	Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligation Arising on Liquidation (revised)	The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The adoption of the statement will have no material effect on the group's financial statements.
IAS 39 Amendment	1 July 2009	IAS 39 -Financial Instruments: Recognition and Measurement: Eligible Hedged Items	The amendment to IAS 39 clarifies the designation of a one-sided risk in a hedged item and the designation of inflation as a hedged risk or portion in particular situations. The adoption of the statement will have no material effect on the group's financial statements.

Accounting policies

Standard	Effective date*	Description	Impact
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 interpretation 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 interpretation will have no material effect on the group's financial statements.
IFRIC 14	1 January 2008	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	This interpretation gives guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 – Employee Benefits. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 15	1 October 2009	IFRIC 15 – Agreements for the Construction of Real Estate	Determining whether an agreement for construction is within the scope of IAS 11 or IAS 18 depends on the terms of the agreement and all the surrounding facts and circumstances. Such a determination requires judgment with respect to each agreement and IAS 11 is applied when the definition of a construction contract is met. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 16	1 October 2008	IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	IAS 39 allows an entity to hedge the foreign currency gains or losses on its net investment in a foreign operation. IAS 39 provides minimal guidance on the accounting for a hedge of a net investment and IFRIC 16 was issued to provide such guidance. The adoption of the interpretation will have no material effect on the group's financial statements.
Annual Improvements Project	1 January 2009	Improvements to IFRS	This is an omnibus of 34 amendments to various standards. These are non-urgent but necessary amendments to standards, primarily with a view to removing inconsistencies and clarifying wording. Management will assess if any of the changes will have an impact on the group.

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

The group does not intend early adopting any of the above amendments, standards and interpretations.

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 profit or loss 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.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders equity.

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

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 (or 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 levels. 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 is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine (currently estimated at 16 years), 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.

Accounting policies

4 Property, plant and equipment *(cont)*

4.3 Mining plant and equipment *(cont)*

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.

4.4 Decommissioning asset

The decommissioning asset is 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.

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

4.5 Mining properties

Mineral rights and mineral leases 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.

4.6 Plant and equipment

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 profit or loss. 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 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 profit or loss in the year the asset is derecognised.

The asset's residual value and useful life is 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, which is an initiative in order to assist the group's employees to acquire their own affordable housing, is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the recoverable amount 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.

6. Financial instruments

Financial instruments recognised on the balance sheet include investments, cash and cash equivalents, trade accounts receivable and trade accounts payable. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value.

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 profit or loss.

After initial recognition, investments held by Northam Platinum Restoration Fund and the Environmental Guarantee Investment are designated at fair value through profit or loss. These financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk/investment strategy.

Gains or losses on investments designated as at fair value through profit and loss are recognized in profit or loss

6.2 Trade and other accounts receivable

Trade and other 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 profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

6.3 Cash and cash equivalents

Cash and cash equivalents are initially recognised at fair value and 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 Trade and other 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 and subsequently carried at amortised cost.

Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the amortisation process.

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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

6. Financial instruments *(cont)*

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 profit or loss 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 sundry income/(expenditure).
- Gains and losses on all other contracts not spanning a financial reporting date are recognised and included in sundry income/(expenditure) 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 (i.e. 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 profit or loss.

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 investments

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 profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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 profit or loss.

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 Consumable stores

Consumable 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. Consumable 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 income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or if an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extend that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extend that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and liabilities are offset, if a legal enforceable right exists to set off current tax assets against current income tax liabilities, when they relate to income taxes levied by the same taxation authority and taxable entity.

Accounting policies

10. Provisions

10.1 Environmental rehabilitation provisions

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 profit or loss.

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 profit or loss. 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.

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 profit or loss.

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.

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.

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 profit or loss.

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 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. Revenue recognition *(cont)*

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

12.4 Dividends
Dividend income is recognised when the right to receive payment has been established.

12.5 Rent received
Rental income from mining properties is recognised on a straight-line basis over the term of the lease.

12.6 Sundry income
Sundry income is recognised when the right to receive payment has been established.

13. Leased metal
When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in profit or loss 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 within operating costs, 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 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 retained 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.

Accounting policies

15. Employee benefits *(cont)*

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.

16. Leases

16.1 Group as lessee
A finance lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments 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.

Finance lease payments are allocated between finance costs and the capital repayment so as to achieve a constant rate of interest on the remaining balance of the liability.

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

16.2 Group as lessor
Leases in respect of which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments received are recognised as revenue in profit or loss 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.

17.4 Value added tax
Revenue, expenses and assets are recognised net of the amount of value added tax except:
- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax iis recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxable authority is included as part of receivables or payables in the balance sheet.

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

Balance sheets

At 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
ASSETS					
Non current assets					
Property, plant and equipment	2	**1 683 901**	1 536 289	**1 683 901**	1 536 289
Township development	3	**36 905**	35 198	**–**	–
Subsidiary – investment and loan	4			**37 553**	37 059
Available-for-sale investment	5	**8**	6	**8**	6
Investments held by Northam Platinum Restoration Trust Fund	6	**21 820**	18 920	**21 820**	18 920
Environmental Guarantee Investment	7	**12 900**	10 311	**12 900**	10 311
		1 755 534	1 600 724	**1 756 182**	1 602 585
Current assets		**2 363 992**	1 733 264	**2 363 684**	1 731 298
Inventories	8	**504 980**	254 490	**504 980**	254 490
Trade and other receivables	9	**359 264**	268 862	**359 193**	268 730
Cash and cash equivalents	10	**1 499 748**	1 209 912	**1 499 511**	1 208 078
Total assets		**4 119 526**	3 333 988	**4 119 866**	3 333 883
EQUITY AND LIABILITIES					
Share capital and share premium	11	**2 053 194**	2 030 914	**2 053 194**	2 030 914
Equity compensation reserve	12	**27 584**	29 777	**27 584**	29 777
Retained earnings		**823 093**	320 755	**823 507**	320 862
Shareholders' equity		**2 903 871**	2 381 446	**2 904 285**	2 381 553
Non-current liabilities		**443 913**	397 912	**443 913**	397 956
Deferred tax liability	13	**388 055**	376 163	**388 055**	376 207
Long term provisions	14	**55 858**	21 749	**55 858**	21 749
Current liabilities		**771 742**	554 630	**771 668**	554 374
Trade and other payables	15	**229 449**	153 561	**229 375**	153 305
Tax		**449 110**	343 191	**449 110**	343 191
Short term provisions	16	**93 183**	57 878	**93 183**	57 878
Total equity and liabilities		**4 119 526**	3 333 988	**4 119 866**	3 333 883

Income statements

For the year ended 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total revenue	17	**3 995 514**	3 831 925	**3 995 514**	3 831 925
Sales revenue	17	**3 886 137**	3 739 805	**3 886 137**	3 739 805
Cost of sales		**1 608 648**	1 727 945	**1 608 648**	1 727 945
– operating costs	18	**1 626 610**	1 360 818	**1 626 610**	1 360 818
– concentrates purchased		**–**	106 447	**–**	106 447
– refining and other costs		**75 540**	91 816	**75 540**	91 816
– depreciation	19	**149 325**	129 040	**149 325**	129 040
– change in metal inventories		**(242 827)**	39 824	**(242 827)**	39 824
Operating profit		**2 277 489**	2 011 860	**2 277 489**	2 011 860
Investment income	20	**97 507**	83 643	**97 507**	83 643
Sundry income	21	**1 824**	5 303	**2 088**	5 287
Expenditure incurred on Booysendal Project	22	**(17 969)**	–	**(17 969)**	–
Profit before tax		**2 358 851**	2 100 806	**2 359 115**	2 100 790
Tax	23	**866 040**	774 562	**865 997**	774 558
Profit attributable to shareholders		**1 492 811**	1 326 244	**1 493 118**	1 326 232
		Cents	Cents	**Cents**	Cents
Earnings per share	24	**627.2**	560.2	**627.3**	560.2
Fully diluted earnings per share	24	**620.7**	553.1	**620.8**	553.1
Headline earnings per share	24	**627.2**	560.1	**627.3**	560.1
Fully diluted headline earnings per share	24	**620.7**	553.0	**620.8**	553.0
Dividends per share		**425.0**	410.0	**425.0**	410.0

Statements of changes in equity

For the year ended 30 June 2008

Group	Share capital Group R000	Share premium Group R000	Equity compensation reserve Group R000	Retained earnings/ (accumulated loss) Group R000	**Total Group R000**
Balance at 1 July 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**
Credit in respect of share based payments			17 402		**17 402**
Profit attributable to shareholders				1 492 811	**1 492 811**
Dividends distributed				(1 010 068)	**(1 010 068)**
Transfer of reserves			(19 595)	19 595	**–**
Issue of new shares	15	22 265			**22 280**
Balance at 30 June 2008	**2 387**	**2 050 807**	**27 584**	**823 093**	**2 903 871**
Note	11	11	12		

Company	Share capital Company R000	Share premium Company R000	Equity compensation reserve Company R000	Retained earnings/ (accumulated loss) Company R000	**Total Company R000**
Balance at 1 July 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**
Credit in respect of share based payments			17 402		**17 402**
Profit attributable to shareholders				1 493 118	**1 493 118**
Dividends distributed				(1 010 068)	**(1 010 068)**
Transfer of reserves			(19 595)	19 595	**–**
Issue of new shares	15	22 265			**22 280**
Balance at 30 June 2008	**2 387**	**2 050 807**	**27 584**	**823 507**	**2 904 285**
Note	11	11	12		

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 12 for further details.

Cash flow statements

For the year ended 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Cash flows from operating activities		**1 546 908**	1 555 025	**1 547 292**	1 555 479
Cash generated from operations	25	**2 429 382**	2 156 896	**2 429 646**	2 156 880
Interest income		**95 454**	80 936	**95 454**	80 936
Change in working capital	26	**(265 004)**	(106 316)	**(264 883)**	(105 846)
Change in provisions	16	**35 305**	7 810	**35 305**	7 810
Tax paid	27	**(748 229)**	(584 301)	**(748 230)**	(584 301)
Cash flows utilised in investing activities		**(263 795)**	(211 636)	**(262 582)**	(213 560)
Property, plant and equipment					
– additions to maintain operations		**(264 976)**	(187 562)	**(264 976)**	(187 562)
– disposals proceeds		**2 890**	4 522	**2 890**	4 522
Additions to township development		**(1 707)**	(28 596)	**–**	–
Increase in subsidiary loan				**(494)**	(30 520)
Increase in available-for-sale investment		**(2)**	–	**(2)**	–
Cash flows utilised in financing activities		**(993 277)**	(964 763)	**(993 277)**	(964 763)
Proceeds from issue of shares		**22 280**	12 128	**22 280**	12 128
Dividends paid		**(1 010 068)**	(970 332)	**(1 010 068)**	(970 332)
Increase in investments held by Northam Platinum Restoration Trust Fund		**(2 900)**	(2 527)	**(2 900)**	(2 527)
Increase in investments held by Environmental Contingency Fund		**(2 589)**	(4 032)	**(2 589)**	(4 032)
Net increase in cash and cash equivalents		**289 836**	378 626	**291 433**	377 156
Cash and cash equivalents at beginning of year		**1 209 912**	831 286	**1 208 078**	830 922
Cash and cash equivalents at end of year		**1 499 748**	1 209 912	**1 499 511**	1 208 078

Notes to the annual financial statements
For the year ended 30 June 2008

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

1. Key accounting estimates, assumptions and judgments

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

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

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

1.1 Impairment

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 management's interpretation of market forecasts.
The main assumptions include:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– long term real platinum price – US$ per ounce	**1 845**	920	**1 845**	920
– long term real exchange rate – US$ = R	**7.80**	7.25	**7.80**	7.25
– long term real discount rate – %	**11.50**	8.50	**11.50**	8.50

1.2 Provisions

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– long term inflation rate for South Africa – %	**9.50**	8.00	**9.50**	8.00
– long term real discount rate – %	**11.50**	8.50	**11.50**	8.50

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

The group estimates the useful life of its assets by taking into account the age of the asset, its physical condition and technical obsolescence as well as the life of the mine.

As residual values are the expected values at the end of and assets useful life, a process of estimation is required to determine the residual values at year end.

	2008 R000 Group	2007 R000 Group	**2008 R000 Company**	2007 R000 Company

1.4 Lease classification

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases

Finance lease, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful live of the asset and the lease term.

Operating leases

Leases where all the risks and benefits of ownership of the asset are not substantially transferred to the Group are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

2. Property, plant and equipment – group and company

	Mining properties R000	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	Total R000
30 June 2008					
Property, plant and equipment					
– at cost	263 004	3 094 907	47 102	10 912	3 415 925
– accumulated depreciation	(102 196)	(1 619 746)	(6 906)	(3 176)	(1 732 024)
	160 808	1 475 161	40 196	7 736	1 683 901
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	172 237	1 347 532	8 280	8 240	1 536 289
– additions	–	260 960	–	4 016	264 976
– present value of decommissioning asset capitalised (note 14)	–	–	34 873	–	34 873
– disposals	–	(250)	–	(3 828)	(4 078)
– depreciation charged for the year	(11 429)	(133 308)	(2 957)	(1 631)	(149 325)
– depreciation on disposals during the year	–	227	–	939	1 166
– balance at end of year	160 808	1 475 161	40 196	7 736	1 683 901

Certain mining 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 paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

	Mining properties R000	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	Total R000
30 June 2007					
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

Notes to the annual financial statements

For the year ended 30 June 2008

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

3. Township development

Township development comprising 382 residential erven with houses erected thereon in Mojuteng Township, Northam, District of Thabazimbi, which has been acquired in order to assist the Group's employees to acquire affordable housing.	**36 905**	35 198	**–**	–

These properties are registered in the name of the company's subsidiary, Norplats Properties (Pty) Ltd.

4. Subsidiary – investment and loan

Shares at cost – R100.00 (2007 – R100.00)			**–**	–
Loan advanced			**37 553**	37 059
			37 553	37 059

The loan is unsecured and interest free, has no fixed terms of repayment, and is repayable out of surplus cash funds.

The holding company has undertaken not to call up the loan within the next twelve months.

5. Available-for-sale investment

Shares held at fair value	**8**	6	**8**	6

The investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R8 280 (2007 – R6 440).

The fair value of the unquoted shares has been estimated as the latest transaction value.

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 of the fund comprised:				
– balance at beginning of year	**18 920**	16 393	**18 920**	16 393
– contributions made during the year	**847**	1 002	**847**	1 002
– income earned during the year (note 20)	**2 053**	1 525	**2 053**	1 525
– balance at end of year	**21 820**	18 920	**21 820**	18 920

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 of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

7. Environmental Guarantee Investment

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The balance of the fund comprised:				
– balance at beginning of year	**10 311**	6 279	**10 311**	6 279
– contributions made during the year	**3 000**	3 000	**3 000**	3 000
– management fees	**(411)**	(150)	**(411)**	(150)
– income earned during the year (note 20)	**–**	1 182	**–**	1 182
– balance at end of year	**12 900**	10 311	**12 900**	10 311

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2007 – R24.0 million) – refer note 14.

8. Inventories

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Metals on hand and in transit – at cost	**453 791**	210 964	**453 791**	210 964
Consumable stores – at cost	**51 189**	43 526	**51 189**	43 526
Total inventories at the lower of cost or net realisable value	**504 980**	254 490	**504 980**	254 490

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The amount of write-downs of consumable stores recognised as an expense in cost of sales:	**935**	774	**935**	774

9. Trade and other receivables

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Trade and other receivables comprise:				
– trade receivables	**303 351**	234 933	**303 351**	234 933
– prepayments	**1 376**	1 031	**1 376**	1 031
– other	**54 537**	32 898	**54 466**	32 766
	359 264	268 862	**359 193**	268 730

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at 30 June 2008 there were no receivables (2007: R Nil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2008 is set out in Annexure 1, which forms part of these notes.

10. Cash and cash equivalents

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Cash and cash equivalents comprise:				
– cash at banks and on hand	**128 409**	56 777	**128 172**	54 943
– short term deposits	**1 371 339**	1 153 135	**1 371 339**	1 153 135
	1 499 748	1 209 912	**1 499 511**	1 208 078

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
11. Share capital and share premium				
Authorised				
475 000 000 (2007: 350 000 000) ordinary shares of 1 cent each	**4 750**	3 500	**4 750**	3 500
Issued				
At 1 July 2006 (236 003 500)	**2 360**	2 360	**2 360**	2 360
1 222 500 shares issued during the year for cash on the exercise of share options	**12**	12	**12**	12
At 1 July 2007 (237 226 000)	**2 372**	2 372	**2 372**	2 372
1 461 500 shares issued during the year for cash on the exercise of share options	**15**	–	**15**	–
At 30 June 2008 (238 687 500)	**2 387**	2 372	**2 387**	2 372
Share premium	**2 050 807**	2 028 542	**2 050 807**	2 028 542
	2 053 194	2 030 914	**2 053 194**	2 030 914

During the year the authorised share capital was increased by the creation of 125 000 000 ordinary shares of 1 cent each.

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.

12. Equity compensation reserve

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Opening balance	**29 777**	22 788	**29 777**	22 788
Increase in equity compensation reserve	**17 402**	6 989	**17 402**	6 989
Transfer to retained earnings	**(19 595)**	–	**(19 595)**	–
Closing balance	**27 584**	29 777	**27 584**	29 777

Options are offered at 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 Northam Share Option 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.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

13. Deferred tax liability

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	**413 178**	386 643	**413 178**	386 643
– metal inventory	**13 225**	9 398	**13 225**	9 398
	426 403	396 041	**426 403**	396 041
Deferred tax assets				
– estimated tax losses available for set-off against future taxable income	**–**	(44)	**–**	–
– employee benefits relating to leave pay provisions	**(26 091)**	(16 785)	**(26 091)**	(16 785)
– decommissioning and environmental restoration provisions	**(12 257)**	(3 049)	**(12 257)**	(3 049)
	(38 348)	(19 878)	**(38 348)**	(19 834)
Deferred tax liability	**388 055**	376 163	**388 055**	376 207
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**376 163**	357 632	**376 207**	357 680
– charge for the year (per note 23)	**11 892**	18 531	**11 848**	18 527
– temporary differences in respect of property plant and equipment	**26 535**	17 616	**26 535**	17 616
– depreciation component included in metals on hand and in transit	**3 827**	1 884	**3 827**	1 884
– estimated tax losses available for set-off against future income reversed	**44**	4	**–**	–
– temporary difference in respect of employee benefits	**(9 306)**	(2 250)	**(9 306)**	(2 250)
– temporary difference in respect of long-term provisions	**(9 208)**	1 277	**(9 208)**	1 277
Deferred tax liability at end of year	**388 055**	376 163	**388 055**	376 207

14. Long-term provisions

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Provision for decommissioning costs				
– balance at beginning of year	**19 305**	21 872	**19 305**	21 872
– present value of decommissioning asset capitalised (note 2)	**34 873**	–	**34 873**	–
– charged to operating costs (note 18)	**–**	1 814	**–**	1 814
– adjustment arising from change in discount rate (note 18)	**(6 815)**	(9 241)	**(6 815)**	(9 241)
– unwinding of discount (note 18)	**2 220**	1 859	**2 220**	1 859
– revisions (note 18)	**–**	3 001	**–**	3 001
– balance at end of year	**49 583**	19 305	**49 583**	19 305
Provision for restoration costs				
– balance at beginning of year	**2 444**	3 277	**2 444**	3 277
– adjustment arising from change in discount rate (note 18)	**–**	(1 428)	**–**	(1 428)
– unwinding of discount (note 18)	**281**	279	**281**	279
– charged to operating costs (note 18)	**3 550**	316	**3 550**	316
– balance at end of year	**6 275**	2 444	**6 275**	2 444
Environmental rehabilitation obligations at year end	**55 858**	21 749	**55 858**	21 749
Environmental rehabilitation obligation before funding	**55 858**	21 749	**55 858**	21 749
Less: Northam Platinum Restoration Trust Fund (note 6)	**(21 820)**	(18 920)	**(21 820)**	(18 920)
Net present value of unfunded environmental rehabilitation obligations	**34 038**	2 829	**34 038**	2 829

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

14. Long-term provisions *(cont)*

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 11.5% (2007: 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 alternative use.

The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the estimated obligations were as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Undiscounted decommissioning obligations	**66 239**	60 492	**66 239**	60 492
Undiscounted restoration obligations	**8 383**	7 656	**8 383**	7 656
Total decommissioning and restoration obligation	**74 622**	68 148	**74 622**	68 148
Less: Obligation not requiring financial provision*	**(28 185)**	(25 740)	**(28 185)**	(25 740)
	46 437	42 408	**46 437**	42 408
Less: Funds held by Northam Platinum Restoration Trust				
Fund (note 6)	**(21 820)**	(18 920)	**(21 820)**	(18 920)
Environmental Guarantee Investment (note 7)	**(12 900)**	(10 311)	**(12 900)**	(10 311)
Total unfunded future rehabilitation obligations	**11 717**	13 177	**11 717**	13 177

The company has procured the issue of an insurance guarantee for R24 million (2007 – R24.0 million) in respect of the unfunded decommissioning and restoration costs.

15. Trade and other payables

Trade and other payables comprise:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– trade payables	**127 366**	79 006	**127 366**	79 006
– accruals	**87 362**	73 061	**87 362**	73 061
– other	**14 721**	1 494	**14 647**	1 238
	229 449	153 561	**229 375**	153 305

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

16. Short-term provisions

Provision for leave pay:				
– balance at beginning of year	**57 878**	50 068	**57 878**	50 068
– arising during the year	**80 770**	72 465	**80 770**	72 465
– utilised during the year	**(75 465)**	(64 655)	**(75 465)**	(64 655)
– balance at end of year	**63 183**	57 878	**63 183**	57 878

A provision for leave pay is recognised for the employer's liability for annual leave and associated costs.

The provision for compensated absences is recognised when the employee renders service. The provision is updated on a monthly basis.

Provision for The Toro Employee Empowerment Fund:				
– balance at beginning of year	–	–	–	–
– arising during the year	**30 000**	–	**30 000**	–
– utilised during the year	–	–	–	–
– balance at end of year	**30 000**	–	**30 000**	–

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

Total short-term provisions	**93 183**	57 878	**93 183**	57 878

17. Total revenue

Total revenue comprises:				
– sales revenue	**3 886 137**	3 739 805	**3 886 137**	3 739 805
– investment income (note 20)	**97 507**	83 643	**97 507**	83 643
– sundry revenue	**11 870**	8 477	**11 870**	8 477
	3 995 514	3 831 925	**3 995 514**	3 831 925

18. Operating costs

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:

– labour	**716 717**	593 080	**716 717**	593 080
– stores	**502 569**	448 700	**502 569**	448 700
– utilities	**110 226**	103 740	**110 226**	103 740
– sundries	**297 862**	218 698	**297 862**	218 698
– provision for decommissioning and restoration costs (note 14)	**(764)**	(3 400)	**(764)**	(3 400)
	1 626 610	1 360 818	**1 626 610**	1 360 818

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

18. Operating costs *(cont)*

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Operating costs include the following:				
External auditors remuneration				
– current year	**1 384**	899	**1 325**	840
– prior year adjustment	**38**	22	**35**	22
Internal audit fees				
– current year	**1 885**	962	**1 885**	962
– prior year adjustment	**(702)**	(41)	**(702)**	(41)
Directors' remuneration				
– non executive fees	**1 684**	1 182	**1 684**	1 182
– executive remuneration	**2 256**	5 910	**2 256**	5 910
Share based payment expense	**17 402**	11 774	**17 402**	11 774
Operating lease payments				
– office equipment	**437**	356	**437**	356
– premises	**465**	366	**465**	366

Details of directors' remuneration are contained in the directors' report on page 45.

19. Depreciation

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Depreciation of mining properties plant and equipment consists of the following:				
– mining property	**11 429**	11 429	**11 429**	11 429
– plant and equipment	**133 308**	115 429	**133 308**	115 429
– decommissioning asset	**2 957**	552	**2 957**	552
– vehicles	**1 631**	1 630	**1 631**	1 630
	149 325	129 040	**149 325**	129 040

20. Investment income

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Investment income consists of the following:				
– interest received on cash and cash equivalents	**95 454**	80 936	**95 454**	80 936
Fair value adjustment on investment designated as at fair value through profit and loss				
– growth in Northam Platinum Restoration Trust Fund (note 6)	**2 053**	1 525	**2 053**	1 525
– growth in Environmental Contingency Fund (note 7)	**–**	1 182	**–**	1 182
	97 507	83 643	**97 507**	83 643

21. Sundry income/(expenditure)

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Sundry income/(expenditure) is arrived at as follows:				
– Profit/(loss) on sale of property, plant and equipment	**(22)**	388	**(22)**	388
– currency translation losses	**(9 527)**	(4 707)	**(9 527)**	(4 707)
– other	**(497)**	1 145	**(233)**	1 129
– sundry revenue	**11 870**	8 477	**11 870**	8 477
– rent received	**804**	863	**804**	863
– royalties received from chrome recovery plant	**6 262**	5 079	**6 262**	5 079
– sale of scrap	**2 438**	2 084	**2 438**	2 084
– toll treatment revenue	**48**	451	**48**	451
– dividends received	**2 318**	–	**2 318**	–
	1 824	5 303	**2 088**	5 287

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

22. Expenditure incurred on Booysendal

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total expenditure incurred				
– project cost	**9 678**	–	**9 678**	–
– transaction cost	**8 291**	–	**8 291**	–
	17 969	–	**17 969**	–

The majority of the expenditure incurred for the Booysendal Project was on the review of the pre-feasibility study that has been performed over the past year.

23. Tax

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Current	**854 148**	756 031	**854 149**	756 031
Deferred (note 13)	**24 863**	18 531	**24 821**	18 527
Current year's tax charge	**879 011**	774 562	**878 970**	774 558
Adjustment to deferred tax liability arising from the change in tax rate (note 13)	**(12 971)**	–	**(12 973)**	–
	866 040	774 562	**865 997**	774 558
The tax charge comprises:				
– mining tax	**610 115**	575 001	**610 115**	575 001
– non mining tax	**26 843**	23 948	**26 845**	23 944
– state's share of profits	**124 629**	55 726	**124 629**	55 726
– adjustment in respect of previous years	**43**	(1 404)	**–**	(1 404)
– adjustment in respect of change in tax rate	**(12 971)**	–	**(12 973)**	–
– secondary tax on companies	**117 381**	121 291	**117 381**	121 291
	866 040	774 562	**865 997**	774 558

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	**28.0**	29.0	**28.0**	29.0
– state's Share of Profits	**5.3**	2.7	**5.3**	2.7
– secondary tax on companies	**5.0**	5.8	**5.0**	5.8
	38.3	37.5	**38.3**	37.5
– expenditure disallowed	**0.4**	0.2	**0.4**	0.2
– other	**(1.4)**	(0.7)	**(1.4)**	(0.7)
– tax rate adjustment	**(0.6)**	–	**(0.6)**	–
– prior year adjustments	**–**	(0.1)	**–**	(0.1)
– effective tax rate	**36.7**	36.9	**36.7**	36.9
Amounts which are available for offset against future taxable income				
– calculated losses for which a deferred tax asset has been raised.	**–**	150	**–**	–

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

23. Tax *(cont)*

23.1 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%.

23.2 Mining tax
The current rate of mining tax applicable to the company is 28% (2007: 29%).

23.3 Non-mining tax
Non-mining income is subject to a rate of 28% (2007: 29%).

23.4 Deferred tax
Deferred tax is provided at the statutory rate of 28% (2007: 29%) for all temporary differences.

23.5 Secondary tax on companies
Secondary tax on companies is levied at the rate of 12.5% of net dividends declared up to 1 October 2007 and at 10.0% of net dividends declared thereafter.

23.6 Capital gains tax
Capital gains tax, at an effective rate of 14% (2007:14.5%), is payable on any gains realised on the disposal of investments or mining properties.

24. Earnings per share
Basic earnings per share amounts are calculated dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 238 006 682 (2007: 236 746 919) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Profit attributable to shareholders	**1 492 811**	1 326 244	**1 493 118**	1 326 232
Loss/(profit) on sale of property, plant and equipment	**22**	(388)	**22**	(388)
Tax effect	**(6)**	113	**(6)**	113
Headline earnings	**1 492 827**	1 325 969	**1 493 134**	1 325 957

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

24. Earnings per share *(cont)*

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The number of potential diluted shares are calculated as follows:				
Average number of ordinary shares in issue during the year	**238 006 682**	236 746 919	**238 006 682**	236 746 919
Average number of Northam Share Option Scheme options outstanding during the year	**2 515 744**	3 024 863	**2 515 744**	3 024 863
Average number of potential diluted ordinary shares in issue	**240 522 426**	239 771 782	**240 522 426**	239 771 782

The company's authorised ordinary share capital was increased during the year to 475 000 000 (2007: 350 000 000) ordinary shares of 1 cents each. This was done to allow for the issuing of 121 000 000 shares to Mvelaphanda Equity (Pty) Ltd, a wholly owned subsidiary of Mvelaphanda Resources Limited on 20 August 2008, as payment for the Booysendal Project.

The issuing of the shares will have a dilutive effect on the basic and headline earnings per share.

25. Cash generated from operations

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Profit before taxation	**2 358 851**	2 100 806	**2 359 115**	2 100 790
Adjusted for non-cash items				
– loss/(profit) on disposal of property, plant and equipment	**22**	(388)	**22**	(388)
– depreciation	**149 325**	129 040	**149 325**	129 040
– decrease in long-term provisions	**(764)**	(3 400)	**(764)**	(3 400)
– share based payment expense	**17 402**	11 774	**17 402**	11 774
Interest received	**(95 454)**	(80 936)	**(95 454)**	(80 936)
	2 429 382	2 156 896	**2 429 646**	2 156 880

26. Change in working capital

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Inventories	**(250 490)**	25 882	**(250 490)**	25 882
Trade and other receivables	**(90 402)**	(149 447)	**(90 463)**	(149 758)
Trade and other payables	**75 888**	17 249	**76 070**	18 030
	(265 004)	(106 316)	**(264 883)**	(105 846)

27. Tax paid

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Balance owing at beginning of year	**343 191**	171 461	**343 191**	171 461
Charge per income statement, excluding deferred tax	**854 148**	756 031	**854 149**	756 031
Balance owing at end of year	**(449 110)**	(343 191)	**(449 110)**	(343 191)
	748 229	584 301	**748 230**	584 301

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
28. Commitments and contingencies				
Capital Expenditure – plant and equipment				
Authorised but not contracted	**248 699**	179 380	**248 699**	179 380
Contracted	**91 466**	25 712	**91 466**	25 712
Information Technology Outsource Service Providers				
Due within one year	**1 889**	8 851	**1 889**	8 851
Due within two to five years	**–**	1 868	**–**	1 868
Operating lease rentals – office equipment				
Due within one year	**270**	114	**270**	114
Due within two to five years	**191**	31	**191**	31
Operating lease – premises				
Due within one year	**598**	99	**598**	99
Due within two to five years	**1 110**	–	**1 110**	–
Housing development				
Contracted	**16 000**	1 913	**–**	–
Unutilised loan facility granted to subsidiary	**–**	–	**18 000**	–

These commitments will be financed out of operating cash flows.

29. Employee benefits

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The aggregate earnings and benefits of employees, including directors, were				
– salaries, wages and other benefits	**610 781**	497 506	**610 781**	497 506
– contributions to retirement benefit funds	**53 564**	47 693	**53 564**	47 693
– contributions to health-care funds	**34 970**	36 107	**34 970**	36 107
– share based payment expense	**17 402**	11 774	**17 402**	11 774
– employee empowerment scheme	**30 000**	–	**30 000**	–
	746 717	593 080	**746 717**	593 080
– fees paid to non-executive directors	**1 684**	1 182	**1 684**	1 182
	748 401	594 262	**748 401**	594 262
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	**151**	5 473	**151**	5 473

The company is in the process of establishing The Toro Employee Empowerment Trust with the objective of attracting, retaining and incetivising qualifying employees through participation in company profits resulting from increased productivity and adherence to safety standards.

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 45.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

30. 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 arm's length basis apart from an interest free loan provided by the company to Norplats Properties (Pty) Ltd.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 2 on page 84.

31. 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 16.

Geographic segment: By location of customers:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Segment revenue				
Europe	**1 464 514**	1 222 261	**1 464 514**	1 222 261
Japan	**1 055 075**	1 093 848	**1 055 075**	1 093 848
North America	**972 583**	939 375	**972 583**	939 375
South Africa	**393 965**	484 321	**393 965**	484 321
	3 886 137	3 739 805	**3 886 137**	3 739 805
Segment accounts receivable				
Europe	**81 593**	25 138	**81 593**	25 138
Japan	**120 980**	85 508	**120 980**	85 508
North America	**44 268**	55 217	**44 268**	55 217
South Africa	**112 423**	102 999	**112 352**	102 867
	359 264	268 862	**359 193**	268 730

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

32. Financial risk management objectives and policies

The group's principal financial liabilities, other than derivatives, comprise trade payables and hire purchase contracts, and loans given. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

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

It is, and has been throughout 2008 and 2007 the group's policy that no trading in derivatives shall be undertaken. The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. All of the group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst 96% of costs are denominated in the unit's functional currency.

The following table demonstrates the sensitivity to a possible change in the US dollar exchange rate, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the group's equity (due to changes in the fair value of forward exchange contracts and net investment hedges):

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– weakening by 10%	**35 982**	17 392	**35 982**	17 392
– strengthening by 10%	**(35 982)**	(17 392)	**(35 982)**	(17 392)

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:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– accounts receivable – US$	**30 940**	23 437	**30 940**	23 437
– cash and cash equivalents – US$	**14 422**	1 139	**14 422**	1 139
– accounts payable – €	**748**	1 034	**748**	1 034
Exchange rates at year end				
Rand/Dollar	**7.83**	7.08	**7.83**	7.08
Rand/Euro	**12.33**	9.52	**12.33**	9.52

(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 following is an indication of the effect that changes in the commodity prices would have on the profit before tax:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– increase of 10%	**35 982**	17 392	**35 982**	17 392
– decrease of 10%	**(35 982)**	(17 392)	**(35 982)**	(17 392)

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

32. Financial risk management objectives and policies *(cont)*

(c) Credit risk
The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition., receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the group.

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

(d) Interest rate
The group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash balances with floating interest rates.

As part of the process of managing the group's interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates. At the year end, apart from trade and other payables, there were no borrowings.

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– increase of 1%	**14 997**	12 099	**14 997**	12 099
– decrease of 1%	**(14 997)**	(12 099)	**(14 997)**	(12 099)

(e) Fair value
Management is of the opinion that the book value of financial instruments approximates fair value, except for the loan to subsidiary which is stated at cost.

(f) Liquidity risk
The group's treasury operations are managed by a reputable treasury management institution.

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

The group does not have any borrowings apart from trade accounts payable which are due within 30 days.

(g) Capital management

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

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2008 and 30 June 2007.

(h) Categories of financial instruments
The various categories of financial instruments are set out in Annexure 1, which form part of these notes.

Annexure 1

Analysis of financial instruments at 30 June 2008

	Available for sale		Loans and receivables	
	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
a) Categories of financial instruments – group				
Available-for-sale investments	**8**	6		
Investments held by Northam Platinum Restoration Trust Fund				
Environmental Guarantee Investment				
Trade and other accounts receivable			**324 016**	236 763
Cash and cash equivalents			**1 499 748**	1 209 912
Trade and other accounts payable				
	8	6	**1 823 764**	1 446 675
Categories of financial instruments – company				
Available for sale investments	**8**	6		
Investments held by Northam Platinum Restoration Trust Fund				
Environmental Guarantee Investment				
Trade and other accounts receivable			**323 945**	236 763
Cash and cash equivalents			**1 499 511**	1 208 078
Trade and other accounts payable				
	8	6	**1 823 456**	1 444 841

b) Trade and other receivables – group and company

The table below summarises the maturity profile of the company and group's trade receivable as at 30 June 2008:

	"Neither past due nor impaired"		< 30 days	
	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
Trade receivables	**358 553**	268 282	**655**	423

Assets fair valued through profit and loss		Financial liabilities at amortised cost		Non-financial instruments		Total	
Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000
						8	6
21 820	18 920					21 820	18 920
12 900	10 311					12 900	10 311
				35 248	32 099	359 264	268 862
						1 499 748	1 209 912
		(229 449)	(153 561)			(229 449)	(153 561)
34 720	29 231	(229 449)	(153 561)	35 248	32 099	1 664 291	1 354 450
						7	7
21 820	18 920					21 820	18 920
12 900	10 311					12 900	10 311
				35 248	31 967	359 193	268 730
						1 499 511	1 208 078
		(229 375)	(153 305)			(229 375)	(153 305)
34 720	29 231	(229 375)	(153 305)	35 248	31 967	1 664 057	1 352 740

30 – 60 days		60 – 90 days		> 90 days		Total	
Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000
53	–	3	4	–	153	359 264	268 862

Annexure 2

For the year ended 30 June 2008

Related party transactions

Name of entity	Basis of identification as a related party	Related director	Nature of services provided
Anglo Platinum Limited	Major shareholder and common directors	R Havenstein, R Mills and N M Mbazima (Notes 1 and 2)	Sales of by-products - nickel and cobalt
			Supply of internal audit services
			Toll treatment of concentrates
ABSA Group Limited	Common directorship	T M G Sexwale (Note 3)	Treasury operations – investment of surplus cash funds
			Treasury operations – sale of export proceeds
GigimaAst Group Limited	Common directorship	N J Dlamini	Maintenance of computer systems
Gold Fields Training Services (Proprietary) Limited	Common directorship	T M G Sexwale, director of holding company (Note 3)	Supply of training services
J I C Mining Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Supply of consumable stores
Mvelaphanda Resources Limited	Major shareholder and common directors	M E Beckett, T M G Sexwale, B R van Rooyen, M J Willcox and P L Zim (Notes 3 and 4)	Reimbursement of expenses
Protea Aviation Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Transport of products
Protea Security Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Supply of security services
Trollope Mining Services (2000) (Proprietary) Limited	Common diectorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Transport of waste and hire of plant
Key management personel			
Non-executive directors' fees			See Directors' Report page 45
Executive directors remuneration			
G T Lewis			Remuneration
			Performance bonus
			Contribution to retirement fund
			Other benefits
			Gain on exercise of share options
			See Directors' Report page 45
			Equity compensation charge
Senior management remuneration			Remuneration
			Performance bonus
			Contribution to retirement fund
			Other benefits
			Equity compensation charge

Notes

Note 1. Mr Havenstein resigned as a director of Anglo Platinum Limited on 31 August 2007.
Note 2. Mr Mills resigned as a director of the company on 16 September 2007.
Note 3. Mr T M G Sexwale resigned as a director of the company on 20 April 2007.
Note 4. Mr M J Willcox resigned as a director of the company on 13 August 2007.

Where charged/ (credited) in income statement:	Charged/(credit) to income statement 2008 R000	2007 R000	Year end balance 2008 R000	2007 R000	Year end balance included in:
Sales revenue	**(13 254)**	(166 799)	**14 861**	14	Accounts receivable
Operating costs – sundries	**194**	962	**–**	962	Accounts payable
Net sundry revenue	**–**	(451)	**–**	–	Accounts receivable
n/a	**–**	–	**–**	355 000	Cash and cash equivalents
Investment income	**–**	(18 365)	**–**	6 411	Accounts receivable
Sales revenue	**–**	–	**–**	–	n/a
Operating costs – sundries	**425**	2 313	**2 313**	–	Accounts payable
Operating costs – sundries	**3 211**	1 274	**–**	9	Accounts payable
Operating costs – stores	**–**	4	**–**	–	Accounts payable
Operating costs – sundries	**108**	182	**–**	–	n/a
Refining and other costs	**156**	999	**–**	56	Accounts payable
Operating costs – sundries	**1 166**	7 971	**–**	–	Accounts payable
Operating costs – sundries	**2 544**	9 622	**–**	1 214	Accounts payable
Operating costs – sundries	**1 684**	1 182			
Operating costs – labour	**1 785**	1 525			
Operating costs – labour	**235**	212			
Operating costs – labour	**223**	190			
Operating costs – labour	**13**	20			
	–	3 963			
	2 256	5 910			
Operating costs – labour	**1 987**	1 232			
	4 243	7 142			
Operating costs – labour	**7 499**	7 241			
Operating costs – labour	**945**	704			
Operating costs – labour	**937**	905			
Operating costs – labour	**506**	1 189			
Operating costs – labour	**7 504**	4 915			
	17 391	14 954			

Annexure 3

Analysis of options held as at 30 June 2008

Grant date	14 Oct 2003	14 Oct 2004	24 Oct 2005	23 Oct 2006	22 Oct 2007	**Total**
Earliest exercise date	14 Oct 2005	14 Oct 2006	24 Oct 2007	23 Oct 2008	22 Oct 2009	
Expiry date	13 Oct 2008	13 Oct 2009	23 Oct 2010	22 Oct 2011	21 Oct 2012	
Exercise price – cents	1 060	830	1 700	3 845	4 800	
Balance at 30 June 2007	22 000	642 500	1 812 500	2 177 500	–	**4 654 500**
New options granted during the year	–	–	–	–	2 202 500	**2 202 500**
Options forfeited during the year	–	–	(155 000)	(420 000)	(260 000)	**(835 000)**
Options exercised during the year	(22 000)	(550 000)	(799 500)	(45 000)	(45 000)	**(1 461 500)**
Month						
July	–	–	–	–	–	–
August	–	–	–	–	–	–
September	(8 000)	–	–	–	–	**(8 000)**
October	–	(307 500)	(252 500)	–	–	**(560 000)**
November	–	(72 500)	(185 000)	–	–	**(257 500)**
December	–	–	(94 500)	–	–	**(94 500)**
January	–	–		–	–	–
February	(14 000)	(152 500)	(171 500)	–	–	**(338 000)**
March	–	(17 500)	(51 000)	–	–	**(68 500)**
April	–	–	(22 500)	(45 000)	(45 000)	**(112 500)**
May	–	–	–	–	–	–
June	–	–	(22 500)	–	–	**(22 500)**
Balance at 30 June 2008	–	92 500	858 000	1 712 500	1 897 500	**4 560 500**
Total consideration received R000	233	4 565	13 592	1 730	2 160	**22 280**
Details of options granted to directors – G T Lewis						
Balance at 1 July 2007	–	75 000	187 500	187 500	–	**450 000**
New options granted during the year	–	–	–	–	187 500	**187 500**
Options exercised during the year	–	–	–	–	–	–
Balance at 30 June 2008	–	75 000	187 500	187 500	187 500	**637 500**

No options were exercised by directors. The valuation of options was performed by an independent third party.