

## *Financial index*

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## Directors' responsibility for financial reporting

### TO THE MEMBERS OF KUMBA RESOURCES LIMITED

The directors of the company are responsible for maintaining adequate accounting records, the preparation of the annual financial statements of the company and group and to develop and maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. In presenting the accompanying financial statements, South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards have been followed, applicable accounting policies have been used while prudent judgements and estimates have been made.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal control aimed at reducing the risk of error or loss in a cost-effective manner. Such systems can provide reasonable but not absolute assurance against material misstatement or loss. The directors, primarily through the audit committee which consists of non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The group's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the external auditors. The external auditors are responsible for reporting on the financial statements. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the audit committee. The directors are not aware of any material breakdown in the functioning of these controls and systems during the year under review.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors, and on comment by the external auditors on the results of their audit conducted for the purpose of expressing their opinion, that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

The directors have reviewed the group's financial budgets with their underlying business plans for the period to 31 December 2005. In the light of the current financial position and existing borrowing facilities, they consider it appropriate that the annual financial statements be prepared on the going-concern basis.

Against this background the directors of the company accept responsibility for the annual financial statements, which were approved by the board of directors on 15 February 2005 and are signed on its behalf by

**MLD Marole**  
Chairman

**Dr CJ Fauconnier**  
Chief Executive

**DJ van Staden**  
Director

The external auditors have audited the annual financial statements of the company and group and their unqualified report appears on p108.

## Certificate by company secretary

In terms of the Companies Act 61 of 1973 of South Africa, as amended, I, Marie Viljoen, in my capacity as company secretary, confirm that for the period ended 31 December 2004, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

**M Viljoen**  
Company secretary

15 February 2005

## *Report of the independent auditors*

### **TO THE MEMBERS OF KUMBA RESOURCES LIMITED**

We have audited the financial statements and the group financial statements of Kumba Resources Limited, set out on p109 to p171 for the 18-month period ended 31 December 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Scope**

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

An audit includes:

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

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

### **Audit opinion**

In our opinion the financial statements fairly present, in all material respects, the financial position of the company and of the group at 31 December 2004 and the results of their operations and cash flows for the period then ended in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.



### **Deloitte & Touche**

*Registered Accountants and Auditors  
Chartered Accountants (SA)*

Sandton  
15 February 2005

# Report of the directors

The directors have pleasure in presenting the annual financial statements for Kumba Resources Limited ("Kumba") and the group for the 18-months ended 31 December 2004.

## CHANGE OF YEAR-END

The group changed its year-end from 30 June to 31 December to be in line with the year-end of its majority shareholder, Anglo American plc and is consequently reporting on an 18-month period.

## NATURE OF BUSINESS

Kumba, incorporated in South Africa, is a mining group of companies focusing on extracting and processing a range of minerals and metals including iron ore, coal, heavy minerals, base metals and selected industrial minerals.

## CORPORATE GOVERNANCE

The board endorses the Code of Corporate Practice and Conduct as set out in the King II Report on Corporate Governance and has satisfied itself that Kumba has complied throughout the period in all material aspects with the King II Code. A detailed report can be found on p60 to p65.

## REGISTRATION DETAILS

Kumba is a listed company on the JSE Securities Exchange South Africa. The company registration number is 2000/011076/06. The registered office is Roger Dyason Road, Pretoria West, Republic of South Africa, 0183.

## ACTIVITIES AND FINANCIAL RESULTS

Detailed reports on the activities and performance of the group and the various divisions of the group are contained in the financial review on p22 to p31 and in the business operations review on p33 to p42. These reports are unaudited.

## PROPERTY, PLANT AND EQUIPMENT

Capital expenditure for the period amounted to R1 396 million (30 June 2003: R1 386 million).

## SHAREHOLDERS' RESOLUTIONS

At the third annual general meeting of shareholders, held on 19 November 2003, the following resolutions were passed:

- resolution to authorise the directors to allot and issue unissued ordinary shares required to be allotted pursuant to the share incentive scheme;
- resolution to authorise directors to issue unissued shares for cash; and
- resolution to authorise Kumba to acquire its own shares.

Kumba and its subsidiaries have passed no other special or ordinary shareholders' resolutions of material interest or of substantive nature.

## SHARE CAPITAL

The total number of shares in issue increased during the period to 301 854 211. The increase can be summarised as follows:

	Date of issue	Number of shares
Opening balance		296 962 801
Issued in terms of the Management Share Option Scheme due to options exercised at prices ranging from R13,18 to R36,10	19 November 2003	4 891 410
		<hr/> 301 854 211 <hr/>

## SHAREHOLDERS

An analysis of shareholders and shareholdings appears on p71 to p72 of the annual report.

## DIVIDEND PAYMENT

### Dividend number two

Kumba paid a final dividend of R177 million on 29 September 2003 for the year ended June 2003. The STC amounted to R22 million.

### Dividend number three and four

On 29 March 2004 and 13 September 2004 the company paid interim dividends of R60 million and R105 million respectively, the STC amounted to R8 million and R13 million.

### Dividend number five

Final dividend number 5 of 90 cents per share has been declared in South African currency in respect of the period ended 31 December 2004. The dividend will be paid on Monday, 14 March 2005 to shareholders recorded in the books of the company at the close of business on 11 March 2005. To comply with the requirements of STRATE the last day to trade cum dividend will be Friday, 4 March 2005. The shares commence trading ex dividend on Monday, 7 March 2005 and the record date is Friday, 11 March 2005.

## Report of the directors *continued*

### INVESTMENTS AND SUBSIDIARIES

The financial information in respect of investments and interests in subsidiaries of the company is disclosed in annexures 2 and 3 to the financial statements.

Kumba announced on 28 July 2003 that it has disposed of its stake in Australian nickel miner Mincor Resources NL on 25 July 2003. The shares were sold for R103 million (A\$21 million) to a range of Australian and overseas financial institutions. The profit on the disposal has been reflected in the 2004 financial year.

Kumba disposed of its interest in two bulk ore carriers with a carrying value of R27 million in September 2003 for a purchase consideration of R73 million. The carrying value of R27 million is post a R90 million impairment accounted for in the 2002 financial year. The financial result of the disposal has been adequately disclosed in the 2004 financial year (refer to note 8).

The investment in Chifeng Kumba Hongye Zinc Corporation Limited was reclassified from a subsidiary to a joint venture arrangement and is consequently equity accounted.

### CHANGE IN ACCOUNTING POLICIES

The accounting policies are consistent with those applied in the annual financial statements for the year ended 30 June 2003 except for the consolidation of the Management Share Trust, and biological assets (refer note 1 of the annual financial statements).

### SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in this report or in the group financial statements that would significantly affect the operations or the results of the group.

### DIRECTORATE AND SHAREHOLDINGS

The names of the directors in office at the date of this report are set out on p58 and p59.

During the period under review, the following directors were appointed:

PM Baum	17 February 2004
WA Nairn	17 February 2004
PL Zim	17 February 2004

Mrs MLD Marole was re-elected as chairman of the board with effect from 1 November 2004.

The following directors are required to retire by rotation in terms of clause 16.1 of the articles of association at the forthcoming annual general meeting:

TL de Beer  
JJ Geldenhuys  
Dr D Konar

At the forthcoming annual general meeting the directors mentioned above will retire and, being eligible, will offer themselves for re-election.

### COMPANY SECRETARY

The company secretary is Marie Viljoen. The company secretary's registered address is:

Roger Dyason Road,	PO Box 9229
Pretoria West	Pretoria,
0183,	0001,
Republic of South Africa	Republic of South Africa

### INDEPENDENT AUDITORS

Anglo American plc acquired a controlling interest in Kumba during December 2003. In line with current practice of appointing a single service provider for the statutory auditing of corporate groups, Kumba appointed Deloitte & Touche as its statutory auditors from 16 February 2004 to replace KPMG Inc. subsequent to their review of Kumba's interim results for the period ended 31 December 2003.

Deloitte & Touche will continue in office in accordance with section 270(2) of the Companies Act, 1973, of South Africa.

## Directors' remuneration

This report on remuneration and related matters covers issues which are the concern of the board as a whole in addition to those which were dealt with by the remuneration committee.

### REMUNERATION POLICY

The human resources and remuneration committee has a clearly defined mandate from the board aimed at:

- ensuring that the company's chairman, directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance; and
- ensuring that the company's remuneration strategies and packages, including the incentive schemes, are related to

performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the company.

### DIRECTORS' SERVICE CONTRACTS

All executive directors' normal contracts are subject to six calendar months' notice. Non-executive directors are not bound by service contracts.

There are no restraints of trade associated with the contracts.

### SUMMARY OF REMUNERATION

Name	Basic salary	Fees for services	Performance bonus <sup>1</sup>	Benefit and allowance <sup>2</sup>	Retirement fund	Medical fund contributions	Gains on share scheme <sup>3</sup>	Other	Total
<b>FOR THE 18-MONTHS ENDED 31 DECEMBER 2004</b>									
<b>Executive directors</b>									
Dr CJ Fauconnier	3 251 761		352 292	872 890		18 456	–	4 055	4 499 454
MJ Kilbride	1 799 401		213 825	1 040 905	248 793	22 712	1 450 612	3 206	4 779 454
CF Meintjes	1 777 820		192 761	486 172	216 692	24 764	1 180 505	3 101	3 881 815
DJ van Staden	1 760 764		199 653	641 224	232 020	22 764	3 268 325	3 107	6 127 857
RG Wadley	1 623 352		203 669	779 890	229 731		1 775 103	3 127	4 614 872
									23 903 452
Less gains on share scheme									(7 674 545)
Total remuneration paid by Kumba									16 228 907
<b>Non-executive directors</b>									
MLD Marole (Chairman)		470 000		15 052					485 052
PM Baum <sup>4</sup>		124 167		5 672					129 839
BE Davison <sup>4</sup>		156 250		3 974					160 224
TL de Beer		337 500		14 982					352 482
JJ Geldenhuys		322 500		16 511					339 011
Dr D Konar		307 500		10 549					318 049
AJ Morgan		232 500		5 811					238 311
WA Nairn <sup>4</sup>		119 167		4 099					123 266
SA Nkosi		232 500		9 156					241 656
CML Savage		187 500							187 500
NS Segal		247 500		873					248 373
F Titi <sup>5</sup>		224 167		12 040					236 207
PL Zim <sup>4</sup>		124 167		4 099					128 266
GS Gouws <sup>6</sup>		14 203		1 361					15 564
									3 203 800

1. The performance bonus scheme was approved by the board. This incentive applies to all employees throughout the group.

2. Includes travel and entertainment allowances.

3. As set out on p114.

4. Fees paid to their respective employers and not to them as individuals.

5. Fees paid to respective employer during period 1 July 2003 to October 2003 (R33 333), thereafter paid directly to individual (R190 834).

6. Resigned during October 2003, fees and allowances paid to respective employer and not to the individual.

## Directors' remuneration *continued*

Name	Basic salary	Fees for services	Performance bonus <sup>1</sup>	Benefit and allowance <sup>2</sup>	Retirement fund	Medical fund contributions	Gains on share scheme <sup>3</sup>	Other	Total
<b>FOR THE YEAR ENDED</b>									
<b>30 JUNE 2003</b>									
<b>Executive directors</b>									
Dr CJ Fauconnier	1 801 817		193 894	524 914		10 296		10 450	2 541 371
MJ Kilbride	1 080 404		125 117	421 005	123 356	10 296		7 145	1 767 323
CF Meintjes	1 026 742		111 393	309 971	110 027	10 296	121 344	6 887	1 696 660
DJ van Staden	1 044 872		115 120	336 563	114 377	10 296		6 633	1 627 861
RG Wadley	1 034 908		119 658	400 984	119 179			6 947	1 681 676
									9 314 891
Less gains on share scheme									(121 344)
Total remuneration paid by Kumba									9 193 547
<b>Non-executive directors</b>									
MLD Marole (Chairman)		144 833		2 256					147 089
TL de Beer		167 000		3 766					170 766
JJ Geldenhuys		167 000		2 518					169 518
GS Gouws <sup>4</sup>		60 518		6 305					66 823
Dr D Konar		135 500		1 872					137 372
AJ Morgan		104 000		546					104 546
SA Nkosi		72 500		1 695					74 195
Prof NS Segal		101 750							101 750
F Titi <sup>4</sup>		83 373		3 776					87 149
CML Savage		67 500							67 500
									1 126 708

1. The performance bonus scheme was approved by the board. This incentive applies to all employees throughout the group.

2. Includes travel and entertainment allowances.

3. As set out on p114.

4. Fees paid to their respective employers and not to them as individuals.

5. Fees paid to respective employer during period 1 July 2003 to October 2003 (R33 333), thereafter paid directly to individual (R190 834).

6. Resigned during October 2003, fees and allowances paid to respective employer and not to the individual.

Retirement amounts paid or receivable by executive directors are paid or received under defined contribution retirement funds.

## DIRECTORS' INTEREST IN KUMBA SHARES

Director	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
<b>AT 31 DECEMBER 2004</b>				
Dr CJ Fauconnier	<b>21 880</b>			
MJ Kilbride				
CF Meintjes				
DJ van Staden				
RG Wadley	<b>47 870</b>			
MLD Marole (Chairman)				
TL de Beer				
JJ Geldenhuys				
GS Gouws				
Dr D Konar	<b>168</b>			
AJ Morgan				
WA Nairn			<b>51 649</b>	
SA Nkosi				
NS Segal				
F Titi				
<b>AT 30 JUNE 2003</b>				
Dr CJ Fauconnier	96 870	103 750		
MJ Kilbride	28 990			
CF Meintjes				
DJ van Staden	18 490			
RG Wadley	47 870			
MLD Marole (Chairman)				
TL de Beer				
JJ Geldenhuys				
GS Gouws				
Dr D Konar	<b>168</b>			
AJ Morgan				
SA Nkosi				
Prof NS Segal				
F Titi			<b>843 799</b>	

There has been no change to the interest of directors in share capital since the year-end.

On 31 December 2004 no director had direct or indirect interests of more than 1% in the share capital of the company.

## Directors' remuneration *continued*

### Directors' share options and restricted share awards

The following options and rights in shares in the company were outstanding in favour of directors of the company under the company's share option schemes:

#### MANAGEMENT SHARE OPTION SCHEME

Name	Options held at 31 December 2004	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2004 R	Pre-tax gain/(loss) if exercisable at 31 December 2004* R	Options exercised during the year	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
<b>FOR THE 18-MONTHS ENDED 31 DECEMBER 2004</b>										
<b>Executive directors</b>										
Dr CJ Fauconnier	307 520	28,05	2008/12/03	13 530 880	4 904 944					
	65 440	35,00	2009/11/01	2 879 360	588 960					
	92 880	41,50	2011/03/16	4 086 720	232 200					
<b>Total</b>	<b>465 840</b>			<b>20 496 960</b>	<b>5 726 104</b>					
MJ Kilbride	35 840	18,74	2010/07/25	1 576 960	905 318	23 880	18,74	37,10	438 437	2003/12/03
	151 320	28,05	2008/12/03	6 658 080	2 413 554	64 840	28,05	37,10	586 802	2003/12/03
	40 710	35,00	2009/11/01	1 791 240	366 390					
	50 750	41,50	2011/03/16	2 233 000	126 875					
<b>Total</b>	<b>278 620</b>			<b>12 259 280</b>	<b>3 812 137</b>	<b>88 720</b>			<b>1 025 239</b>	
CF Meintjes	20 490	18,50	2009/01/04	901 560	522 495	5 120	18,50	41,80	119 296	2004/02/19
	24 890	18,74	2010/07/25	1 095 160	628 721	8 290	18,74	44,45	213 136	2004/04/28
						8 290	18,74	41,80	191 167	2004/04/28
	135 640	28,05	2008/12/03	5 968 160	2 163 458	58 120	28,05	37,30	537 610	2003/12/09
	35 220	35,00	2009/11/01	1 549 680	316 980					
	48 040	41,50	2011/03/16	2 113 760	120 100					
<b>Total</b>	<b>264 280</b>			<b>11 628 320</b>	<b>3 751 754</b>	<b>79 820</b>			<b>1 061 209</b>	
DJ van Staden	37 080	18,74	2010/07/25	1 631 520	936 641	7 915	18,74	42,00	184 103	2004/03/01
						1 345	18,74	41,80	31 016	2004/03/01
	141 350	28,05	2008/12/03	6 219 400	2 254 533	20 570	28,05	41,80	282 838	2004/03/01
						40 000	28,05	42,00	558 000	2004/03/01
	35 630	35,00	2009/11/01	1 567 720	320 670					
	49 730	41,50	2011/03/16	2 188 120	124 325					
<b>Total</b>	<b>263 790</b>			<b>11 606 760</b>	<b>3 636 169</b>	<b>69 830</b>			<b>1 055 956</b>	
RG Wadley	209 280	28,05	2008/12/03	9 208 320	3 338 016					
	39 020	35,00	2009/11/01	1 716 880	351 180					
	44 380	41,50	2011/03/16	1 952 720	110 950					
<b>Total</b>	<b>292 680</b>			<b>12 877 920</b>	<b>3 800 146</b>					

\* It is presumed that directors will not exercise options which are out of the money.

#### MANAGEMENT DEFERRED PURCHASE SHARE SCHEME – KUMBA SHARES

Name	Options held at 31 December 2004	Exercise price R	Exercisable period	Proceeds if exercisable at 31 December 2004 R	Pre-tax gain/(loss) if exercisable at 31 December 2004 R	Options exercised during the year	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
<b>FOR THE 18-MONTHS ENDED 31 DECEMBER 2004</b>										
<b>Executive directors</b>										
Dr CJ Fauconnier										
MJ Kilbride						16 780	11,75	37,10	425 373	2003/12/09
CF Meintjes						5 120	18,50	41,80	119 296	2004/02/19
DJ van Staden						20 000	10,00	35,50	510 000	2003/12/18
						15 000	10,00	35,51	382 650	2003/12/18
						16 510	10,00	35,52	421 335	2003/12/18
						10 000	11,75	35,50	237 500	2003/12/19
						27 030	11,75	36,20	660 884	2003/12/19
<b>Total</b>						<b>88 540</b>			<b>2 212 369</b>	
RG Wadley						982	8,42	37,20	28 262	2003/12/09
						60 908	8,42	37,10	1 746 841	2003/12/09
<b>Total</b>						<b>61 890</b>			<b>1 775 103</b>	

## MANAGEMENT SHARE OPTION SCHEME

Name	Options held at year-end	Exercise price R	Exercisable period	Proceeds if exercisable at 30 June 2003 R	Pre-tax gain/(loss) if exercisable at 30 June 2003* R
<b>FOR THE YEAR ENDED 30 JUNE 2003</b>					
<b>Executive directors</b>					
Dr CJ Fauconnier	307 520 65 440	28,05 35,00	2008/03/12 2009/11/01	9 256 352 1 969 744	630 416 (320 656)
<b>Total</b>	<b>372 960</b>			<b>11 226 096</b>	<b>309 760</b>
MJ Kilbride	59 720 216 160 40 710	18,74 28,05 35,00	2010/07/25 2008/12/03 2009/11/01	1 797 572 6 506 416 1 225 371	678 419 443 128 (199 479)
<b>Total</b>	<b>316 590</b>			<b>9 529 359</b>	<b>922 068</b>
CF Meintjes	25 610 41 470 193 760 35 220	18,50 18,74 28,05 35,00	2009/01/04 2010/07/25 2008/12/03 2009/11/01	770 861 1 248 247 5 832 176 1 060 122	297 076 471 099 397 208 (172 578)
<b>Total</b>	<b>296 060</b>			<b>8 911 406</b>	<b>992 805</b>
DJ van Staden	46 340 201 920 35 630	18,74 28,05 35,00	2010/07/25 2008/12/03 2009/11/01	1 394 834 6 077 792 1 072 463	526 422 413 936 (174 587)
<b>Total</b>	<b>283 890</b>			<b>8 545 089</b>	<b>765 771</b>
RG Wadley	209 280 39 020	28,05 35,00	2008/12/03 2009/11/01	6 299 328 1 174 502	429 024 (191 198)
<b>Total</b>	<b>248 300</b>			<b>7 473 830</b>	<b>237 826</b>

\* It is presumed that directors will not exercise options which are out of the money.

\*\* No options were exercised during the year ended 30 June 2003.

## MANAGEMENT DEFERRED PURCHASE SHARE SCHEME – KUMBA SHARES

Name	Options held at year-end	Exercise price R	Exercisable period	Proceeds if exercisable at 30 June 2003 R	Pre-tax gain/(loss) if exercisable at 30 June 2003 R	Options exercised during the year	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
<b>FOR THE YEAR ENDED 30 JUNE 2003</b>										
<b>Executive directors</b>										
Dr CJ Fauconnier										
MJ Kilbride	16 780	11,75	2007/11/04	505 078	307 913					
CF Meintjes	5 120	18,50	2009/01/04	154 112	59 392	10 240	18,50	30,35	121 344	2003/05/27
DJ van Staden	51 510 37 030	10,00 11,75	2007/03/23 2007/11/04	1 550 451 1 114 603	1 035 351 679 501					
<b>Total</b>	<b>88 540</b>			<b>2 665 054</b>	<b>1 714 852</b>					
RG Wadley	61 890	8,42	2008/03/01	1 862 889	1 341 775					

## Income statements

for the 18-months ended 31 December 2004

	Notes	GROUP		COMPANY	
		18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>REVENUE</b>	4	<b>12 599</b>	7 469	<b>721</b>	545
Operating expenses	5	(10 744)	(6 280)	(689)	(446)
<b>NET OPERATING PROFIT</b>		<b>1 855</b>	1 189	<b>32</b>	99
Interest income	6	47	77	18	61
Interest expense	6	(448)	(321)	(290)	(243)
Income from investments	7			650	529
(Loss)/income from equity accounted investments	16	(13)	2		
<b>PROFIT BEFORE TAXATION</b>		<b>1 441</b>	947	<b>410</b>	446
Taxation	9	(434)	(229)	(51)	(29)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>1 007</b>	718	<b>359</b>	417
Minority interest		(65)			
<b>NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>		<b>942</b>	718	<b>359</b>	417
<b>ATTRIBUTABLE EARNINGS PER SHARE (CENTS)</b>	10				
– basic (2003 as previously reported)		314	242		
– basic restated for June 2003			244		
– diluted (2003 as previously reported)		312	240		
– diluted restated for June 2003			242		
Dividend paid per share (cents) in respect of the previous financial year		60	85		
Dividend paid per share (cents) in respect of the first interim period		20			
Dividend paid per share (cents) in respect of the second interim period		35			
Final dividend declared per share (cents) in respect of this 18-month period	11	90			
<b>RECONCILIATION OF HEADLINE EARNINGS</b>					
Net profit attributable to ordinary shareholders		942	718		
Adjusted for:					
– Impairment charges	8	35	2		
– Share of associates' goodwill amortisation	16	27	38		
– Goodwill amortisation	15	(6)	21		
– Share of associates' exceptional items	16	20	7		
– Net deficit/(profit) on disposal or scrapping of property, plant and equipment	5	48	(3)		
– Net surplus on disposal of investment in joint venture and associates	5	(72)			
– Closure cost	5	35			
Taxation effect of adjustments		(12)	1		
<b>HEADLINE EARNINGS</b>		<b>1 017</b>	784		
<b>HEADLINE EARNINGS PER SHARE (CENTS)</b>	10				
– basic (2003 as previously reported)		339	264		
– basic as restated for June 2003			267		
– diluted (2003 as previously reported)		337	262		
– diluted restated for June 2003			265		

# Balance sheets

at 31 December 2004

	Notes	GROUP		COMPANY	
		At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	8 473	8 205	45	38
Biological assets	13	31	29		
Intangible assets	14	71	98		
Goodwill	15	(53)	(80)		
Investments in associates and joint ventures	16	96	118	31	93
Investments in subsidiaries	17			4 461	4 158
Deferred taxation	25	63	154	21	20
Financial assets	18	285	272	54	32
<b>Total non-current assets</b>		<b>8 966</b>	<b>8 796</b>	<b>4 612</b>	<b>4 341</b>
<b>Current assets</b>					
Inventories	19	1 348	1 346		
Trade and other receivables	20	1 397	1 333	68	78
Cash and cash equivalents		1 258	964	126	156
<b>Total current assets</b>		<b>4 003</b>	<b>3 643</b>	<b>194</b>	<b>234</b>
<b>Total assets</b>		<b>12 969</b>	<b>12 439</b>	<b>4 806</b>	<b>4 575</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	21	2 812	2 647	2 812	2 680
Non-distributable reserves		(73)	230	116	113
Retained earnings		2 614	2 018	166	151
<b>Ordinary shareholders' equity</b>		<b>5 353</b>	<b>4 895</b>	<b>3 094</b>	<b>2 944</b>
Minority interest		1 110	1 191		
<b>Total shareholders' interest</b>		<b>6 463</b>	<b>6 086</b>	<b>3 094</b>	<b>2 944</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	22	2 331	2 801	1 112	1 032
Other long-term payables	23	609	388		
Non-current provisions	24	425	355	15	5
Deferred taxation	25	1 042	1 055		
<b>Total non-current liabilities</b>		<b>4 407</b>	<b>4 599</b>	<b>1 127</b>	<b>1 037</b>
<b>Current liabilities</b>					
Trade and other payables	26	1 061	1 095	216	145
Interest-bearing borrowings	22	836	537	368	446
Taxation		182	94	1	3
Current provisions	24	20	28		
<b>Total current liabilities</b>		<b>2 099</b>	<b>1 754</b>	<b>585</b>	<b>594</b>
<b>Total equity and liabilities</b>		<b>12 969</b>	<b>12 439</b>	<b>4 806</b>	<b>4 575</b>
<b>Net debt</b>		<b>1 909</b>	<b>2 374</b>	<b>1 354</b>	<b>1 322</b>

## Cash flow statements

for the 18-months ended 31 December 2004

	Notes	GROUP		COMPANY	
		18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash retained from operations	27.1	2 614	1 564	(13)	(68)
Income from equity accounted investments	27.2	18	49		
Income from investments				650	529
Net financing costs	27.3	(355)	(240)	(265)	(182)
Normal taxation paid	27.4	(311)	(310)	(54)	(32)
Dividend paid	27.5	(361)	(283)	(344)	(252)
		<b>1 605</b>	<b>780</b>	<b>(26)</b>	<b>(5)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment to maintain operations	27.6	(571)	(264)	(16)	(14)
Investment to expand operations	27.7	(825)	(1 122)		
Proceeds from disposal of property, plant and equipment		138	44		6
Proceeds from disposal of associate		100			
Investment in other non-current assets	27.8	(96)	(36)	(159)	(108)
Increase in cash resources on acquisition of a controlling interest in subsidiaries			366		
Acquisition of joint ventures and associates			(34)		
Foreign currency translations	27.9	(63)	28	(4)	(37)
		<b>(1 317)</b>	<b>(1 018)</b>	<b>(179)</b>	<b>(153)</b>
<b>NET CASH INFLOW/(OUTFLOW)</b>					
		<b>288</b>	<b>(238)</b>	<b>(205)</b>	<b>(158)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Non-current interest-bearing borrowings raised		967	2 094	565	379
Non-current interest-bearing borrowings repaid		(1 139)	(1 241)	(445)	
Current interest-bearing borrowings raised/(repaid)		47	(425)	(78)	(406)
Proceed from issuance of share capital		132		133	
Increase in loans from minority shareholders		(1)	95		
		<b>6</b>	<b>523</b>	<b>175</b>	<b>(27)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		<b>294</b>	<b>285</b>	<b>(30)</b>	<b>(185)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
		<b>964</b>	<b>679</b>	<b>156</b>	<b>341</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
		<b>1 258</b>	<b>964</b>	<b>126</b>	<b>156</b>
<b>CALCULATION OF MOVEMENT IN NET DEBT</b>					
Net cash inflow as above		288	(238)		
Add:					
– Shares issued		132			
– Cash flows included above relating to non-interest-bearing debt			2		
– Loans (to)/from minority shareholders		(1)	95		
– Increase in net debt on acquisition of controlling interest in subsidiaries			(891)		
– Non-cash flow movement in net debt applicable to special purpose entities		(22)	(18)		
– Non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency		101	(11)		
– Non-cash flow movements in net debt applicable to currency translation differences of net debt items of foreign entities	27.9	(33)	(170)		
<b>(INCREASE)/DECREASE IN NET DEBT</b>					
		<b>465</b>	<b>(1 231)</b>		

# Group statement of changes in equity

for the 18-months ended 31 December 2004

	Share capital Rm	Share premium Rm	Shares held by Share Trust	Non-distributable reserves				Retained earnings Rm	Total Rm
				Attributable reserves of equity accounted investments Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	Insurance reserve Rm		
<b>OPENING BALANCE AS AT 1 JULY 2002</b>	3	2 677		67	567	67	2	1 433	4 816
Prior year adjustments: (refer note 2)									
– consolidation of Management Share Trust			(35)						(35)
– revaluation of biological assets								4	4
Restated	3	2 677	(35)	67	567	67	2	1 437	4 785
Net (losses)/gains not recognised in income statement <sup>1</sup>				(18)	(414)	(6)		77	(361)
Currency translation differences				(19)	(414)			1	(432)
Financial instruments fair value movements recognised in equity									
– recognised in current year income						(42)			(42)
– recognised in equity						57			57
– fair value adjustment				77		(21)			56
Realised in associate and joint venture				(76)				76	
Net profit <sup>1</sup>								718	718
Dividend paid								(252)	(252)
Reduction in dividends paid to Management Share Trust								3	3
Movement in shares issued to Management Share Trust			2						2
Transfer of equity accounted earnings				(38)				38	
Transfer to insurance reserve							3	(3)	
<b>Balance at 30 June 2003</b>	3	2 677	(33)	11	153	61	5	2 018	4 895

## Group statement of changes in equity *continued*

for the 18-months ended 31 December 2004

	Share capital Rm	Share premium Rm	Shares held by Share Trust	Non-distributable reserves				Retained earnings Rm	Total Rm
				Attributable reserves of equity accounted investments Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	Insurance reserve Rm		
<b>BALANCE AT 30 JUNE 2003</b>	3	2 677	(33)	11	153	61	5	2 018	4 895
<b>Prior year adjustment</b>									
Net (losses)/gains not recognised in income statement <sup>1</sup>				(22)	(294)	(13)		27	(302)
Currency translation differences				(6)	(257)	(23)			(286)
Transfer from/to currency translation reserve					(9)			9	
Financial instruments fair value movements recognised in equity						51			51
– recognised in current year income									
– recognised in equity – fair value adjustment									
Deferred taxation					(15)	(41)			(56)
Realised in associate and joint venture				(16)	(13)			18	(11)
Net profit <sup>1</sup>								942	942
Dividend paid <sup>2</sup>								(344)	(344)
Reduction in dividends paid to Management Share Trust								2	2
Issue of share capital		132							132
Movement in shares issued to Management Share Trust			33						33
Transfer of equity accounted earnings				31				(31)	
Transfer from insurance reserve							(5)		(5)
<b>BALANCE AT 31 DECEMBER 2004</b>	<b>3</b>	<b>2 809</b>		<b>20</b>	<b>(141)</b>	<b>48</b>		<b>2 614</b>	<b>5 353</b>

1. Total recognised gains and losses R640 million (2003: R357 million).

2. The company paid a dividend relating to the 2003 financial year of R177 million during September 2003, the STC applicable was R22 million. During March 2004 and September 2004 the company paid dividends of R60 million and R105 million respectively, the STC applicable was R8 million and R13 million.

Note: Dividend declared after balance sheet date amounts to 90 cents per share. STC at 12,5% is payable on all distributions to shareholders (refer note 11).

### Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the group.

### Financial instruments revaluation reserve

The financial instruments revaluation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

### Insurance reserve

The insurance reserve represents the unrealised portion of commission receivable from re-insurers.

# Company statement of changes in equity

for the 18-months ended 31 December 2004

	Share capital Rm	Share premium Rm	Non-distributable reserves		Retained earnings Rm	Total Rm
			Foreign currency translation Rm	Financial instruments revaluation Rm		
<b>OPENING BALANCE AS AT 1 JULY 2002</b>	3	2 677	131		(21)	2 790
Net (losses)/gains not recognised in income statement <sup>1</sup>			(11)	(7)	7	(11)
Currency translation differences			(11)			(11)
Financial instruments fair value movements recognised in equity				(7)		(7)
Realised in joint venture					7	7
Net profit <sup>1</sup>					417	417
Dividend paid <sup>2</sup>					(252)	(252)
<b>BALANCE AT 30 JUNE 2003</b>	3	2 677	120	(7)	151	2 944
Net (losses)/gains not recognised in income statement <sup>1</sup>			(2)	5		3
Currency translation differences			(2)			(2)
Financial instruments fair value movements recognised in equity				5		5
Realised in joint venture						
Net profit <sup>1</sup>					359	359
Dividend paid <sup>2</sup>					(344)	(344)
Issue of share capital		132				132
<b>BALANCE AT 31 DECEMBER 2004</b>	<b>3</b>	<b>2 809</b>	<b>118</b>	<b>(2)</b>	<b>166</b>	<b>3 094</b>

1. Total recognised gains and losses R362 million (2003: R406 million)

2. The company paid a dividend relating to the 2003 financial year of R177 million during September 2003, the STC applicable was R22 million. During March 2004 and September 2004 the company paid dividends of R60 million and R105 million respectively, the STC applicable was R8 million and R13 million.

Note: Dividend declared after balance sheet date amounts to 90 cents per share. Secondary Tax on Companies ("STC") at 12,5% is payable on all distributions to shareholders.

# Notes to the annual financial statements

for the 18-months ended 31 December 2004

## 1. ACCOUNTING POLICIES

### Principal accounting policies

The principal accounting policies of the group and the disclosures made in the annual financial statements conform with South African Statements of Generally Accepted Accounting Practice and comply with International Financial Reporting Standards effective for the group's financial year. The financial statements are prepared on the historical cost basis modified by the restatement of financial instruments and biological assets to fair value.

Where comparative financial information is reported, the accounting policies have been applied consistently for all periods. Changes in accounting policy are set out in note 2.

### Basis of consolidation

The group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of the company and its subsidiaries. Subsidiaries are those entities in which the group has an interest of more than one half of the voting rights or the power to exercise control so as to obtain benefits from their activities.

The results of subsidiaries are included for the duration of the period in which the group exercises control over the subsidiary. All inter-company transactions and resulting profits and losses between the group companies are eliminated on consolidation. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the group. If it is not practical to change the policies, the appropriate adjustments are made on consolidation to ensure consistency within the group.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

The results of special purpose entities that, in substance, are controlled by the group, are consolidated.

### Goodwill

Goodwill is reflected at cost less accumulated amortisation and accumulated impairment losses, if any. It represents the excess of the cost of an acquisition over the fair value of the group's share of the identifiable net assets of that entity at the date of acquisition.

Goodwill is amortised using the straight-line basis over its estimated useful life, which is assessed on an annual basis, not exceeding a period of 20 years.

### Negative goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet

been recognised, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of the acquired assets. Negative goodwill in excess of the fair values of non-monetary assets acquired is recognised immediately in the income statement.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity.

### Investments in associates and joint ventures

An associate is an entity over which the group has the ability to exercise significant influence, but which it does not control.

A joint venture is an entity jointly controlled by the group and one or more other venturers in terms of a contractual arrangement. It may involve a corporation, partnership or other entity in which the group has an interest.

Investments in associates and joint ventures are accounted for in the group financial statements using the equity method for the duration of the period in which the group has the ability to exercise significant influence or joint control. Equity-accounted income represents the group's proportionate share of profits of these entities and the share of taxation thereon. The retained earnings net of any dividends are transferred to a non-distributable reserve. All unrealised profits and losses are eliminated.

Where necessary, the results of associates and joint ventures are restated to ensure consistency with group policies.

The group's interest in associates and joint ventures is carried in the balance sheet at an amount that reflects its share of the net assets and the unamortised portion of goodwill on acquisition. Goodwill on the acquisition of associates and joint ventures is treated in accordance with the group's accounting policy for goodwill. Carrying amounts of investments in associates and joint ventures are reduced to their recoverable amount where this is lower than their carrying amount.

Where the group's share of losses of an associate or joint venture exceeds the carrying amount of the associate or joint venture, the associate or joint venture is carried at nil. Additional losses are only recognised to the extent that the group has incurred obligations in respect of the associate or joint venture.

### Property, plant and equipment

Land and extensions under construction are stated at cost and are not depreciated. Buildings, including certain non-mining residential buildings and all other items of property, plant and equipment, are reflected at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a systematic basis over the estimated useful lives of the assets after taking



into account the estimated residual value of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset.

Moulds and refractory furnace relines are depreciated based on the usage thereof.

The estimated maximum useful lives of items of property, plant and equipment are:

Buildings and infrastructure (including residential buildings)	25 years
Mineral properties	25 years
Fixed plant and equipment	25 years
Mobile equipment, built-in process computers, underground mining equipment and reconditionable spares	15 years
Loose tools and computer equipment	5 years
Development costs	5 years
Refractory relines	8 years
Site preparation, mining development and exploration	20 years

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Direct attributable expenses relating to mining and other major capital projects, site preparations and exploration are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognised as a provision.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the asset is substantially complete.

Directly attributable costs associated with the acquisition, development and installation of certain software are capitalised. Such assets are depreciated using the amortisation methods and periods applicable to computer equipment.

Surpluses and deficits on the disposal of property, plant and equipment are taken to income.

#### Leased assets

Leases involving plant and equipment whereby the lessor provides finance to the group with the asset as security and where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease and depreciated over the useful life of the asset. The capital element

of future obligations under the leases is included as a liability in the balance sheet. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance charge is charged against income over the lease period using the effective interest rate method.

For a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and recognised on the straight-line basis over the period of the lease.

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged against income on the straight-line basis over the period of the lease.

#### Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at their fair value less estimated point-of-sale costs and any change in value is included in the net profit or loss for the period in which it arises. Plantations are measured at their fair value less estimated point-of-sale costs. The fair value of the plantations is determined by an independent appraiser, based on the Faustman Formula as applied within the forestry industry. Livestock are measured at their fair value less estimated point-of-sale costs, fair value being determined by the age and size of the animals and market price. Market price is determined on the basis that the animal is sold to be slaughtered. Livestock held for sale is classified as consumable biological assets. Game is measured at their fair value less estimated point-of-sale costs, fair value being determined as market price. Market price is determined on the live auction selling prices. Game held for sale are classified as consumable biological assets.

#### Intangible assets

An intangible asset is recognised at cost if it is probable that future economic benefits will flow to the enterprise. Amortisation is charged on a systematic basis over the estimated useful lives of the intangible assets.

The estimated maximum useful lives of intangible assets are:

Patents, licences and franchise	20 years
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Subsequent expenditure on capitalised intangible assets is capitalised only if it increases the future benefits embodied in the specific asset to which it relates.

#### Research, development and exploration costs

Research, development and exploration costs are charged against income until they result in projects that are evaluated as being technically or commercially feasible, the group has sufficient resources to complete development and can demonstrate how the asset will generate future economic benefits, in which event these costs are capitalised and amortised on the straight-line basis

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

over the estimated useful life of the project or asset. The carrying amounts are reviewed at each balance sheet date to determine whether there is any indication of impairment.

### Impairment of assets

The carrying amounts of assets mentioned in the accounting policy notes are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of the net selling price and the value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

### Financial instruments Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

### Investments

Marketable securities are carried at market value, which is calculated by reference to Stock Exchange quoted selling prices at the close of business on the balance sheet date. Other investments are shown at fair value. Gains and losses are recognised in income.

### Trade and other receivables

Trade and other receivables originated by the group are stated at amortised cost less provision for doubtful debts.

### Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

### Financial liabilities

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations, except for derivatives which are

subsequently measured at fair value. If a financial liability is designated as a hedged item, it is subject to measurement under hedge accounting provisions.

### Derivative instruments

Derivative instruments are measured at fair value.

### Gains and losses on subsequent measurement

Gains and losses on subsequent measurement are recognised as follows:

- Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss for the period in which they arise.
- Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net profit or loss.
- Effective portion of gains and losses from remeasuring cash flow hedging instruments, including cash flow hedges for forecast foreign currency denominated transactions and for interest rate swaps, are initially recognised directly in equity. Should the hedged firm commitment or forecast transaction result in the recognition of an asset or a liability, then the cumulative amount recognised in equity is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.
- When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

### Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

### Inventories

Inventories are valued at the lower of cost, determined on a moving average basis, and net realisable value. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and fixed production overheads, but excludes interest charges. Fixed production overheads are allocated on the basis of normal capacity.


### Writedowns

Writedowns to net realisable value and inventory losses are expensed in the period in which the write downs or losses occur.

### Foreign currencies

#### Transactions and balances

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the



transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

#### *Foreign entities*

The financial statements of foreign entities are translated into South African rand as follows:

- assets and liabilities at rates of exchange ruling at balance sheet date;
- income, expenditure and cash flow items at weighted average rates; and
- goodwill and fair value adjustments arising on acquisition at rates of exchange ruling at balance sheet date.

All resulting exchange differences are reflected as part of shareholders' equity. On disposal, such translation differences are recognised in the income statement as part of the cumulative gain or loss on disposal.

#### *Foreign currency hedges*

Foreign currency hedges are dealt with in the financial instruments accounting policy.

#### *Revenue recognition*

Revenue, which excludes value added tax and sales between group companies, represents the gross value of goods invoiced. Export revenues are recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue arising from services and royalties is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Revenue from the operation of bulk ships is recognised on a proportionate basis where voyages have not terminated at year end.

#### *Interest and dividend income*

Interest is recognised on the time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividends are recognised when the right to receive payment is established.

#### *Provisions*

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money, and where appropriate, the risk specific to the liability.

#### *Environment and rehabilitation*

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation

is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of ongoing current programmes to prevent and control pollution and to rehabilitate the environment is charged against income as incurred.

Annual contributions are made to the group's Environmental Rehabilitation Trust Fund, created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during, and at the end of, the life of mines. The Environmental Rehabilitation Trust Fund is consolidated.

#### *Deferred taxation*

Deferred taxation is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for taxation purposes and the initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Deferred taxation is calculated using taxation rates that have been enacted at balance sheet date. The effect on deferred taxation of any changes in taxation rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

#### *Employee benefits*

##### *Post-employment benefits*

##### *Retirement*

The group provides defined benefit and defined contribution funds for the benefit of employees, the assets of which are held in separate funds. These funds are funded by payments from employees and the group, taking account of the recommendations of independent actuaries. The group's contribution to the defined contribution fund is charged to the income statement in the year to which it relates.

The defined benefit funds consist of pensioner members and an insignificant number of employee members and are closed to new entrants. The benefit costs and obligations are assessed using the projected unit credit method. Under this method, the cost of providing benefits is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who perform a statutory valuation of the plans every three years.

Interim valuations are also performed on an annual basis. Valuations are performed on a date which does coincide with the balance sheet date. Consideration is given to any event that could impact the funds up to balance sheet date. The net surplus or deficit in the

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

benefit obligation is the difference between the present value of the funded obligation and the fair value of plan assets. No actuarial surplus is recognised as the group's ability to access the future economic benefit is uncertain. Actuarial losses, if any, are recognised in income as and when they arise.

### *Medical*

No contributions are made to the medical aid of retired employees.

### *Short and long-term benefits*

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, is recognised during the period in which the employee renders the related service.

The vesting portion of long-term benefits is recognised and provided for at balance sheet date, based on current total cost to company.

### *Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefits fall due more than 12 months after balance sheet date, they are discounted to present value.

### *Equity compensation benefits*

Senior management, including executive directors, has been granted share options. Grants are based on existing ordinary shares and can be purchased or the purchase can be deferred. The option or purchase price equals market price on the date preceding the date of the grant.

When the options are exercised they can either be:

- purchased and if vesting according to the rules of the scheme, recorded in share capital and share premium at the amount of the option price; or
- payment can be deferred resulting in no increase in share capital or share premium until paid for and vesting according to the rules of the scheme.

### *Dividend*

Dividends paid are recognised by the company when the shareholder's right to receive payment is established. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividends proposed or declared subsequent to the year end are not recognised at the balance sheet date, but are disclosed in the notes to the financial statements.

### *Secondary tax on companies (STC)*

Taxation costs incurred on dividends are included in the taxation line in the income statement in the year in which they are declared.

### *Discontinuing operations*

Discontinuing operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

The profit or loss on the sale or abandonment of a discontinuing operation is determined from the formalised discontinuance date.

### *Segment reporting*

The primary business segments are iron ore, coal, heavy minerals, base metals, and industrial minerals.

On a secondary segment basis, significant geographic marketing regions have been identified.

The basis of segment reporting is representative of the internal structure used for management reporting.

### *Cash and cash equivalents*

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated.

### *Comparatives*

The group has changed its year-end from 30 June to 31 December to be in line with the year-end of its majority shareholder, Anglo American plc. Consequently the amounts for corresponding items in the income statement, statement of changes in equity, cash flows and related notes are not comparable. Please refer to p102 to p103 where unaudited supplementary financial information is presented for comparative purposes.

Where necessary, the June 2003 figures have been adjusted to conform with changes in presentation for the current period, as follows:

- leave pay obligation has been reclassified as an accrual and is presented as part of trade and other payables at 31 December 2004. The leave pay benefit accrual was R212 million (2003: R146 million);
- deferred taxation assets and liabilities have been reclassified to ensure better presentation; and
- goodwill amortisation and impairment charges have been included in net operating profit on the face of the income statement and are disclosed in detail in the notes to the financial statements.

Refer to note 2 relating to prior year adjustments and changes in accounting policy, to comparative figures.



	GROUP		COMPANY	
	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
2. PRIOR YEAR ADJUSTMENTS/CHANGES IN ACCOUNTING POLICIES				
<b>Consolidation of Kumba Management Share Trust</b>				
Kumba operates the Kumba Management Share Trust for senior employees and executive directors of Kumba. The trust has been consolidated for the 18-month period. Prior years' figures have been restated. The amounts of the adjustment for the current and previous 12-month period are as follows:				
<i>Statement of changes in equity impact</i>				
– Reduction of dividends paid to external parties	2	3		
<i>Balance sheet impact</i>				
– Share capital and premium increase/(decrease)	33	(33)		
– Retained income increase	5	3		
– Current liabilities increase	13	8		
– Trade and other receivables decrease	17	22		
<i>Impact on weighted average number of shares</i>				
Weighted average number of shares before this prior year adjustment	301	297		
Adjusted for shares held by Management Share Trust	(1)	(3)		
Weighted average number of shares after this prior year adjustment	300	294		
The consolidation has no taxation implications. There were no amounts attributable to the minorities. The amount of the adjustment relating to the 2002 financial statements is a decrease of R35 million in shareholders' reserves, a decrease of R3 million in financial assets, a decrease of R24 million in trade and other receivables and an increase of R14 million in trade and other payables.				
<i>Accounting for biological assets</i>				
With effect 1 July 2003 the group has changed its accounting policy to comply with IAS 41 Agriculture. This resulted in the reclassification of certain inventories as biological assets and the fair value of plantations.				
<i>Income statement impact</i>				
– Fair value adjustment plantations	1			
<i>Balance sheet impact</i>				
– Retained income increase	5	4		
– Biological assets increase	31	29		
– Inventories decrease	24	23		
– Deferred taxation liabilities increase	2	2		
The amount of the adjustment relating to the 2002 financial statements is an increase of R4 million in retained income, an increase of R25 million in biological assets, a decrease of R19 million in inventories and an increase of R2 million in deferred taxation liabilities. There were no amounts attributable to the minorities.				

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

### 2. PRIOR YEAR ADJUSTMENTS/CHANGES IN ACCOUNTING POLICIES (continued)

#### Leave pay

The leave pay obligation of R146 million for the group on 1 July 2003 has been reclassified as an accrual and is presented as part of trade and other payables. In terms of the group policy, employees are entitled to accumulate non-statutory vested leave benefits not taken within a leave cycle.

	GROUP		COMPANY	
	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>3. CLOSURE OF TICOR CHEMICALS PLANT</b>				
On 21 April 2004 Ticor Limited announced its intention to discontinue its chemicals business, included in the heavy minerals segment. The revenue, operating results, assets, liabilities and cash flow of the chemicals business for the current and previous periods are:				
Revenue	217	254		
Expenses	192	258		
Provision for closure	35			
Provision for impairment	89			
Pre-tax loss	(102)	(4)		
Income tax expense	28	5		
Total assets	76	240		
Total external liabilities	6	100		
Cash inflows from operating activities	50	37		
In June 2004, a contract was signed for A\$5 million for the sale of the plant, equipment and portion of the land owned by Ticor Chemicals. All proceeds from the sale have been received including A\$0,5 million which was initially held in escrow until particular environmental releases had been obtained. Negotiations continue for the sale of the remaining land held by Ticor Chemicals. It is anticipated that an agreement will be reached for the sale early in the new calendar year.				
<b>4. REVENUE</b>				
Sale of goods	12 599	7 469	12	8
Services			709	537
	12 599	7 469	721	545



	Notes	GROUP		COMPANY	
		18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>5. OPERATING EXPENSES</b>					
<b>Cost by type</b>					
– Raw materials and consumables		2 475	1 224	37	57
– Staff costs					
– salaries and wages		2 408	1 340	297	187
– termination benefits		35	1	5	1
– pension and medical costs		243	128	27	14
– General charges		1 830	1 155	253	160
– Railage and transport		1 783	1 237	2	1
– Repairs and maintenance		1 081	768	9	20
– Impairment charges	8	35	2	51	
– Goodwill amortisation	15	(6)	21		
– Energy		508	237	6	4
– Depreciation on property, plant and equipment	12	969	529	8	5
– Amortisation of intangible assets	14	8	3		
– Movement in inventories		(304)	(194)		
– Own work capitalised		(296)	(154)		
– Sublease received		(25)	(17)	(6)	(3)
		<b>10 744</b>	<b>6 280</b>	<b>689</b>	<b>446</b>
<b>Cost by function</b>					
– Costs of goods sold/services rendered		8 942	5 016	644	449
– Selling and distribution costs		1 798	1 258		
– Sublease rent received		(25)	(17)	(6)	(3)
– Impairment charges	8	35	2	51	
– Goodwill amortisation	15	(6)	21		
		<b>10 744</b>	<b>6 280</b>	<b>689</b>	<b>446</b>
The above costs are stated after including:					
Depreciation and amortisation					
– buildings	12	1			
– mineral properties	12	54	30		
– residential buildings	12	8	6		
– buildings and infrastructure	12	117	60	1	1
– machinery, plant and equipment	12	673	376	7	4
– leased assets under finance leases	12	4	5		
– site preparation, mining development, exploration and rehabilitation	12	112	52		
– amortisation of intangible assets	14	8	3		
Impairment charges	8	35	2	51	
Goodwill amortisation	15	(6)	21		
Closure cost		35			
Reconditionable spares usage		11	8		
Research and development costs		33	4	12	
Consultancy fees		228	89	92	30

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Notes	GROUP		COMPANY	
		18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
5.	<b>OPERATING EXPENSES (continued)</b>				
	<b>Cost by function (continued)</b>				
	Operating lease rentals expenses				
	– property	79	35	28	9
	– equipment	93	41	31	19
	Operating sublease rentals received				
	– property	(25)	(17)	(6)	(3)
	– other	(1)			
	Contingent rentals received		(2)		(2)
	Net deficit/(profit) on disposal or scrapping of property, plant and equipment	48	(3)	2	5
	Net profit on disposal of investment	(72)			
	Auditors' remuneration				
	– audit fees	12	7	4	3
	– other services	1	1		
	Fair value adjustment on financial assets – (gain)/loss	(28)		13	
	Fair value adjustment on financial liabilities – loss	5		5	
	Net realised losses on currency exchange differences	210	193	20	35
	Net unrealised (gains)/losses on currency exchange differences	(121)	92	(118)	13
	Net realised (gains)/losses on the revaluation of derivative instruments	(173)	(144)	(22)	1
	Net unrealised losses/(gains) on the revaluation of derivative instruments	124	(19)	129	(11)
	Directors' emoluments (refer to the report of the directors)				
	– executive directors – remuneration received as directors of the company			16	9
	– non-executive directors – remuneration received as directors of the company			3	1

**Note**

**Pensions**

Retirement amounts paid or receivable by executive directors are paid or received under defined contribution retirement funds.

**Operating lease arrangements – contingent rent received**

The basis to determine contingent rent received is 25% of all extraordinary maintenance of the building.



	GROUP		COMPANY	
	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>6. NET FINANCING COSTS</b>				
Interest expense and loan costs	396	309	283	243
Finance leases	6	8		
Interest income	(41)	(77)	(12)	(61)
Interest received from joint ventures	(6)		(6)	
Net interest expense	355	240	265	182
Interest adjustment on non-current provisions	46	4	7	
	401	244	272	182
Financing costs of R176 million were capitalised during the year (2003: R32 million).				
Financing costs capitalised relate to funds specifically borrowed for the purposes of obtaining a qualifying asset.				
<b>7. INCOME FROM INVESTMENTS</b>				
<b>Subsidiaries</b>				
Unlisted shares				
– Dividends			381	354
– Net interest received			269	175
			650	529
<b>8. IMPAIRMENT CHARGES</b>				
Included in operating expenses are the following impairment losses:				
Impairment of cyanide chemicals plant	(89)			
Impairment of fixed assets	(15)			
Reversal of impairment of shipping assets	90			
Reversal of impairment of other fixed assets	1			
Impairment of intangible assets	(11)			
Impairment of investments	(10)	(2)		
Impairment of associates	(1)		(51)	
	(35)	(2)	(51)	
Taxation effect				
Net effect on attributable earnings	(35)	(2)	(51)	

The chemicals plant was impaired on 31 December 2003 by an amount of R89 million. The decision was based on the sharp strengthening of the Australian dollar in December, a change in the supply/demand balance for sodium cyanide and aggressive pricing policies of competitors. An impairment of R26 million (R15 million fixed assets and R11 million intangible assets) was raised by ZnERGY (Pty) Limited, a zinc air fuel battery component manufacturer after its only supplier of raw materials, Zoxy (Pty) Limited, was put into liquidation.

Kumba was the joint owner of two bulk ore carriers that were leased to Safore, a joint venture engaged in shipping operations. During 2002 the assets were impaired by an amount of R90 million based on the value in use. Kumba disposed of its interest in the carriers during the period under review for R73 million against a post-impairment book value of R27 million, and subsequently reversed the impairment. An impairment of R10 million was raised against a preference share investment in Rosh Pinah Mine Holdings (Pty) Limited, the investment was made in 2000 in a strong US\$ and zinc price environment to facilitate a 5% empowerment interest in Rosh Pinah (Pty) Limited.

The carrying amounts of certain other investments were greater than the market value and were impaired.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>9. TAXATION</b>				
<b>Charge to income</b>				
South African normal taxation				
– Current – current year	(323)	(140)	(15)	(6)
– Deferred – current year	9	(29)	1	9
– prior year	14			
	23	(29)	1	9
Foreign normal taxation				
– Current – current year	(48)	(11)		
– prior year	11			
	(37)	(11)		
– Deferred – current year	(43)	(5)		
– prior year	(2)			
	(45)	(5)		
Share of associates' and joint ventures' taxation	(7)	(10)		
Secondary tax on companies	(43)	(32)	(37)	(32)
Non-residents share withholding tax	(2)	(2)		
<b>Total</b>	<b>(434)</b>	<b>(229)</b>	<b>(51)</b>	<b>(29)</b>
<b>Reconciliation of taxation rates</b>				
Taxation as a percentage of profit before taxation	30,13	24,14	12,34	6,24
Taxation effect of				
– Assessed losses (not provided for)/not utilised	(0,90)	0,07		(0,01)
– Capital (losses)/profits	(0,49)	4,56	1,10	(2,35)
– Disallowable expenditure	(5,25)	(0,43)	(2,27)	(0,26)
– Exempt income	8,94	2,34	27,89	24,19
– Inventories – realisation of profits		1,73		
– Learnership allowances	0,21	0,23		
– Reversal of non-tax deductible provisions		(0,03)		8,75
– Share of associates' and joint ventures' differences	(1,54)	(1,16)		
– Tax rate differences	0,40	0,37		
– Temporary differences not provided		1,31		
– Other		0,39		0,52
– Secondary Tax on Companies	(2,99)	(3,33)	(9,06)	(7,08)
– Withholding tax	(0,15)	(0,19)		
– Prior year adjustment	1,64			
<b>Standard tax rate</b>	<b>30,00</b>	<b>30,00</b>	<b>30,00</b>	<b>30,00</b>
Effective tax rate excluding (loss)/income from equity accounted investments, impairment charge and share of taxation thereon	28,70	23,10		

**GROUP**

	<b>18-months ended 31 Dec 2004 Rm</b>	Restated Year ended 30 June 2003 Rm
<b>10. EARNINGS PER SHARE</b>		
Basic headline earnings per share is calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.		
Headline earnings (R million)	<b>1 017</b>	784
Weighted average number of ordinary shares in issue (million)	<b>301</b>	297
Adjusted for the shares held by the Kumba Management Share Trust (million)	<b>(1)</b>	(3)
Adjusted weighted average number of ordinary shares in issue (million)	<b>300</b>	294
Headline earnings per share (cents) (restated for 2003)	<b>339</b>	267
For the diluted headline earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of not yet released purchased shares and options under the Management Share Scheme, net of shares held by the scheme for releasing purposes. Diluted headline earnings per share is calculated by dividing headline earnings by the adjusted weighted average number of shares in issue.		
Weighted average number of ordinary shares in issue (million) as calculated above	<b>300</b>	294
Adjusted for options and net purchased shares in terms of the Management Share Scheme (million)	<b>2</b>	2
Weighted average number for diluted headline earnings per share (million)	<b>302</b>	296
Diluted headline earnings per share restated for 2003 (cents)	<b>337</b>	265
Basic attributable earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.		
Net profit attributable to ordinary shareholders (R million)	<b>942</b>	718
Weighted average number of ordinary shares in issue (million)	<b>300</b>	294
Basic earnings per share restated for 2003 (cents)	<b>314</b>	244
For the diluted attributable earnings per share the weighted average number of ordinary shares is adjusted as above.		
Diluted earnings per share (cents)	<b>312</b>	242
For the current year, shares under option had an effect on the adjusted weighted average number of shares in issue as the average option price attached to the option shares was lower than the average market price.		

**11. DIVIDEND**

The company paid a final dividend for the June 2003 financial year of R177 million during September 2003, the STC applicable was R22 million. During March 2004 and September 2004 the company paid interim dividends of R60 million and R105 million respectively, the STC applicable was R8 million and R13 million.

The directors have resolved to declare a final dividend of 90 cents per share, payable on Monday, 14 March 2005. This will give rise to STC of R34 million.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>								
<i>Group</i>								
<i>2004</i>								
<i>Gross carrying amount</i>								
At beginning of period	141	1 056	120	1 609	7 143	1 071	858	11 998
Additions	8	3	9	184	829	16	347	1 396
Non-cash flow additions		4	1	6	31	25	191	258
Changes in decommissioning provision						(2)		(2)
Disposals	(4)		(13)	(11)	(349)		(32)	(409)
Exchange differences on translation	(2)	(40)		(23)	(264)	(35)	(7)	(371)
Other movements	(2)		4	55	500	210	(767)	
At end of period	141	1 023	121	1 820	7 890	1 285	590	12 870
<i>Accumulated depreciation</i>								
At beginning of period		125	71	422	2 646	438		3 702
Depreciation charges	1	54	8	117	677	112		969
Accumulated depreciation on disposals			(9)	(2)	(213)			(224)
Exchange differences on translation	(1)	(9)		(9)	(119)	(10)		(148)
Other movements				1	(6)	5		
At end of period		170	70	529	2 985	545		4 299
<i>Impairment of assets</i>								
At beginning of period					90	1		91
Impairment reversals					(90)	(1)		(91)
Impairment charges				9	94		1	104
Exchange differences on translation				(1)	(5)			(6)
				8	89		1	98
<i>Net carrying amount at end of period</i>	141	853	51	1 283	4 816	740	589	8 473



	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
<b>12. PROPERTY, PLANT AND EQUIPMENT (continued)</b>								
<i>2003 restated Gross carrying amount</i>								
At beginning of year	107	685	126	1 029	4 662	676	975	8 260
Additions	21	6		165	660	37	497	1 386
Non-cash flow additions			1	3	24	24	103	155
Acquisition of subsidiary	20	357	3	187	1 427	311	44	2 349
Disposals	(9)	(3)	(10)	(3)	(65)	(4)		(94)
Discontinuing operation								
Exchange differences on translation	1	7		5	(80)	9		(58)
Other movements	1	4		223	515	18	(761)	
At end of year	141	1 056	120	1 609	7 143	1 071	858	11 998
<i>Accumulated depreciation</i>								
At beginning of year		27	73	296	1 785	288		2 469
Depreciation charges		30	6	60	381	52		529
Acquisition of subsidiary		66		65	556	98		785
Accumulated depreciation on disposals			(8)	(1)	(41)	(3)		(53)
Discontinuing operation								
Exchange differences on translation		2		2	(35)	3		(28)
Other movements								
At end of year		125	71	422	2 646	438		3 702
<i>Impairment of assets</i>								
At beginning of year					80	1		81
Exchange differences on translation					10			10
					90	1		91
<i>Net carrying amount at end of year</i>	141	931	49	1 187	4 407	632	858	8 205

Included above are fully depreciated assets with an original cost of R799 million (2003: R491 million) which are still in use.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	At 31 Dec 2004 Rm	At 30 June 2003 Rm
<b>12. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
The net carrying amount of machinery, plant and equipment includes:		
Assets held under finance leases (refer note 22)		
– cost	55	101
– accumulated depreciation	6	12
	49	89

For detail of property, plant and equipment pledged as security refer to annexure 1.

The replacement value of assets for insurance purposes amounts to R19,7 billion (2003: R15,8 billion).

A register of fixed property is available for inspection at the registered office of the company.

	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infra- structure Rm	Machinery, plant and equipment Rm	Site pre- paration, mining develop- ment, exploration and reha- bilitation Rm	Extensions under con- struction Rm	Total Rm
<b>Company 2004</b>								
<i>Gross carrying amount</i>								
At beginning of period				13	41		15	69
Additions					2		14	16
Disposals					(4)			(4)
At end of period				13	39		29	81
<i>Accumulated depreciation</i>								
At beginning of period				6	25			31
Depreciation charges				1	7			8
Accumulated depreciation on disposals					(3)			(3)
At end of period				7	29			36
<i>Net carrying amount at end of period</i>				6	10		29	45



	Land and buildings Rm	Mineral properties Rm	Residential land and buildings Rm	Buildings and infrastructure Rm	Machinery, plant and equipment Rm	Site preparation, mining development, exploration and rehabilitation Rm	Extensions under construction Rm	Total Rm
<b>12. PROPERTY, PLANT AND EQUIPMENT (continued)</b>								
<i>2003 restated Company Gross carrying amount</i>								
At beginning of year	6			13	46		5	70
Additions							14	14
Disposals	(6)				(9)			(15)
Other movements					4		(4)	
At end of year				13	41		15	69
<i>Accumulated depreciation</i>								
At beginning of year				5	26			31
Depreciation charges				1	4			5
Accumulated depreciation on disposals					(5)			(5)
At end of year				6	25			31
<i>Net carrying amount at end of year</i>				7	16		15	38
Included above are fully depreciated assets with an original cost of R nil million (2003: R nil million) which are still in use.								

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Plantation Rm	Livestock Rm	Game Rm	Total Rm
<b>13. BIOLOGICAL ASSETS</b>				
<b>Group</b>				
<b>2004</b>				
<i>Carrying amount</i>				
At beginning of period	<b>6</b>	<b>7</b>	<b>16</b>	<b>29</b>
Acquisitions			<b>1</b>	<b>1</b>
Gains arising from changes attributable to physical changes and price changes	<b>1</b>	<b>5</b>		<b>6</b>
Disposals		<b>(2)</b>		<b>(2)</b>
Reclassification to inventory	<b>(1)</b>		<b>(2)</b>	<b>(3)</b>
At end of period	<b>6</b>	<b>10</b>	<b>15</b>	<b>31</b>
The plantation was valued by Mr JM Potgieter, an independent appraiser, on 9 December 2004.				
<b>Group</b>				
<b>2003 restated</b>				
At beginning of year		5	13	18
Acquisitions	1		3	4
Revaluation of plantations	6			6
Gains arising from changes attributable to physical changes and price changes		3	2	5
Disposals		(1)	(1)	(2)
Reclassification to inventory	(1)		(1)	(2)
At end of year	6	7	16	29

Plantations consist of wattle and blue gum trees.

Livestock consists of cattle, sheep and goats.

Game consists of rhino, buffalo, warthog, giraffe, ostrich and a large variety of antelope.



	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>14. INTANGIBLE ASSETS</b>				
<i>Patents, licences and franchise</i>				
<i>Gross carrying amount</i>				
At beginning of period	117			
Acquisition of subsidiary		117		
Exchange differences	(12)			
At end of period	105	117		
<i>Accumulated amortisation</i>				
At beginning of period	19			
Acquisition of subsidiary		16		
Amortisation charge	8	3		
Exchange differences	(4)			
At end of period	23	19		
<i>Impairment charge</i>				
Charge for the period	11			
Net carrying amount at end of year	71	98		
<b>15. GOODWILL</b>				
<i>Positive goodwill</i>				
At beginning of period		23		
Amortisation charge		(23)		
At end of period				
Comprising:				
Cost	243	243		
Accumulated amortisation	243	243		
<i>Negative goodwill*</i>				
At beginning of period	(80)			
Acquisition of subsidiary		(82)		
Exchange differences	21			
Amortisation	6	2		
At end of period	(53)	(80)		
Comprising:				
Cost	(61)	(82)		
Accumulated amortisation	8	2		
	(53)	(80)		

\* The negative goodwill arising during 2003 results from the acquisition of Ticor Limited and is amortised over 12,7 years.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>				
Associated companies				
– Listed	6	100	24	86
– Unlisted	1	1		
	7	101	24	86
Joint ventures (unlisted)				
– Incorporated	82	10		
– Unincorporated	7	7	7	7
	89	17	7	7
<b>Total</b>	<b>96</b>	<b>118</b>	<b>31</b>	<b>93</b>

Refer to annexure 2 for market and directors' valuations of investments.

	ASSOCIATED COMPANIES			JOINT VENTURES		
	Investments At 31 Dec 2004 Rm	Loans At 31 Dec 2004 Rm	Total At 31 Dec 2004 Rm	Investments At 31 Dec 2004 Rm	Loans At 31 Dec 2004 Rm	Total At 31 Dec 2004 Rm
<b>Group</b>						
At beginning of period	62	39	101	17		17
Reclassification of Hongye				14		14
Reclassification as financial asset		(35)	(35)			
Additional interests acquired	15		15	62		62
Movement in indebtedness to/from associated companies/repayments		(2)	(2)			
Disposals	(21)		(21)			
Net share of results						
– Share of results before taxation as per income statement*	5		5	29		29
– Share of exceptional items*	(20)		(20)			
– Share of goodwill amortisation*	(27)		(27)			
– Share of taxation (refer note 9)	(9)		(9)	2		2
Dividends paid				(18)		(18)
Exchange difference adjustments	1	(1)		(16)		(16)
Impairment loss				(1)		(1)
<b>At end of year (refer Annexure 2)</b>	<b>6</b>	<b>1</b>	<b>7</b>	<b>89</b>		<b>89</b>

## ASSOCIATED COMPANIES

## JOINT VENTURES

	ASSOCIATED COMPANIES			JOINT VENTURES		
	Investments	Loans	Total	Investments	Loans	Total
	At 30 June 2003 Rm	At 30 June 2003 Rm	At 30 June 2003 Rm	At 30 June 2003 Rm	At 30 June 2003 Rm	At 30 June 2003 Rm
<b>16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)</b>						
<b>Restated</b>						
At beginning of year	1 142	13	1 155	29		29
Additional interests acquired	44		44			
Acquisitioning of controlling interest in associate, now consolidated	(966)		(966)			
Movement in indebtedness to/from associated companies/repayments		28	28			
Disposals	(1)		(1)			
Net share of results						
– Share of results before taxation as per income statement*	32		32	15		15
– Share of exceptional items*	(7)		(7)			
– Share of goodwill*	(38)		(38)			
– Share of taxation (refer note 9)	(7)		(7)	(3)		(3)
Dividends paid	(33)		(33)	(16)		(16)
Exchange difference adjustments	(179)	(2)	(181)	(8)		(8)
Share of reserve movements in the year	77		77			
Impairment loss	(2)		(2)			
<b>At end of year (refer Annexure 2)</b>	<b>62</b>	<b>39</b>	<b>101</b>	<b>17</b>		<b>17</b>

\* (Losses)/income from equity accounted investments as disclosed in the income statement, amounts to (R13 million) (2003: income R2 million).

	At 31 Dec 2004 Rm	At 30 June 2003 Rm
Aggregate post-acquisition reserves:		
– Associate companies	2	3
– Joint ventures	18	8
<b>Total</b>	<b>20</b>	<b>11</b>

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	ASSOCIATED COMPANIES			JOINT VENTURES		
	Investments At 31 Dec 2004 Rm	Loans At 31 Dec 2004 Rm	Total At 31 Dec 2004 Rm	Investments At 31 Dec 2004 Rm	Loans At 31 Dec 2004 Rm	Total At 31 Dec 2004 Rm
<b>16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)</b>						
Company						
At beginning of year	51	35	86	7		7
Additional interests acquired	24		24			
Reclassification as financial asset		(35)	(35)			
Impairment loss	(51)		(51)			
<b>At end of year (refer Annexure 2)</b>	<b>24</b>		<b>24</b>	<b>7</b>		<b>7</b>

	ASSOCIATED COMPANIES			JOINT VENTURES		
	Investments At 30 June 2003 Rm	Loans At 30 June 2003 Rm	Total At 30 June 2003 Rm	Investments At 30 June 2003 Rm	Loans At 30 June 2003 Rm	Total At 30 June 2003 Rm
At beginning of year	51	1	52	7		7
Movement in indebtedness to/from associated companies/repayments		34	34			
<b>At end of year (refer Annexure 2)</b>	<b>51</b>	<b>35</b>	<b>86</b>	<b>7</b>		<b>7</b>

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>17. INVESTMENTS IN SUBSIDIARIES</b>				
Shares at cost less impairment losses			1 609	1 386
Indebtedness				
– by subsidiaries			3 028	2 988
– to subsidiaries			(176)	(216)
			2 852	2 772
<b>Total (refer Annexure 3)</b>			<b>4 461</b>	<b>4 158</b>
Aggregate attributable after tax profits and losses of subsidiaries:				
– Profits				
– Losses	8 052 (5 042)	6 288 (4 246)		
<b>18. FINANCIAL ASSETS</b>				
Environmental Rehabilitation Trust Asset	183	143	5	7
Long-term receivables	49	50	23	3
Investments (refer Annexure 2)	53	79	26	22
	<b>285</b>	<b>272</b>	<b>54</b>	<b>32</b>



	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>19. INVENTORIES</b>				
Finished products	365	377		
Work-in-progress	603	602		
Raw materials	131	131		
Plant spares and stores	240	227		
Merchandise	9	32		
Reclassification as biological assets		(23)		
	<b>1 348</b>	1 346		
Included above are inventories relating to the Ticor SA project which might be sold or utilised in production over more than twelve months. Included in merchandise are biological assets classified as inventories.				
Included in the above are inventories carried at net realisable value:				
Finished products	90	13		
Work-in-progress	274			
Raw materials		2		
Plant spares and stores	35	31		
Merchandise	9	32		
	<b>408</b>	78		
Inventory sold where delivery is delayed at the buyer's request but the buyer takes title, amounted to R25 million (2003: R nil million).				
<b>20. TRADE AND OTHER RECEIVABLES</b>				
Trade	1 150	1 071	2	2
Other	156	234	46	63
Derivative instruments	91	28	20	13
	<b>1 397</b>	1 333	<b>68</b>	78

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>21. SHARE CAPITAL</b>				
<i>Share capital at par value</i>				
<i>Authorised</i>				
500 000 000 ordinary shares of R0,01 each	5	5	5	5
<i>Issued</i>				
301 854 211 (2003: 296 962 801) ordinary shares of R0,01 each	3	3	3	3
Share premium	2 809	2 677	2 809	2 677
Shares held by Kumba Management Share Trust		(33)		
<b>Total</b>	<b>2 812</b>	<b>2 647</b>	<b>2 812</b>	<b>2 680</b>
The Kumba Management Share Trust has been consolidated.				
<i>Reconciliation of unissued authorised shares</i>				
Number of unissued authorised ordinary shares at beginning of period (million)	203	203	203	203
Number of shares issued during the period (million)	(5)		(5)	
Number of unissued authorised shares at end of period	198	203	198	203

The following resolutions pertain to the unissued ordinary shares under the control of the directors until the forthcoming annual general meeting:

- Subject to the provisions of the Companies Act 61 of 1973, as amended ("the Act"), and the requirements of the JSE Securities Exchange South Africa ("JSE"), the directors be and are hereby authorised to allot and issue at their discretion such number of the remaining authorised but unissued ordinary shares of one cent each in the capital of the company as may be required to be allotted and issued pursuant to the Share Incentive Scheme ("the Scheme").
- Directors are authorised to issue the unissued ordinary shares of one cent each in the capital of the company (after setting aside so many shares as may be required to be allotted and issued by the company pursuant to the Scheme) for cash, without restrictions to any public shareholder, as defined by the JSE Listings Requirements, as and when suitable opportunities arise, subject to the following conditions:
  - that this authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 months from the date of this general meeting;
  - that a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to the issue concerned;
  - that the issues in aggregate in any one financial year shall not exceed 15% of the number of shares of the company's issued ordinary share capital; and
  - that, in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the ordinary shares on the JSE, (adjusted for any dividend declared but not yet paid or for any capitalisation award made to shareholders) over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company.
- Directors are authorised to acquire from time to time shares issued by the company, provided that:
  - any such acquisition of shares shall be implemented on the JSE (the open market);
  - this approval will be valid only until the next annual general meeting of the company and will not extend beyond 15 months from the date of this general meeting and may be varied or revoked by special resolution by any general meeting of the company at any time prior to such annual general meeting;
  - an announcement will be published as soon as the company, or the subsidiaries respectively, has acquired shares issued by the company constituting, on a cumulative basis, not less than 3% of the number of shares in the company in issue as at the date of this approval and an announcement will be published in respect of each subsequent acquisition by either the company or by the subsidiaries respectively, as the case may be, of shares issued by the company, constituting, on a cumulative basis, not less than 3% of the number of shares in the company in issue as at the date of this approval;
  - the company and its subsidiaries, respectively, will not be entitled to acquire shares issued by the company constituting, on a cumulative basis, more than 20% of the number of shares in the company in issue as at the date of this approval; and
  - shares issued by the company may not be acquired at a price greater than 10% above the weighted average traded price of the company's shares for the five business days immediately preceding the date of the relevant acquisition.

The above authorities are valid until the next annual general meeting.



	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>22. INTEREST-BEARING BORROWINGS</b>				
<i>Non-current borrowings</i>				
Summary of loans by financial year of redemption				
2003				
2004		407		292
2005	784	697	368	200
2006	556	1 126	385	622
2007	865	273	670	99
2008	234	705	57	111
2009 onwards	676			
Total non-current borrowings (refer Annexure 1)	3 115	3 208	1 480	1 324
Current portion included in current liabilities	(784)	(407)	(368)	(292)
<b>Total</b>	<b>2 331</b>	<b>2 801</b>	<b>1 112</b>	<b>1 032</b>
Details of interest rates payable on borrowings are shown in Annexure 1.				
<i>Interest-bearing borrowings</i>				
Non-current borrowings	2 331	2 801	1 112	1 032
Short-term borrowings	52	130		154
Current portion of non-current borrowings	784	407	368	292
Total short-term borrowings	836	537	368	446
<b>Total</b>	<b>3 167</b>	<b>3 338</b>	<b>1 480</b>	<b>1 478</b>
Included in the above interest-bearing borrowings are obligations relating to finance leases (refer note 12). Details are:				
Minimum lease payments:				
– Less than 1 year	15	30		
– More than 1 year and less than 5 years	1	27		
– More than 5 years				
– Total	16	57		
– Less: future finance charges	1	7		
Present value of lease liabilities	15	50		
Representing lease liabilities:				
– Current	14	25		
– Non-current (more than 1 year and less than 5 years)	1	25		
– Non-current (more than 5 years)				
<b>Total</b>	<b>15</b>	<b>50</b>		
<b>23. OTHER LONG-TERM PAYABLES</b>				
Other long-term payables: tied-mining operations	607	386		
Other long-term payables	2	2		
	<b>609</b>	<b>388</b>		

Ispat Iscor has funded the capital expenditure at the Thabazimbi and Tshikondeni captive mines in terms of supply agreements. The funds are repayable over the life of the mine as specified in the supply agreements.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Environmental rehabilitation Rm	Leave pay benefits Rm	Restructuring Rm	Total Rm
<b>24. PROVISIONS</b>				
<b>Group</b>				
<b>For the year ended 31 December 2004</b>				
At beginning of year	<b>362</b>		<b>21</b>	<b>383</b>
Charge to income statement	<b>55</b>			<b>55</b>
Additional provisions	<b>55</b>			<b>55</b>
Unused amounts reversed				
Interest adjustment	<b>46</b>			<b>46</b>
Provisions capitalised to property, plant and equipment	<b>(2)</b>			<b>(2)</b>
Acquisition of subsidiary				
Utilised during year	<b>(21)</b>		<b>(13)</b>	<b>(34)</b>
Exchange differences	<b>(3)</b>			<b>(3)</b>
At end of year	<b>437</b>		<b>8</b>	<b>445</b>
Current portion included in current liabilities	<b>(12)</b>		<b>(8)</b>	<b>(20)</b>
Total non-current provisions	<b>425</b>			<b>425</b>
<b>For the year ended 30 June 2003 – Restated</b>				
At beginning of year	286	110	32	428
Charge to income statement	20	39		59
Additional provisions	20	41		61
Unused amounts reversed		(2)		(2)
Interest adjustment	4			4
Provisions capitalised to property, plant and equipment	15			15
Acquisition of subsidiary	39	27		66
Utilised during year	(2)	(30)	(11)	(43)
Reclassification to trade and other payables		(146)		(146)
At end of year	362		21	383
Current portion included in current liabilities	(18)		(10)	(28)
Total non-current provisions	344		11	355

	Environmental rehabilitation Rm	Leave pay benefits Rm	Restructuring Rm	Total Rm
<b>24. PROVISIONS (continued)</b>				
<b>Company</b>				
<b>For the year ended 31 December 2004</b>				
At beginning of year	5			5
Charge to income statement	3			3
Additional provisions	3			3
Unused amounts reversed				
Interest adjustment	7			7
Utilised during year				
At end of year	15			15
Current portion included in current liabilities				
Total non-current provisions	15			15
<b>For the year ended 30 June 2003 – Restated</b>				
At beginning of year	1	24		25
Charge to income statement	4	10		14
Additional provisions	4	11		15
Unused amounts reversed		(1)		(1)
Interest adjustment				
Utilised during year		(9)		(9)
Reclassification of leave pay benefits		(25)		(25)
At end of year	5			5
Current portion included in current liabilities				
Total non-current provisions	5			5

#### Environmental rehabilitation

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Contributions towards the cost of the mine closure are also made to the Kumba Rehabilitation Trust Fund and the balance of the Fund amounted to R190 million (2003: R143 million) at period end. This amount is included in the financial assets of the group. Cash flows will take place when the mines are rehabilitated.

#### Leave pay benefits

The leave pay obligation has been reclassified as an accrual and is presented as part of trade and other payables. In terms of the group policy, employees are entitled to accumulate non-statutory vested leave benefits not taken within a leave cycle. The obligation is reviewed annually.

#### Restructuring

The liability includes accruals for plant and facility closures, including the dismantling costs thereof, and employee termination costs, in terms of announced restructuring plans for the Durnacol Mine. Provision is made on a piecemeal basis, only for those restructuring obligations supported by a formally approved plan. The restructuring will be completed within the next two years.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>25. DEFERRED TAXATION</b>				
The movement on the deferred taxation account is as follows:				
At beginning of period	901	781	(20)	(11)
Acquisition of subsidiary		49		
Non-distributable reserve charge	56	35		
Prior year adjustments		2		
Income statement charge – current (refer note 9)	34	34	(1)	(9)
– prior	(12)			
At end of period	979	901	(21)	(20)
Comprising:				
Deferred taxation liabilities				
– Property, plant and equipment	1 158	1 248		
– Foreign taxation to be set-off for group tax entity	(102)	(147)		
– Foreign taxation losses carried forward	(26)			
– Inventories	20	19		
– Leave pay accrual	(41)	(34)		
– Provisions	(56)	(53)		
– Adjustment on foreign loan	41	(1)		
– Environmental rehabilitation asset	34	20		
– Prepayments	2	10		
– Unrealised profits	24	1		
– Bad debt revaluation		(2)		
– Assessed losses	(12)	(6)		
	1 042	1 055		
Deferred taxation assets				
– Provisions	(42)	(10)	(4)	(5)
– Property, plant and equipment	186	199	(7)	(5)
– Environmental rehabilitation asset	5	3	2	2
– Inventories		(1)		
– Bad debt revaluation	(1)	(1)	(1)	(1)
– Leave pay accrual	(14)	(10)	(11)	(8)
– Prepayments	2	7		8
– Taxation losses carried forward	(221)	(242)		(11)
– Foreign taxation losses carried forward	(80)	(246)		
– Foreign taxation losses to be set-off for group tax entity	102	147		
	(63)	(154)	(21)	(20)
	979	901	(21)	(20)
<b>Calculated taxation losses</b>				
Available for offset against future South African taxable income included above	777	827		37
The deferred taxation assets raised with regard to assessed losses amount to R339 million, and is mainly attributable to the ramp-up phase of the heavy minerals project.				



	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>26. TRADE AND OTHER PAYABLES</b>				
Trade	453	533	15	25
Other	378	399	149	77
Leave pay accrual	212	146	37	37
Derivative instruments	18	17	15	6
	<b>1 061</b>	<b>1 095</b>	<b>216</b>	<b>145</b>
	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>27. NOTES TO THE CASH FLOW STATEMENT</b>				
<b>27.1 Cash retained from operations</b>				
Net operating income/(loss)	1 855	1 189	32	99
Adjusted for non-cash movements				
– Prior year adjustment	4			
– Depreciation	933	523	8	5
– Impairment charges	35	21	51	
– Goodwill amortisation	(6)	2		
– Provisions	55	59	3	14
– Foreign exchange revaluations and fair value adjustments	(19)	72	4	2
– Reconditionable spares usage`	11	8		
– Net deficit on disposal or scrapping of property, plant and equipment	37	(12)	2	5
– Net deficit on disposal of investments	(72)		(84)	(127)
Working capital movements				
– Increase in inventories	(42)	(108)		
– (Increase)/decrease in trade and other receivables	(269)	18	(120)	44
– Decrease/(increase) in non-current financial assets	(23)	32	21	17
– Increase/(decrease) in trade and other payables	149	(212)	70	(118)
– Utilisation of provisions (refer note 24)	(34)	(28)		(9)
	<b>2 614</b>	<b>1 564</b>	<b>(13)</b>	<b>(68)</b>
<b>27.2 Income from equity accounted investments</b>				
Income from equity accounted investments as per income statement	(13)	2		
Dividends received from equity accounted investments	18	49		
Less: Non-cash flow income from equity accounted investments	13	(2)		
	<b>18</b>	<b>49</b>		
<b>27.3 Net financing costs</b>				
Net financing costs as per income statement	(401)	(244)	(272)	(182)
Financing costs not involving cash flow (refer note 24)	46	4	7	
	<b>(355)</b>	<b>(240)</b>	<b>(265)</b>	<b>(182)</b>
<b>27.4 Normal taxation paid</b>				
Amounts unpaid at beginning of year	(94)	(223)	(3)	3
Prior year adjustment	2			
Adjusted opening balance	(92)	(223)	(3)	3
Amounts charged to the income statements	(410)	(183)	(52)	(38)
Arising on translation of foreign entities	10	2		
Amounts unpaid at end of year	181	94	1	3
	<b>(311)</b>	<b>(310)</b>	<b>(54)</b>	<b>(32)</b>

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>27. NOTES TO THE CASH FLOW STATEMENT (continued)</b>				
<b>27.5 Dividend paid</b>				
Amounts unpaid at beginning of year				
Dividends declared and paid	(342)	(249)	(344)	(252)
Dividends declared and paid by subsidiaries to minorities	(19)	(34)		
Amounts unpaid at end of year				
	(361)	(283)	(344)	(252)
<b>27.6 Investments to maintain operations</b>				
Replacement of property, plant and equipment	(526)	(234)	(16)	(14)
Reconditional spares	(45)	(30)		
	(571)	(264)	(16)	(14)
<b>27.7 Investments to expand operations</b>				
Expansion and new technology	(825)	(1 122)		
	(825)	(1 122)		
<b>27.8 Investment in other non-current assets</b>				
Increase in associates, joint ventures and other investments	(93)	(36)	(20)	(34)
Increase in investments in subsidiaries	(3)		(139)	(74)
	(96)	(36)	(159)	(108)
<b>27.9 Foreign currency translation reserve</b>				
At beginning of year	169	636	120	131
Closing balance	(121)	169	118	120
Movement	(290)	(467)	(2)	(11)
Transfers (to)/from NDR	(4)	107		(7)
Unrealised profits/(losses) in relation to foreign transactions	14	(55)	(2)	(26)
Revaluation of long-term loans	(217)	(21)	1	7
Less: Arising on translation of foreign entities:	(434)	(464)	1	
– inventories	(41)	(17)		
– accounts receivable	(117)	(110)		
– financial assets	(15)	(18)		
– derivatives				
– accounts payable	101	128		
– utilisation of provision	6			
– taxation paid	10	2		
– dividends paid	(1)	3		
– fixed assets acquired	(215)	(71)		
– intangible assets	(9)			
– proceeds from investments sold				
– investments acquired	(120)	(211)		
– long-term loans	(35)	(172)	1	
– short-term loans	2	2		
	(63)	28	(4)	(37)

## 28. FINANCIAL INSTRUMENTS

The centralised corporate treasury function (other than Tigor Limited which operates on a decentralised basis, but within the approved group policies) provides services to all the businesses in the group, coordinates access to domestic and international financial markets and manages the financial risks relating to the group's operations.

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency, interest rates and base metal prices. Currency and interest rate exposure is managed within board-approved policies and guidelines, which restrict the use of derivatives to the hedging of specific underlying currency, interest rate and base metal price exposures. Compliance with group policies and exposure limits is reviewed by the internal auditors on a continuous basis and they report to the board audit committee.

### 28.1 Foreign currency risk management

The group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts (FECs), currency options and currency swap agreements.

The group maintains a fully covered exchange rate position in respect of foreign currency borrowings and imported capital equipment resulting in these exposures being fully converted to rand. Trade-related import exposures are managed through the use of natural hedges arising from export revenue as well as through FECs. Trade-related export exposures are hedged using FECs and currency options with specific focus on short-term receivables.

In respect of a US\$105 million loan liability of Tigor Limited, a natural hedge exists between US\$ revenue and US\$ borrowings. Accordingly, future sales proceeds to be applied to the repayment of US\$ borrowings are recorded at the historical exchange rate effective at the date of loan draw down.

Material FECs and currency options, which relate either to specific balance sheet items or do not form part of a hedging relationship at 31 December 2004 and 30 June 2003, are summarised as follows:

	Foreign amount	Market-related value Rm	Contract value Rm	Recognised fair value gains/(losses) Rm
<b>Foreign currency 2004</b>				
<i>Exports</i>				
United States dollar – FECs	37	209	255	46
Attributable to minorities				(18)
<i>Loans</i>				
United States dollar <sup>1</sup>	100	566	681	(115)
<i>Imports</i>				
United States dollar – FECs	1	3	3	
Euro – FECs	1	9	9	
Australian dollars – FECs	1	6	7	(1)
<b>Foreign currency 2003</b>				
<i>Exports</i>				
United States dollar – FECs	68	516	530	14

1. Kumba entered into a syndicated loan of US\$150 million, of which US\$100 million was drawn down at 31 December 2004.

The fair value profit of R115 million of the liability has been accounted for in foreign exchange profit.

The amount drawn down has been hedged by entering into a cross currency swap.

The fair value of the cross currency swap is included in the table above.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Foreign amount	Market-related value Rm	Contract value Rm	Recognised fair value gains/ (losses) Rm
<b>28. FINANCIAL INSTRUMENTS (continued)</b>				
<b>28.1 Foreign currency risk management (continued)</b>				
The group has entered into certain forward exchange contracts, which relate to specific foreign commitments not yet due and export earnings for which the proceeds are not yet receivable. Details of the contracts at 31 December 2004 and 30 June 2003, are as follows:				
<b>Foreign currency 2004</b>				
<b>Exports<sup>1</sup></b>				
United States dollar – FECs	8	43	48	5
United States dollar – Put options	7	40	50	10
United States dollar – Call options	7	40	50	10
Attributable to minorities				(12)
Taxation on items charged directly to equity				(7)
<b>Imports</b>				
United States dollar – FECs	3	18	20	(2)
Euro – FECs		3	3	
<i>Note: unrealised exchange gains or losses amounting to R41 million (30 June 2003: R45 million) arising from the revaluation of Ticor Limited's foreign currency loans which are a natural hedge against specific future export sales revenue, are recognised in equity as hedge accounting has been applied.</i>				
<b>Foreign currency 2003</b>				
<b>Exports<sup>1</sup></b>				
United States dollar – FECs	88	653	701	48
United States dollar – Put Options				
United States dollar – Call Options	14	104	112	8
Attributable to minorities				(27)
<b>Loans<sup>2</sup></b>				
United States dollar – FECs	5	41	37	4
<b>Imports<sup>2</sup></b>				
United States dollar – FECs	16	117	128	(11)
Euro – FECs	8	66	72	(6)
Japanese yen – FECs	6	1		1
Swedish krona – FECs				
German mark – FECs				
Danish krone – FECs	7	8	9	(1)
Australian dollars – FECs		1	1	
Great Britain pounds – FECs				

1. Recognised fair value in equity to be released to income statement within six months.

2. Recognised fair value in equity to be released to income statement within three years.

Uncovered debtors at 31 December 2004 amount to US\$62 million. All capital imports were fully hedged. Imports (other than capital imports) not fully hedged amount to US\$1,5 million. Monetary items have been translated at the closing rate at the last day of the reporting period US\$1:R5,6525 (2003: US\$1:R7,425).

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.2 Price hedging

Prices for future purchases and sales of goods and services are generally established on normal commercial terms through agents or direct with suppliers and customers. Price hedging is undertaken on a limited scale for future zinc sales at Rosh Pinah Zinc Corporation (Pty) Limited and Kumba Base Metals Limited (previously Zinc Corporation of South Africa Limited) to secure operating margins and reduce cash flow volatility. The forward hedged position at balance sheet date is shown below:

	Tons	Market-related value Rm	Contract value Rm	Recognised gains/ (losses) Rm
<b>2004</b>				
Recognised transactions	<b>1 335</b>	<b>9</b>	<b>9</b>	
<b>2003</b>				
Recognised transactions	750	4	4	

### 28.3 Interest rate risk management

The group is exposed to interest rate risk as it borrows and deposits funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings taking into account future interest rate expectations.

A proportion of term borrowings were entered into at floating interest rates in anticipation of a decrease in the interest rate cycle.

The interest rate repricing profile is summarised below:

	1 – 6 months Rm	7 – 12 months Rm	Beyond 1 year Rm	Total borrowings Rm
<b>At 31 Dec 2004</b>				
Term borrowings	<b>815</b>		<b>2 300</b>	<b>3 115</b>
Call borrowings	<b>52</b>			<b>52</b>
% of total borrowings	<b>27</b>		<b>73</b>	<b>100</b>
<b>At 30 June 2003</b>				
Term borrowings	911		2 297	3 208
Call borrowings	130			130
% of total borrowings	31		69	100

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.3 Interest rate risk management (continued)

The group makes use of interest rate derivatives to hedge specific exposures in the interest rate repricing profile of existing borrowings. The value of borrowings hedged by interest rate derivatives, the instruments used and the respective rates applicable to these contracts were as follows:

	Borrowings hedged Rm	Floating interest payable %	Floating interest receivable %	Fixed interest payable %	Fixed interest receivable %	Recognised fair value gain/(loss) Rm
<b>At 31 Dec 2004</b>						
<i>Local</i>						
Interest rate derivatives up to 1 year:						
– Interest rate swaps	200	3m Jibar + 1% margin			13,00	9,20
	100		3m Jibar + 1% margin	10,00		(1,80)
	100		3m Jibar + 1% margin	10,00		(1,90)
	113		3m Jibar + 3,06% margin	12,10		(1,80)
Interest rate derivatives beyond 1 year:						
– Interest rate swaps	113	3m Jibar + 3,06% margin			12,41	4,20
	125		3m Jibar + 1,625% margin	10,43		(2,00)
<i>Foreign</i>						
Interest rate derivatives beyond 1 year:						
– Cross currency swaps	\$30m	3m Jibar + 0,95% margin	3m Libor + 0,7% margin			(32,80)
	\$20m	3m Jibar + 0,91% margin	3m Libor + 0,7% margin			(21,80)
	\$15m	3m Jibar + 0,90% margin	3m Libor + 0,7% margin			(18,30)
	\$15m	3m Jibar + 0,90% margin	3m Libor + 0,7% margin			(18,30)
	\$10m	3m Jibar + 0,88% margin	3m Libor + 0,7% margin			(12,10)
	\$10m	3m Jibar + 0,89% margin	3m Libor + 0,7% margin			(12,10)
<b>At 30 June 2003</b>						
Interest rate derivatives up to 1 year:						
– Interest rate flexi-swaps	200	3m Jibar + 1% margin			13,00	13,20

## 28. FINANCIAL INSTRUMENTS (continued)

### 28.4 Maturity profile of financial instruments

The maturity profiles of financial assets and liabilities at 31 December 2004 and 30 June 2003 are summarised as follows:

(The derivative instruments reflect the contract amounts)

	0 – 12 months Rm	1 – 2 years Rm	3 – 5 years Rm	>5 years Rm	Total Rm
<b>At 31 December 2004</b>					
<b>Assets</b>					
Financial assets		<b>38</b>	<b>61</b>	<b>186</b>	<b>285</b>
Cash and cash equivalents	<b>1 258</b>				<b>1 258</b>
Trade and other receivables	<b>1 397</b>				<b>1 397</b>
<b>Liabilities</b>					
Interest-bearing borrowings	<b>836</b>	<b>556</b>	<b>1 099</b>	<b>676</b>	<b>3 167</b>
Trade and other payables	<b>1 061</b>				<b>1 061</b>
	<b>758</b>	<b>(518)</b>	<b>(1 038)</b>	<b>(490)</b>	<b>(1 288)</b>
Percentage profile (%)	<b>(59)</b>	<b>40</b>	<b>81</b>	<b>38</b>	<b>100</b>
<b>At 30 June 2003</b>					
<b>Assets</b>					
Financial assets		40		172	212
Cash and cash equivalents	964				964
Trade and other receivables	1 333				1 333
<b>Liabilities</b>					
Interest-bearing borrowings	537	697	1 399	705	3 338
Trade and other payables	1 095				1 095
	665	(657)	(1 399)	(533)	(1 924)
Percentage profile (%)	(35)	35	73	28	100
<b>Derivative instruments as at 31 December 2004</b> (included in the above)					
Recognised transactions					
– Buy	<b>19</b>		<b>681</b>		<b>700</b>
– Sell	<b>255</b>				<b>255</b>
Forecasted transactions					
– Buy	<b>23</b>				<b>23</b>
– Sell	<b>147</b>				<b>147</b>
<b>Derivative instruments as at 30 June 2003</b> (included in the above)					
Recognised transactions					
– Buy					
– Sell	530				530
Forecasted transactions					
– Buy	222	5	26		253
– Sell	330	371	112		813

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Carrying value		Fair value	
	At 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>28. FINANCIAL INSTRUMENTS (continued)</b>				
<b>28.5 Fair value of financial instruments</b>				
At 31 December 2004 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short-term maturities of these assets and liabilities.				
<i>Assets</i>				
Financial assets	<b>285</b>	272	<b>285</b>	272
Cash and cash equivalents	<b>1 258</b>	964	<b>1 258</b>	964
Trade and other receivables	<b>1 397</b>	1 333	<b>1 397</b>	1 333
<i>Liabilities</i>				
Non-current interest-bearing borrowings	<b>2 331</b>	2 801	<b>2 158</b>	2 855
Current interest-bearing borrowings	<b>836</b>	537	<b>987</b>	560
Trade and other payables	<b>1 061</b>	1 095	<b>1 061</b>	1 095

### *Liabilities*

The fair value of long and medium-term borrowings is calculated using quoted prices, or where such prices are not available, discounted cash flow analyses using the applicable yield curve for the duration of the borrowing.

### *Derivative instruments*

Comprise forward exchange contracts, currency options, interest rate collars and swaps as well as zinc forward contracts. The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analyses using the applicable yield curve for the duration of the instruments.

	At 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
At 31 December 2004, the negative R41 million (2003: R70 million) fair value of instruments is made up of:		
– Favourable contracts	<b>84</b>	88
– Unfavourable contracts	<b>126</b>	18

When an anticipated future transaction has been hedged and the underlying position has not been recognised in the financial statements, any change in fair value of the hedging instrument is recognised directly in equity.

### **28.6 Credit risk management**

Credit risk relates to potential exposure on cash and cash equivalents, investments, trade receivables and hedged positions. The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board annually.

Trade debtors consist of a number of customers, with whom Kumba has long-standing relationships. A high portion of term supply arrangements exists with such clients resulting in limited credit exposure which exposure, where dictated by customer credit worthiness or country risk assessment, is further mitigated through a combination of confirmed letters of credit and credit risk insurance.

	At 31 Dec 2004 %	Restated Year ended 30 June 2003 %
<b>28. FINANCIAL INSTRUMENTS (continued)</b>		
<b>28.6 Credit risk management (continued)</b>		
Detail of the credit risk exposure above 5%		
<i>By industry</i>		
Manufacturing (including structural metal)	91	91
Public utilities	7	7
Other	2	2
	<b>100</b>	<b>100</b>
<i>By geographical area</i>		
South Africa	30	29
Asia	22	26
Europe	20	18
Australia	1	10
USA	23	11
Other	4	6
	<b>100</b>	<b>100</b>

#### 28.7 Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	At 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
Borrowing capacity is determined by the directors in terms of the articles of association, from time to time:		
Amount approved	5 353	4 895
Total borrowings	3 167	3 338
Unutilised borrowing capacity	<b>2 186</b>	<b>1 557</b>

In line with the reduction in debt and the strengthening of the group's capital base the borrowing powers of the company and the group were set at 100% of shareholders' funds for the 2004 financial period (2003: 100%).

#### 29. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those arranged with third parties.

##### Associates and joint ventures

Details of investments in associates and joint ventures are disclosed in note 16 and annexure 2 whilst income is disclosed in note 16. Interest income from joint ventures of R6 million (2003: R nil million) is included in net financing costs (refer note 6).

The group purchased goods and services to the value of R133 million (2003: R123 million) from, and sold goods to the value of R nil million (2003: R nil million) to associates and joint ventures.

The outstanding balances at year-end are as follows:

- Included in trade and other receivables (refer note 20) R20 million (2003: R4 million)
- Included in trade and other payables (refer note 26) R6 million (2003: R8 million)
- Included in cash and cash equivalents R nil million (2003: R nil million)
- Included in the carrying value of associates and joint ventures (refer note 16) are long-term loans of R1 million (2003: R39 million)
- Included in long-term debtors R nil million (2003: R nil million)
- Included in financial assets R21 million (2003: R nil million) (refer note 18)

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	18-months ended 31 Dec 2004 Rm	Restated Year ended 30 June 2003 Rm
<b>29. RELATED PARTY TRANSACTIONS (continued)</b>		
<b>Subsidiaries</b>		
Details of income from and investments in subsidiaries are disclosed in notes 7 and 17 respectively, and annexure 3.		
<b>Corporate service fee from subsidiaries</b>		
The following corporate service fee from subsidiaries was received by Kumba Resources Limited:		
Sishen Iron Ore Company (Pty) Limited	236	220
Kumba Coal (Pty) Limited	115	69
Kumba Base Metals Limited		7
	<b>351</b>	296

### Special purpose entities

The group has an interest in the following special purpose entities which are consolidated unless otherwise indicated:

Entity	Nature of business
Ferrosure (Isle of Man) Insurance Company Limited	Offshore insurance captive
Ferrosure (SA) Insurance Company Limited	Insurance captive
Kumba Environmental Rehabilitation Fund	Trust fund for mine closure
Minco Leasing Limited	Financing company
Oreco Leasing Limited	Financing company
Vulcan Leasing Limited	Financing company
Kumba Resources Management Share Trust	Management share incentive trust

### Directors

Details relating to directors' emoluments and shareholdings (including options) in the company are disclosed in the report of the directors.

### Senior employees

Details relating to option and share transactions are disclosed in note 31.

### Anglo Group

The Kumba Resources group purchased goods and services to the value of R170 million from, and sold goods to the value of R157 million to fellow subsidiaries of the Anglo group.

The outstanding balances at year-end are as follows:

- Included in trade and other receivables (refer note 20) R39 million
- Included in trade and other payables (refer note 26) R nil million

### Shareholders

The principal shareholders of the company are detailed in the "Analysis of shareholders" schedule on p71 of the annual report.

### Contingent liabilities

Details are disclosed in note 32.

### 30. SEGMENT REPORTING

	Iron ore		Coal		Heavy minerals		Base metals		Industrial minerals		Other		Total	
	2004	Restated	2004	Restated	2004	Restated	2004	Restated	2004	Restated	2004	Restated	2004	Restated
	Rm	2003	Rm	2003	Rm	2003	Rm	2003	Rm	2003	Rm	2003	Rm	2003
<b>Business segmentation</b>														
<i>Segment revenue</i>														
– Total turnover	6 064	4 234	2 733	1 638	2 438	587	1 212	892	177	103	32	52	12 656	7 506
– Inter-group									(39)	(25)	(18)	(12)	(57)	(37)
External	6 064	4 234	2 733	1 638	2 438	587	1 212	892	138	78	14	40	12 599	7 469
<i>Segment net operating profit/(loss)</i>	1 119	880	548	279	206	62	(151)	(9)	30	21	103	(44)	1 855	1 189
<i>Depreciation and amortisation of intangible assets</i>	386	235	224	137	279	92	68	41	9	6	11	21	977	532
<i>Impairment charge</i>		2	(1)		89		35				(88)		35	2
<i>Goodwill amortisation</i>					(6)	(3)		24					(6)	21
<i>Income/(loss) from equity accounted investments</i>	20	15				58	10				(43)	(71)	(13)	2
<i>Cash inflow from operations</i>	1 498	1 160	682	304	397	109	23	11	38	25	(24)	(45)	2 614	1 564
<i>Other non-cash flow items not disclosed above</i>	5	51	(8)	9	(3)	41	37	8	(1)		(14)	18	16	127
<i>Capital expenditure</i>														
– Cash flow	270	211	216	125	801	947	83	73	7	5	19	25	1 396	1 386
– Non-cash flow	198	104	56	50			4						258	154
	468	315	272	175	801	947	87	73	7	5	19	25	1 654	1 540
<i>Segment assets and liabilities</i>														
– Assets per balance sheet	4 526	4 198	1 683	1 640	4 123	4 442	72	291	97	66	2 372	1 684	12 873	12 321
– Investments in associates and joint ventures	10	10	1	1			72				13	107	96	118
– Liabilities per balance sheet	1 603	1 402	850	808	2 042	2 304	136	105	31	23	1 844	1 712	6 506	6 353
<i>Number of employees (number)</i>	4 199	4 312	2 716	2 675	794	1 395	1 092	1 127	169	133	721	932	9 691	10 574

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Segment revenue	Segment revenue	Carrying amount of segment assets	Carrying amount of segment assets	Additions to property, plant and equipment (non-cash flow)	Additions to property, plant and equipment (non-cash flow)	Additions to property, plant and equipment (non-cash flow)	Additions to property, plant and equipment (non-cash flow)
	2004 Rm	2003 Rm	2004 Rm	2003 Rm	2004 Rm	2003 Rm	2004 Rm	2003 Rm
<b>30. SEGMENT REPORTING (continued)</b>								
Geographical segmentation								
– South Africa	5 055	3 112	9 910	9 040	254	154	1 260	1 328
– Africa	35	134	107	456	4			25
– Europe	6 071	1 423	1 253	1 994			38	
– Asia	3 774	2 347	959	733				
– Australia	1 158	122	1 126	(309)			93	
– Other	(3 494)	331	(386)	525			5	33
Total segment	12 599	7 469	12 969	12 439	258	154	1 396	1 386

Total segment revenue, which excludes value-added tax and sales between group companies, represent the gross value of goods invoiced. Export revenues are recorded according to the relevant sales terms, when the risks and rewards of ownership are transferred.

Total segment revenue further includes operating revenues directly and reasonably allocable to the segments. Segment revenue includes sales made between segments. These sales are made on a commercial basis.

Segment net operating profit equals segment revenue less segment expenses and includes impairment charges and goodwill amortisation. Segment expenses represent direct or reasonably allocable operating expenses on a segment basis. Segment expenses exclude interest, losses on investments and income tax expenses, but include recoverable corporate costs.

Segment assets and liabilities include directly and reasonably allocable operating assets, investments in associates and joint ventures and liabilities.

### 31. EMPLOYEE BENEFITS

#### Retirement funds

Independent funds provide retirement and other benefits for all permanent employees, retired employees, and their dependants. At the end of the financial year, the main funds to which Kumba was a participating employer, are as follows:

- Kumba Selector Pension Fund and Kumba Selector Provident Fund, both operating as defined contribution funds.
- Iscor Employees' Provident Fund, operating as a defined contribution fund.
- Iscor Pension Fund, operating as a defined benefit fund. This fund is closed to new entrants.
- Iscor Retirement Fund, operating as a defined benefit fund. This fund is closed to new entrants.

In compliance with the Pension Funds Act, after the unbundling from Ispat Iscor Limited in 2001, Kumba employees were transferred from the Iscor Selector Pension Fund and Iscor Selector Provident Fund to the Kumba Selector Pension Fund and Kumba Selector Provident Fund during the period under review.

Members pay a contribution of 7%, with the employer's contribution of 10% to the above funds, being expensed as incurred.

All funds are governed by the South African Pension Funds Act of 1956.

#### Defined contribution funds

Membership of each fund at 31 December 2004 and 30 June 2003 and employer contributions to each fund were as follows:

	<b>Working members 2004 Number</b>	Working members 2003 Number	<b>Employer contri- butions 2004* Rm</b>	Employer contri- butions 2003 Rm
Kumba Selector Funds	<b>3 407</b>	3 836	<b>87</b>	51
Iscor Employees' Provident Fund	<b>5 097</b>	4 218	<b>42</b>	24
Other funds	<b>821</b>	468	<b>28</b>	3
	<b>9 325</b>	8 522	<b>157</b>	78

*\*18-month period*

Due to the nature of these funds the accrued liabilities by definition equates to the total assets under control of these funds.

#### Defined benefit funds

Statutory actuarial valuations are performed at intervals of not more than three years. The valuations are performed at the financial year-end of the funds in question, which is 31 December. At the last statutory valuation of the funds within the group (Iscor Pension Fund at 31 December 2001 and the Iscor Retirement Fund at 31 December 2002) and at the interim valuation at 31 December 2003 for the Iscor Pension Fund and 31 December 2001 for the Iscor Retirement Fund, the actuaries were of the opinion that the funds were adequately funded. The statutory valuation of the Iscor Retirement Fund at 31 December 2003 remains subject to the finalisation of the legislation relating to the surplus apportionment.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

### 31. EMPLOYEE BENEFITS (continued)

#### Funded status

The funded status of the two defined retirement benefit funds (Iscor Pension Fund at 31 December 2003 and Iscor Retirement Fund at 31 December 2002) for members of both Kumba and Ispat Iscor Limited was as follows:

	Iscor Pension Fund 2003 Rm	Iscor Retirement Fund 2002 Rm
Fair value of plan assets	6 136	321
Present value of funded obligation	(6 136)	(273)
Net asset		48
Surplus not recognised		(48)
Unrecognised actuarial losses		
Net liability as per balance sheet		

The pension plan assets consist primarily of equity (local and offshore), interest-bearing stock and property.

The actual return on the assets in the Iscor Pension Fund as at 31 December 2003 amounted to R523 million (2002: R285 million) and in the Iscor Retirement fund to R77 million.

Principal actuarial assumptions (expressed as weighted averages) at 31 December 2003 were as follows:

	Iscor Pension Fund		Iscor Retirement Fund	
	Interim valuation 2003 %	Statutory valuation 2001 %	Statutory valuation 2002 %	Interim valuation 2001 %
Pre-retirement discount rate	10,0	10,0	10,0	10,0
Post-retirement discount rate	5,0	5,0	4,5	4,5
Expected real after-tax return on fund's assets	2,5	2,5	n/a <sup>2</sup>	n/a <sup>2</sup>
Future general and merit salary increases	7,5 <sup>1</sup>	7,5 <sup>1</sup>	n/a <sup>2</sup>	n/a <sup>2</sup>

Future pension increases were allowed to the extent that the investment return exceeds the post-retirement discount rate.

1. Excluding merit increases according to age

2. Not applicable

#### Medical funds

The group and company contribute to defined benefit medical aid schemes for the benefit of permanent employees and their dependants. The contributions charged against income amounted to R84 million (2003: R47 million for the 12-month period to 30 June 2003). Kumba has no post-retirement medical aid obligation for current or retired employees.

### 31. EMPLOYEE BENEFITS (continued)

#### Equity compensation benefits

Kumba operates the Kumba Management Deferred Purchase Share Scheme and the Kumba Management Share Option Scheme for senior employees and executive directors of Kumba.

The Kumba Management Deferred Purchase Share Scheme consists of a combination of an option scheme, a purchase scheme and a deferred purchase scheme and governs to maturity the share scheme rights and obligations of employees which were in existence at the time of transfer of the employees from Iscor to Kumba on unbundling of Kumba effective July 2001.

The Kumba Management Share Option Scheme consists of the granting of options in respect of ordinary Kumba shares, at market value, to eligible participants.

The aggregate number of shares in the issued share capital of Kumba which may at any time be purchased by or allocated and issued to the trustees of both the Kumba Management Deferred Purchase Share Scheme and the Kumba Management Share Option Scheme, may not exceed 10% in total of the shares then in issue in the share capital of Kumba.

The maximum number of Kumba shares to which any one eligible participant is entitled in total in respect of both schemes albeit by way of an allotment and issue of Kumba shares and/or the grant of options shall not exceed 1% of the shares then in issue in the share capital of Kumba.

Shares and/or options held in terms of Kumba Management Deferred Purchase Share Scheme are released in five equal tranches commencing on the second anniversary of an offer date and expire on the ninth anniversary of an offer date.

Options granted in terms of the Kumba Management Share Option Scheme can be exercised over five years commencing on the first anniversary of the offer date, provided that by the seventh anniversary of the offer date all options granted are to be exercised, failing which those not exercised will lapse.

A total of 30,2 million shares of the company, representing 10% of the issued shares, have been approved and allocated by shareholders for purposes of the schemes. Of the total of 30,2 million shares, 13,6 million shares are available in the share scheme for future offers to participants, while 16,6 million shares are allocated as options or deferred purchase shares to participants.

Details are as follows:

	Million
Number of shares available for utilisation in terms of the Kumba Management Share Schemes as at 1 July 2003	9,0
Add: Net effect of scheme shares released, forfeitures and adjustments to scheme allocation	8,5
Less: Share offers accepted	(3,9)
Number of shares available for future utilisation, at 31 December 2004	13,6

At 31 December 2004 the company's loan to the Kumba Management Share Trust amounted to R16 939 844 (2003: R23 102 391). The loan is interest free and has no fixed repayment terms. This amount is reflected as an intercompany loan in the company's accounts and eliminated at group level.

The market value of the shares available for utilisation at the end of the year amounted to R596 784 276.

Details of the option/purchase schemes are:

	Options		Deferred purchase	
	Dec 2004 Million	June 2003 Million	Dec 2004 Million	June 2003 Million
Outstanding at beginning of the period	18,6	14,7	1,9	2,0
Issued	3,9	4,2		
Exercised	(5,3)	(0,1)	(1,6)	(0,1)
Lapsed/cancelled	(0,9)	(0,2)		
Outstanding at end of the period	16,3	18,6	0,3	1,9

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	Options		Deferred purchase	
	Dec 2004	June 2003	Dec 2004	June 2003
<b>31. EMPLOYEE BENEFITS (continued)</b>				
Details of issues during the period are as follows:				
Expiry date	2010/2011	2009/2010		
Exercise price (share price range) (R)	24,50 – 42,40	24,50 – 51,50		
Total proceeds if options are immediately exercised/deferred purchase shares immediately paid (R million)	158	150		
Details of options/deferred purchase shares exercised during the period are as follows:				
Exercise price per share (share price range) (R)	31,88 – 44,75	26,10 – 47,00	31,88 – 44,75	27,50 – 41,30
Total proceeds if shares are issued (R million)	204	4	61	3
Terms of the options and deferred purchase shares outstanding at 31 December 2004 are as follows:				
	Exercise price R	Options Outstanding '000	Deferred purchase Exercise price R	Outstanding '000
Expiry date				
2006				
2007	11,75 – 13,10	71	8,89 – 13,10	97
2008	17,07 – 28,05	8 479	8,42 – 18,90	25
2009	11,71 – 51,50	3 491	8,06 – 20,80	78
2010	13,66 – 37,51	1 010	19,93 – 23,26	54
2011	36,75 – 43,00	3 317		
<b>Total</b>		16 368		254
		Options '000	Deferred purchase '000	Total '000
Number of shares vesting at beginning of the period		18 550	1 913	20 463
Net change during the period		(2 182)	(1 659)	(3 840)
Number of shares vesting at end of the period		16 368	254	16 623
<b>Directors' interests in shares</b>				
For details refer to the report of the directors				



	GROUP		COMPANY	
	At 31 Dec 2004 Rm	At 30 June 2003 Rm	At 31 Dec 2004 Rm	At 30 June 2003 Rm
<b>32. CONTINGENT LIABILITIES</b>				
Contingent liabilities at balance sheet date, not otherwise provided for in these annual financial statements, arising from:				
– Guarantees in the normal course of business from which it is anticipated that no material liabilities will arise:				
– related parties	2	5	610	636
– other	34	31	2	
– Other contingent liabilities <sup>1</sup>		14		14

1. Includes the group's share of contingent liabilities of associates and joint ventures of R nil million (2003: R nil million).

Included in the company's guarantees are guarantees relating to the Ticor SA project loans as provided by the company. On consolidation the project loans are included in net debt, and the contingent liability of the company eliminated.

These contingent liabilities have no tax impact. The timing and occurrence of any possible outflows are uncertain.

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>33. COMMITMENTS</b>				
<b>Capital commitments</b>				
Capital expenditure contracted for plant and equipment	219	345	40	29
Capital expenditure authorised for plant and equipment but not contracted	668	624	14	34

The above includes the group's share of capital commitments of associates and joint ventures.

Capital expenditure will be financed from available cash resources, funds generated from operations and available borrowing capacity.

A trust known as The New Africa Mining Fund was established during 2003 to make portfolio investments in junior mining projects within the Republic of South Africa and elsewhere on the continent of Africa. Kumba Resources, as an investor participant to the fund, has committed to contribute R20 million towards the fund. The fund manager can draw down this balance or any portion as and when required by serving a 10-day notice to Kumba. The commitment period commenced on 1 March 2003 and expires on 28 February 2009. Kumba has contributed R5,9 million towards the fund since March 2003.

## Notes to the annual financial statements *continued*

for the 18-months ended 31 December 2004

	GROUP		COMPANY	
	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>33. COMMITMENTS (continued)</b>				
Operating lease commitments				
The future minimum lease payments under non-cancellable operating leases are as follows:				
– Less than one year	39	45	32	37
– More than one year and less than five years	120	150	93	127
– More than five years	8	42		19
<b>Total</b>	<b>167</b>	<b>237</b>	<b>125</b>	<b>183</b>
Included in above operating lease commitments is an operating lease commitment in regards to a building which terminates in 2008. Various options are available to both the lessor and lessee on mutual agreement on termination of the operating lease.				
Operating sublease				
Non-cancellable operating lease rentals are receivable as follows:				
– Less than one year	7	5	7	5
– More than one year and less than five years	21	28	21	28
– More than five years		5		5
<b>Total</b>	<b>28</b>	<b>38</b>	<b>28</b>	<b>38</b>

## Annexure 1: Non-current interest-bearing borrowings

	Final repayment date	Rate of interest per year (payable half-yearly) 2004		Rate of interest per year (payable half-yearly) 2003		GROUP		COMPANY	
		Fixed %	Floating %	Fixed %	Floating %	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>LOCAL</b>									
<b>Unsecured loans</b>									
	2004				15,030		75		75
	2004				10,340		99		99
	2005	<b>13,210</b>		13,210		<b>200</b>	200	<b>200</b>	200
	2006		<b>7,600</b>		12,300	<b>250</b>	250	<b>250</b>	250
	2006		<b>9,180</b>		14,220	<b>125</b>	250	<b>125</b>	250
	2008	<b>12,410</b>		12,410		<b>340</b>	450	<b>340</b>	450
						<b>915</b>	1 324	<b>915</b>	1 324
<b>Secured loan</b>									
	2004			14,760	<sup>1</sup>		5		
	2005	<b>14,939</b>		14,939	<sup>2</sup>	<b>13</b>	43		
	2008	<b>13,830</b>		13,830	<sup>3</sup>	<b>244</b>	319		
	2010	<b>14,200</b>		14,200	<sup>4</sup>	<b>774</b>	741		
	2013	<b>7,850</b>			<sup>5</sup>	<b>9</b>			
						<b>1 040</b>	1 108		
<b>FOREIGN</b>									
<b>Unsecured loans (US\$)</b>									
	2004				2,310		32		
	2007	<b>3,230</b>				<b>565</b>		<b>565</b>	
	2016	<b>6,920</b>		7,300	<sup>6</sup>	<b>595</b>	744		
						<b>1 160</b>	776	<b>565</b>	
<b>Total non-current interest-bearing borrowings (refer note 22)</b>						<b>3 115</b>	3 208	<b>1 480</b>	1 324

1. Capitalised lease agreement secured by machinery, plant and equipment with a book value of Rnil million (2003: R34 million).
2. Capitalised lease agreement secured by machinery, plant and equipment with a book value of R49 million (2003: R53 million), payable monthly.
3. Dedicated project finance facility, for Ticor South Africa KZN (Pty) Limited secured by notarial bond over property, plant and equipment with a book value of R945 million (2003: R968 million).
4. Dedicated project finance facility for Ticor South Africa (Pty) Limited secured by notarial bond over property, plant and equipment with a book value of R2 019 million (2003: R1 414 million).
5. Dedicated Mineral Development Fund finance facility, for Rosh Pinah Zinc Corporation (Pty) Limited, secured by notarial bond over property, plant and equipment with a book value of R24 million.
6. US\$150 million revolving credit facility of which US\$100 million has been drawn as at 31 December 2004.
7. US\$105 million senior notes issued by Ticor Finance (A.C.T.) Pty Limited, an entity controlled by Ticor Limited.

## Annexure 2: Investments in associates, joint ventures and other investments

for the 18-months ended 31 December 2004

Nature of business <sup>1</sup>	Number of shares held	Percentage holding		Group carrying amount		Company carrying amount		Year-end other than 31 December	
		At 31 Dec 2004 %	Restated At 30 June 2003 %	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm		
<b>ASSOCIATED COMPANIES</b>									
<i>Listed</i>									
AST Group Limited	C	44 400 000	22,34	26,74	6	69	24	86	30 June
Mincor Resources NL (Australian) <sup>2</sup>	A	52 251 000		30,13		31			
<i>UNLISTED</i>									
Manganore Iron Mining Limited	A	25 000	50,00	50,00					30 June
South Dunes Coal Terminal Co (Pty) Limited	A	1 333	33,00	33,00	1	1			
<b>Total associated companies (refer note 16)</b>					<b>7</b>	<b>101</b>	<b>24</b>	<b>86</b>	
<b>JOINT VENTURES</b>									
<i>Incorporated</i>									
<i>Unlisted</i>									
Pietersburg Iron Company (Pty) Limited	A	4 000	50,00	50,00	3	3			
Safore (Pty) Limited	B	400	40,00	40,00					
Sishen Shipping (Pty) Limited	B	400	40,00	40,00					
Transorient Ore Supplies Limited	D	2 000	50,00	50,00	7	7			
Rosh Kor Township Prop	C	50	50,00						
Inyanda Coal (Pty) Limited	A	500	50,00						
Chifeng Kumba Hongye Zinc Corporation Limited	A & M		28,30		72				
Sibelo Resources Development (Pty) Limited	E	1	50,00						
					<b>82</b>	<b>10</b>			
<i>Unincorporated</i>									
Bridgetown Dolomite Mine	A		50,00	50,00	7	7	7	7	28 February
Safore	B		40,00	40,00					
					<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	
<b>Total joint ventures (refer note 16)</b>					<b>89</b>	<b>17</b>	<b>7</b>	<b>7</b>	
<b>INVESTMENT COMPANIES</b>									
Mineral Deposits Limited	A	11 299 435	10,30	15,37	20	7			
Other					33	72	26	22	
<b>Total other investments (refer note 18)</b>					<b>53</b>	<b>79</b>	<b>26</b>	<b>22</b>	
<b>Total investment</b>					<b>149</b>	<b>197</b>	<b>57</b>	<b>115</b>	
The investments are valued at balance sheet date. Listed shares are valued at market value and unlisted shares at directors' value.									
Market value of listed shares					44	138	29	29	
Directors' valuation of unlisted shares and joint ventures					186	108	7	7	

Where the above entities' financial year-ends are not coterminous with that of the company, financial information has been obtained from published information or management accounts as appropriate.

1. A – Mining, B – Shipping charter, C – Service, D – Iron ore merchant, E – Exploration, M – Manufacturing.

2. Mincor Resources NL disposed during July 2003.

The group's effective share of the balance sheets at 31 December 2004 and 31 June 2003, income statements and cash flow statements for the 18 months to 31 December 2004 and 12 months to 30 June 2003, in respect of associated companies and joint ventures are as follows:

	Associated companies		Joint ventures		Ticor Limited <sup>2</sup> (included in associated companies)
	2004 Rm	Restated 2003 <sup>1</sup> Rm	2004 Rm	Restated 2003 Rm	2003 Rm
<b>INCOME STATEMENTS</b>					
Revenue	555	1 088	152	7	498
Operating expenses	(582)	(1 061)	(118)	(4)	(409)
Net operating (loss)/profit	(27)	27	34	3	89
Net financing costs	(12)	(43)	(1)		(26)
Loss from equity accounted investments		(4)			(4)
(Loss)/profit before taxation	(39)	(20)	33	3	59
Taxation	(9)	(6)	2		(19)
(Loss)/profit after taxation	(48)	(26)	35	3	40
Outside shareholders' interest	(3)	5			
Net (loss)/profit attributable to ordinary shareholders	(51)	(21)	35	3	40
<b>BALANCE SHEETS</b>					
Non-current assets	59	1 346	84	6	1 207
Current assets	64	661	96	14	531
Total assets	123	2 007	180	20	1 738
<b>EQUITY AND LIABILITIES</b>					
Ordinary shareholders' equity	12	1 150	100	10	1 114
Minority interest	3	2			
Non-current liabilities					
Interest-bearing borrowings	25	445	11		401
Non-current provisions		21			21
Deferred taxation and other	13	60			54
Current liabilities					
Interest-bearing borrowings	8	47	9		
Other	62	282	60	10	148
Total equity and liabilities	123	2 007	180	20	1 738
<b>CASH FLOW STATEMENTS</b>					
Net cash flows from operating activities	7	42	12	(2)	56
Net cash flows from investing activities	4	(124)	(83)		(120)
Net cash flows from financing activities	(10)	(3)	87	(1)	
Foreign currency translations		(8)	(1)		(8)
Net (decrease)/increase in cash and cash equivalents	1	(93)	15	(3)	(72)

1. The investment in Chifeng Kumba Hongye Zinc Corporation Limited was reclassified from a subsidiary to a joint venture arrangement and is consequently equity accounted.

2. Ticor Limited was consolidated from 1 April 2003. For 2003 only the nine months from 1 July 2002 to 31 March 2003 were included.

## Annexure 3: Investments in subsidiaries<sup>1</sup>

for the 18-months ended 31 December 2004

	Country of incorporation <sup>2</sup>	Nature of business <sup>3</sup>	Issued capital – unlisted ordinary shares	Interest of company		Indebtedness	
				Investment in shares			
			R	At 31 Dec 2004 R	Restated At 30 June 2003 R	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>DIRECT INVESTMENTS</b>							
Colonna Properties (Pty) Limited	RSA	B	200	2 518 966	2 518 966		
Cullinan Refractories (Pty) Limited	RSA	A	1 000	1 000	1 000		
Ferroland Grondtrust (Pty) Limited	RSA	D	2	2	2	27	19
Glen Douglas Dolomite (Pty) Limited	RSA	A	10 000	10 000	10 000	(13)	
Ticor South Africa KZN (Pty) Limited (effectively 80,61%)	RSA	A	200	6 003 355	6 003 355	647	572
Kumba Base Metals Limited	RSA	M	5 500 000	247 712 500	247 712 500	(50)	(91)
Kumba Base Metals Namibia (Pty) Limited	NAM	C	1	1	1		
Kumba Coal (Pty) Limited	RSA	A	1	1 000	1 000	276	464
Kumba Properties (Groenkloof) (Pty) Limited	RSA	B	1	1	1	5	5
Kumba Properties (Kloofzicht) (Pty) Limited	RSA	B	1	1	1		
Kumba Properties (Princess Grant) (Pty) Limited	RSA	B	1	1	1		1
Mineral Exploration Company of Southern Africa (Pty) Limited	RSA	B	200	200	200		
Rocsi Holdings (BVI) Limited	BVI	H	717 524 937	1 352 808 130	1 129 720 003		
Sishen Iron Ore Company (Pty) Limited	RSA	A	1	1 000	1 000	1 153	1 413
Ticor South Africa (Pty) Limited (effectively 80,61%)	RSA	M	510	510	510	805	377
Kumba Resources Management Share Trust	RSA	T	1	1		(17)	
Clipeus Investment Holdings (Pty) Limited	RSA	H	1				
<b>INDIRECT INVESTMENTS</b>							
Anocon Investments (Pty) Limited	RSA	A	100				
Coastal Coal (Pty) Limited	RSA	A	5 000			(95)	(107)
Confin Limited	MAU	C	1				
Downs Holding BV	NE	A	61 362				
Groler Investments Limited	SWL	H	258 958				
Ipcor N.V.	NV	C	27 078				
Iscor Congo S.P.R.L.	DRC	C	747				
Kamofin Limited	MAU	C					
Kumba Base Metals International BV <sup>4</sup>	NE	A	61 362				
Kumba Australia Pty Limited	AUS	C	11				
Kumba Base Metals China Limited	HK	C	1 000				
Kumba Finance Ireland Limited	IRL	C	1 225 200				
Kumba Heavy Minerals BV	NE	A	180				
Kumba Holdings (BVI) SA	BVI & RSA	H	9 437 677				
Kumba Holdings (Australia) Pty Limited	AUS	H	5				
Kumba Hong Kong Limited	HK	C	832				
Kumba International BV	NE	C	9 961 692			28	14
Kumba Investments (Australia) Pty Limited	AUS	H	5				
Minsa (Pty) Limited	RSA	B	3				(1)
Mtunzini Sands (Pty) Limited	RSA	A	200				
Rosh Pinah Zinc Corporation (Pty) Limited (89,47%)	NAM	A	2 000			82	53
Sishen South Mining (Pty) Limited	RSA	A	1				
Taurus Marine Limited	CMN	S	1 000				
Ticor Limited (effectively 51,54%)	AUS	A	420 679 000				67
Ticor Chemical Company Pty Limited (effectively 51,54%)	AUS	M	10				
Crisa Pty Limited (effectively 51,54%)	AUS	C	10				



	Country of incorporation <sup>2</sup>	Nature of business <sup>3</sup>	Issued capital – unlisted ordinary shares R	Interest of company			
				Investment in shares	Indebtedness		
				At 31 Dec 2004 R	Restated At 30 June 2003 R	At 31 Dec 2004 Rm	Restated At 30 June 2003 Rm
<b>INDIRECT INVESTMENTS (continued)</b>							
Bertini Pty Limited (effectively 51,54%)	AUS	C	10				
Ticor Chemicals Ghana Pty Limited (51,54%)	GHANA	C	10				
Omacor Sac (effectively 51,54%)	PERU	C	10				
Ticor Resources Pty Limited (effectively 51,54%)	AUS	H	180 337 136				
Magnetic Minerals Limited (effectively 51,54%)	AUS	A	31 740 964				
TiO2 Corporation NL (effectively 51,54%)	AUS	A	85 101 240				
Tific Pty Limited (effectively 51,54%)	AUS	H	10				
Yalgoo Minerals Pty Limited (effectively 51,54%)	AUS	H	48 216 010				
Pigment Holdings Pty Limited (effectively 51,54%)	AUS	C	10				
Synthetic Rutile Holdings Pty Limited (effectively 51,54%)	AUS	C	10				
Senbar Holdings Pty Limited (effectively 51,54%)	AUS	C	10				
Ticor (Overseas) Holdings Pty Limited (effectively 51,54%)	AUS	H	10				
Ticor SA Holdings (Pty) Limited (effectively 51,54%) <sup>5</sup>	RSA	H	40 000				
Ticor Titanium Australia Pty Limited (effectively 51,54%)	AUS	H	10				
Rocit Investments Pty Limited (effectively 51,54%)	RSA	H	3 157 714				
Ticor (Bermuda) Holdings Limited (effectively 51,54%)	BER	H	74 836				
Ticor (Bermuda) Minerals Limited (effectively 51,54%)	BER	H	74 836				
Ticor Finance (A.C.T.) Pty Limited (effectively 51,54%)	AUS	F	10				
Ticor Energy Pty Limited (effectively 51,54%)	AUS	F	10				
The Durban Navigation Collieries (Pty) Limited	RSA	A	516 000			(1)	(17)
The Vryheid (Natal) Railway Coal and Iron Company Limited	RSA	A	3 675			5	3
Trojan Bulk Shipping Limited	CMN	S	1 000				
Tshikondeni Mining Company (Pty) Limited	RSA	A	2				
ZnERGY (Pty) Limited (85%)	RSA	M	240				
ZnERGY Marketing (Pty) Limited (effectively 85%)	RSA	C	1				
<b>Total investments in subsidiaries (note 17)</b>				<b>1 609 056 668</b>	<b>1 385 968 540</b>	<b>2 852</b>	<b>2 772</b>

1. At 100% holding except where otherwise indicated.

2. RSA – Republic of South Africa, AUS – Australia, NAM – Namibia, DRC – Democratic Republic of Congo, MOZ – Mozambique, HK – Hong Kong, UK – United Kingdom, NV – Netherlands Antilles, BVI – British Virgin Islands, CMN – Cayman Islands, IRL – Ireland, JRS – Jersey, SWL – Switzerland, MAU – Mauritius, NE – Netherlands, SWL – Switzerland, BER – Bermuda.

3. A – Mining, B – Property, C – Service, D – Land management, F – Finance, H – Holdings, M – Manufacturing, S – Shipping, T – Trust.

4. Previously Kumba Africa BV.

5. Previously Ticor South Africa (Pty) Limited.

6. The investment in Chifeng Kumba Hongye Zinc Corporation Limited was reclassified from a subsidiary to a joint venture arrangement and is consequently equity accounted.