

Notes for the year ended 31 December (Audited)

1. The abridged report is prepared on the historical cost basis, except for certain financial instruments that are fairly valued, using accounting policies that comply with International Financial Reporting Standards issued by the International Accounting Standards Board, as well as South African Statements of Generally Accepted Accounting Practice, the requirements of the South African Companies Act, and the disclosure requirements of the JSE Limited's Listings Requirements. Except for the change in accounting policy described below and in the interim report, the policies are consistent with those applied in the financial statements for the year ended 31 December 2004.

	Audited 2005 Rm	Audited 2004 Rm
2. Directors' emoluments		
Fees, salaries, benefits, bonuses and other	29,9	29,2
Profit on share options exercised	<u>18,0</u>	<u>9,2</u>
	<u>47,9</u>	<u>38,4</u>

3. Amortisation and depreciation of property, plant and equipment

Amortisation and depreciation of property, plant and equipment consists of the following categories: (Note 12)

Mining and process	2 213,1	1 511,1
Mining	<u>1 510,6</u>	<u>1 199,4</u>
Smelting	460,9	199,4
Treatment and refining	<u>241,6</u>	<u>112,3</u>
Amortisation included in other costs	14,7	15,0
Depreciation - non-mining assets	<u>46,2</u>	<u>46,2</u>
	<u>2 274,0</u>	<u>1 572,3</u>

4. Other net income/(expenditure)

Other net income/(expenditure) consists of the following principal categories:

Realised and unrealised foreign exchange gains/(losses)	336,2	(266,3)
Project maintenance costs*	(62,0)	(130,9)
Restructuring costs**	(278,4)	(191,0)
Impact of assets exchanged	196,0	(97,6)
Property, plant and equipment	<u>94,8</u>	<u>93,4</u>
Conversion rights	<u>101,2</u>	<u>(191,0)</u>
Profit on commodity contracts	1,2	0,3
Profit on disposal of conversion rights	117,3	5,8
Other - net	11,8	15,8
	<u>322,1</u>	<u>(663,9)</u>

* *Project maintenance costs comprise assets scrapped as a result of the slow-down of capital projects, costs incurred to maintain land held for future projects and costs to keep projects on care and maintenance.*

** *Restructuring costs comprise retrenchment costs and consultant fees.*

Notes for the year ended/as at 31 December (continued) (Audited)

	Audited 2005 Rm	Audited 2004 Rm
5. Interest expensed and received		
Interest expensed	(239,9)	(359,4)
Interest paid	(386,7)	(557,1)
Less: Capitalised	146,8	197,7
Time value of money adjustment to environmental obligations	(33,5)	5,1
Decommissioning costs	(29,5)	9,2
Time value adjustment	(29,5)	(28,9)
Adoption of IFRIC 1	-	38,1
Restoration costs	(4,0)	(4,1)
	<u>(273,4)</u>	<u>(354,3)</u>
Interest received		
Interest received	124,7	156,0
Growth in environmental trusts	10,8	10,1
	<u>135,5</u>	<u>166,1</u>
6. Reconciliation between net profit and headline earnings (Restated)		
Net Profit	4 489,9	2 486,3
Less: Declared and undeclared cumulative preference share dividends and related STC	<u>(255,2)</u>	<u>(152,8)</u>
Basic earnings attributable to ordinary shareholders	4 234,7	2 333,5
Adjustments (after tax where applicable):		
Profit on disposal of conversion rights	(117,3)	(5,8)
Impact of assets exchanged	(139,2)	68,3
Property, plant & equipment	(67,3)	(65,4)
Conversion rights	(71,9)	133,7
Net goodwill amortisation	-	1,5
(Profit)/loss on disposal and scrapping of property, plant and equipment	<u>(2,0)</u>	<u>28,6</u>
Headline earnings attributable to ordinary shareholders	3 976,2	2 426,1
Add: Declared and undeclared cumulative preference share dividends and related STC	255,2	152,8
	<u>4 231,4</u>	<u>2 578,9</u>
Headline earnings		
Attributable headline earnings per ordinary share (cents)		
Headline	1 828,1	1 120,6
Diluted	1 823,9	1 116,9
7. Investment in associates		
Listed - Ordinary shares (Market value: R 997,0 million (2004 : R 461,1 million))	483,2	229,3
Unlisted (Directors' valuation: R 199,9 million (2004: R 206,0 million))	199,9	206,0
Ordinary shares	109,8	130,2
Cumulative redeemable preference shares	76,4	75,8
Loan to associate (subordinated to third party debt)	13,7	-
	<u>683,1</u>	<u>435,3</u>

Notes as at 31 December (continued) (Audited)

8. Combined statement of movement in shareholders' funds and movement in reserves

	Share capital Rm	Share premium Rm	Accumulated profits Rm	Unrecognised hedging deficit Rm	Total Rm
Balance at 31 December 2003	21,5	796,3	11 769,0	(164,0)	12 422,8
Change in accounting policy					
Share-based payments			(48,7)		(48,7)
Restatement					
Cash held by insurance captives			43,2		43,2
Restated balance at 31 December 2003	21,5	796,3	11 763,5	(164,0)	12 417,3
Net profit (restated)			2 486,3		2 486,3
Ordinary and preference dividends	0,2	481,4	(1 579,6)		(1 098,0)
Paid in cash	-	-	(1 098,0)		(1 098,0)
Reinvested	0,2	481,4	(481,6)		-
Proceeds from preference share capital issued	0,4	3 923,9			3 924,3
Preference share capital issued	0,4	3 999,6			4 000,0
Less: Share issue expenses		(75,7)			(75,7)
Ordinary share capital issued	- *	35,1			35,1
After-tax changes in forward metal prices				164,0	164,0
Equity-settled share-based compensation			36,4		36,4
Restated balance at 31 December 2004	22,1	5 236,7	12 706,6	-	17 965,4
Change in accounting policy - negative goodwill on associate reversed			173,4		173,4
Net profit			4 489,9		4 489,9
Ordinary and preference dividends paid in cash			(2 028,7)		(2 028,7)
Ordinary share capital issued	0,1	162,6			162,7
Conversion of preference shares	- *	0,4			0,4
Equity-settled share-based compensation			38,9		38,9
Balance at 31 December 2005	22,2	5 399,7	15 380,1	-	20 802,0

* Less than R50 000.

9. Interest-bearing borrowings

	2005 Facility Rm	2005 Utilised Rm	2004 Facility Rm	2004 Utilised Rm
Bank overdrafts:				
Committed	11 556,6	3 805,2	11 556,6	4 685,3
Uncommitted	1 414,6	-	1 070,0	662,6
	12 971,2	3 805,2	12 626,6	5 347,9

The weighted average borrowing rate at 31 December 2005 was 7,8735% (2004: 8,0763%).

Borrowing

The borrowing powers in terms of the Articles of Association of the Holding Company and its subsidiaries are unlimited.

Notes for the year ended 31 December (continued) (Audited)

	Audited 2005 Rm	Audited 2004 Rm
10. Commitments		
<i>Mining and process property, plant and equipment</i>		
Contracted for	1 442,9	1 308,0
Not yet contracted for	6 259,0	5 953,6
Authorised by the Directors	<u>7 701,9</u>	<u>7 261,6</u>
Allocated for expansion of capacity	2 430,7	2 299,4
- within one year	1 209,7	1 201,9
- thereafter	1 221,0	1 097,5
Maintenance of capacity	5 271,2	4 962,2
- within one year	2 004,6	2 174,8
- thereafter	3 266,6	2 787,4
<i>Other</i>		
Operating lease rentals - buildings	589,9	666,8
Due within one year	41,0	44,8
Due within two to five years	163,3	173,6
Thereafter	385,6	448,4
Information Technology Service Providers	144,5	100,8
Due within one year	62,1	38,9
Due within two to five years	82,4	61,9

These commitments will be funded from existing cash resources, future operating cash flows, borrowings and any other funding strategies embarked on by the Group.

11. Contingent liabilities

Letters of comfort have been issued to financial institutions to cover certain banking facilities. There are no encumbrances of Group assets, other than the assets held under finance leases by the Group.

Aquarius Platinum (South Africa) (Proprietary) Limited holds an option to put its interest in the pooling and sharing arrangement to the Group in the case of termination of that relationship. The probability of the option being exercised is considered remote. The amount of such an obligation is dependent on a discounted cash flow valuation of their interest at that point in time.

12. Changes in accounting estimate

Metal inventories

During the year, the Group changed its estimate of the quantities of inventory based on the outcome of a physical count of in process metals. The Group runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Due to the nature of in process inventories being contained in weirs, pipes and other vessels, physical counts only take place once per annum.

This change in estimate has had the effect of increasing the value of inventory disclosed in the financial statements by R335,7 million (no physical count of in process inventory was undertaken for the comparative period). This results in the recognition of an after-tax gain of R238,3 million.

The amount of the effect in future periods has not been disclosed because estimation is impracticable

Useful lives of property, plant & equipment

In response to IAS 16 (revised), the Group has re-estimated the expected useful lives of plant and equipment. The impact on current year earnings of this change in estimate amounts to an after tax decrease of R205,5 million. It is expected that there will be an impact going forward from IAS 16 (revised).

13. Comparative figures and restatement

The leave pay accrual which was previously disclosed as a non-current liability was reclassified as a current liability and is included in accounts payable, for the current and prior years. Cash held by captive cell entities as previously included in originated loans and receivables. The prior year was reformatted to separately disclose this balance in addition to the bringing to book of previously unconsolidated captive cell entities. Comparative figures were restated for the change in accounting policy.

14. New accounting policies adopted in response to changes in IFRS that impacts the current year

IFRS 2 - Share-based payments

IFRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the Group did not recognise the financial effect of share-based payments.

In accordance with the transitional provisions of IFRS 2, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested as at 1 January 2005, and to liabilities for share-based transactions existing at 1 January 2005.

The Group issues equity-settled and cash-settled share-based instruments to certain employees. Equity-settled share based payment are measured at the fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on management's estimate of shares that are expected to eventually vest. A liability equal to the portion of the services received is recognised at the fair value determined at each balance sheet date for cash-settled share-based payments.

Fair value is measured using the bi-nomial option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

For 2004, the change in accounting policy has resulted in a decrease in earnings for the year of R 38,0m. The balance sheet at 31 December 2004 has been restated to reflect the recognition of a liability for share-based payments of R 50,0m and a share based payment reserve of R 51,1m (for grants after 7 November 2002) which is included in accumulated profits.

For 2005, the impact of share-based payments is a charge to earnings of R 137,2m. At 31 December 2005, the share-based payment reserve amounted to R 90,0m, which is included in accumulated profits and the liability recognised for share-based payments amounts to R 188,5m.

The share-based payment charge has been included as part of cost of sales in other costs.

IFRS 3 - Business combinations

On adoption of IFRS 3, limited retrospective application was elected, thus avoiding the need to restate past business combinations. An amount of R173,4 million representing negative goodwill was transferred from investments in associates to accumulated profits on 1 January 2005. The prior year figures are not affected by this change.
