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DISCLAIMER

This supplementary financial information has been prepared on a pro forma basis in order to assist readers with the interpretation of the underlying business performance. These results do not reflect the records or results of Kumba Iron Ore Limited (Kumba Iron Ore) for the years under review. The supplementary financial information is unaudited and does not form part of the annual financial statements of Kumba Iron Ore and/or any other information published by Kumba Iron Ore in any format.

Supplementary financial
information (unaudited)

For the years ended 31 December 2006
and 31 December 2005

Our reason for existence

To deliver outstanding, sustainable
value to stakeholders

Our dream

To define a new frontier of operational
and people performance in the mining
industry

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SUPPLEMENTARY FINANCIAL INFORMATION FOR KUMBA IRON ORE

The pro forma unaudited consolidated financial statements of Kumba Iron Ore for the financial years ended 31 December 2006 and 31 December 2005 are presented below:

BASIS OF PREPARATION

These financial statements were prepared on the assumed basis that Kumba Iron Ore was a wholly owned subsidiary of Kumba Resources for the period 1 January 2005 to 31 October 2006, and as a separate listed company on the JSE for the period 1 November 2006 to December 2006.

ACCOUNTING POLICIES

The accounting policies applied in the financial statements have been applied consistently during the years under review, and are in line with the accounting policies applied by Kumba Iron Ore for the two months' operating results as well as in the Kumba Iron Ore prelisting document issued 9 October 2006.

UNAUDITED GROUP INCOME STATEMENT

	Notes	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
Revenue	1	8 654	6 986
Operating expenses	2	(3 301)	(3 055)
Net operating profit		5 353	3 931
Interest income	3	39	150
Interest expense	3	(103)	(270)
Profit before taxation		5 289	3 811
Taxation	4	(1 014)	(1 084)
Profit for the year		4 275	2 727
Attributable to:			
Equity holders of parent		3 381	2 181
Minority interest ⁽¹⁾		894	546
		4 275	2 727
RECONCILIATION OF HEADLINE EARNINGS			
Net profit attributable to equity shareholders		4 275	2 727
Adjusted for:			
Impairment charges		-	-
Net deficit on disposal or scrapping of property, plant and equipment and reconditionable spares usage		2	4
Taxation on disposal of property, plant and equipment		(1)	(1)
Net surplus on disposal of investment in non-iron ore assets		(1 571)	(1 163)
Taxation on disposal of investment		-	429
Headline earnings attributable to equity shareholders		2 705	1 996
Less: Net profit attributable to minority shareholders		(894)	(546)
Add back adjustments attributable to minority shareholders		314	147
Headline earnings		2 125	1 597

(1) Minority interest is applied on the full year results for comparison purposes only. The statement in changes in equity, however, only reflects the minority interest as from the date of unbundling being 1 November 2006.

UNAUDITED GROUP BALANCE SHEET

	Notes	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	5	3 864	2 419
Biological assets	6	7	-
Investment in associates		-	1
Loan to holding company	7	-	1 372
Financial assets	8	150	119
Total non-current assets		4 021	3 911
Current assets			
Inventories	9	749	511
Trade and other receivables	10	1 005	1 001
Cash and cash equivalents		1 094	591
Total current assets		2 848	2 103
Total assets		6 869	6 014
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	3	-
Share premium	11	-	-
Non-distributable reserves		201	(174)
Distributable reserves		635	3 722
Ordinary shareholders' equity		839	3 548
Minority shareholders' equity		216	-
Total shareholders' equity		1 055	3 548
Non-current liabilities			
Interest-bearing borrowings	12	2 840	163
Other long-term payables		-	-
Non-current provisions	13	152	136
Deferred taxation	14	485	553
Total non-current liabilities		3 477	852
Current liabilities			
Trade and other payables	15	555	486
Interest-bearing borrowings	12	1 179	385
Taxation		603	743
Total current liabilities		2 337	1 614
Total equity and liabilities		6 869	6 014
Net debt/(cash)		2 925	(1 415)

UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

	Non-distributable reserves					Distributable reserves				Total Rm
	Share capital Rm	Insurance reserve Rm	Equity settled reserve Rm	Foreign currency translation Rm	Financial instruments revaluation Rm	At acquisition reserve Rm	Retained income Rm	Attributable to ordinary shareholders Rm	Minority interest Rm	
Balance at 31 December 2004	–	1	–	(193)	1	–	1 825	1 634	–	1 634
Financial instrument recognised in equity	–	–	–	–	(8)	–	–	(8)	–	(8)
Currency translation differences	–	–	–	24	–	–	3	27	–	27
Move to retained earnings	–	–	–	–	(1)	–	–	(1)	–	(1)
Disposal of subsidiaries	–	–	–	2	–	–	–	2	–	2
Net losses not recognised in income statement	–	–	–	26	(9)	–	3	20	–	20
Net profit	–	–	–	–	–	–	2 727	2 727	–	2 727
Dividend paid	–	–	–	–	–	–	(833)	(833)	–	(833)
Balance at 31 December 2005	–	1	–	(167)	(8)	–	3 722	3 548	–	3 548
Inclusion of foreign operation reserves ⁽¹⁾	–	–	–	(57)	–	–	273	216	–	216
Adjusted opening balance	–	1	–	(224)	(8)	–	3 995	3 764	–	3 764
Unbundling impairment directly against equity ⁽²⁾	–	–	–	–	–	–	(5 931)	(5 931)	–	(5 931)
Financial instrument recognised in equity	–	–	–	–	3	–	–	3	–	3
Currency translation differences	–	–	–	217	–	–	–	217	–	217
Move to retained earnings	–	–	–	70	–	–	–	70	–	70
Share-based payment movement	–	–	186	–	–	–	–	186	–	186
Net losses not recognised in income statement	–	–	186	287	3	–	(5 931)	(5 455)	–	(5 455)
Net profit ⁽³⁾	–	–	–	–	–	–	4 160	4 160	115	4 275
Dividend paid	–	–	–	–	–	–	(1 534)	(1 534)	–	(1 534)
Issue of share capital	3	–	–	–	–	–	–	3	–	3
Transfer to minority reserve	–	–	(4)	(12)	1	–	(86)	(101)	101	–
Transfer to currency translation reserve	–	–	–	2	–	–	–	2	–	2
Transfer from/(to) reserves	–	(1)	–	(29)	(1)	371	(340)	–	–	–
Balance at 31 December 2006	3	–	182	24	(5)	371	264	839	216	1 055

(1) Inclusion of foreign operation reserves that was not included in the 2005 pro forma financials owing to their non-iron ore status.

(2) Acquisition of the iron ore offshore entities at market value impaired to historic carrying value.

(3) Minority interest included from date of unbundling. On the face of the Group income statement, minority interest is shown for the full year for comparative purposes only.

UNAUDITED GROUP CASH FLOW STATEMENT

		Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
	Notes		
Operating activities			
Cash generated from operations	16.1	4 277	2 594
Net financing costs	16.2	(55)	(111)
Dividend paid	16.3	(1 534)	(833)
Taxation paid	16.4	(1 198)	(445)
Cash flows from operating activities		1 490	1 205
Investing activities			
Investment to maintain operations	16.5	(256)	(129)
Investment to expand operations	16.6	(1 462)	(273)
Investment in other non-current assets		–	–
Proceeds/(cash outflow) from disposal of investments		1 571	1 163
Foreign currency translation reserve	16.7	99	46
Cash flow from investing activities		(48)	807
Financing activities			
Non-current interest-bearing borrowings (repaid)/raised		2 840	(1 826)
Current interest-bearing borrowings repaid		(3 779)	(380)
Cash flow from financing activities		(939)	(2 206)
Net (decrease)/increase in cash and cash equivalents		503	(194)
Cash and cash equivalents at beginning of year		591	785
Cash and cash equivalents at end of year		1 094	591

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
1. ADJUSTMENT FOR SHIPPING AND CHARTERING BUSINESS		
Up to the date of listing, Kumba Iron Ore accounted for only the margin on its shipping and chartering business. From November 2006 the basis of accounting changed to reflect gross revenue and cost of sales.		
Old basis		
Net margin shown in revenue	99	137
New basis		
Revenue	578	550
Less: Cost of sales	(479)	(413)
	99	137
2. OPERATING EXPENSES		
Costs by type		
Raw materials and consumables	572	488
Staff costs	814	734
– salaries and wages	687	654
– termination benefits	3	3
– pension and medical costs	81	71
– share-based payments	43	6
General charges	202	47
Mining subcontractors	410	131
Exchange differences	117	(61)
Unbundling cost	30	–
Expense recognised with the sale of 3% in SIOC (Pty) Limited to the SIOC Community Trust	153	–
Net surplus from sale of investment in non-iron ore assets	(1 571)	–
Net surplus from sale of investment in Hope Downs project	–	(1 163)
Corporate service fee	57	170
Energy	54	52
Railage and transport	1 099	1 088
Repairs and maintenance	410	362
Depreciation	269	297
Own work capitalised	(27)	(1)
Cost recovered	277	292
Movements in inventories	(39)	211
Sublease rent received	(5)	(5)
Shipping charter hire costs	479	413
	3 301	3 055
Production cost		
<i>Sishen Mine</i>	2 238	1 777
– volume (t'000)	28 692	28 458
– unit cost (R/t)	R78	R62
<i>Thabazimbi Mine</i>	455	502
– volume (t'000)	2 418	2 530
– unit cost (R/t)	R188	R198
	2 693	2 279

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
2. OPERATING EXPENSES (continued)		
Costs of goods sold	3 573	3 096
Net surplus from sale of investment	(1 571)	(1 163)
Selling and distribution costs	1 151	1 127
Expense recognised with the sale of 3% in SIOC (Pty) Limited to the SIOC Community Trust	153	–
Sublease rent received	(5)	(5)
	3 301	3 055
The above costs are stated after including:		
Depreciation	269	297
– residential land and buildings	1	1
– buildings and infrastructure	9	10
– depreciation on finance leased assets	–	1
– machinery, plant and equipment	213	229
– site preparation, mining development exploration and rehabilitation	21	31
– land and buildings	–	–
– mineral properties	25	25
Reconditionable spares usage	5	4
Research and development costs	–	–
Share-based payments	43	6
Consultancy fees	60	10
Operating lease rental expenses	65	41
– property	5	2
– equipment	60	39
Operating sublease property rent received	(5)	(5)
Net surplus on disposal or scrapping of property, plant and equipment (excluding reconditionable spares)	(3)	–
Net surplus on disposal of investment in non-iron assets	(1 571)	–
Income from sale of investment in the Hope Downs project	–	(1 163)
Auditors' remuneration – Audit fees	4	2
Fair value gains adjustment on financial assets and liabilities	(33)	–
Net realised gains on currency exchange differences	(166)	(118)
Net unrealised losses on currency exchange differences	53	18
Net realised losses on the revaluation of derivative instruments	190	48
Net unrealised gains/(losses) on the revaluation of derivative instruments	1	(7)

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
3. NET FINANCING COSTS		
Interest expense and loan costs	94	260
Interest income	(39)	(150)
Finance leases	–	1
Net interest expense	55	111
Interest adjustment on non-current provisions	9	9
	64	120
4. TAXATION		
South African normal taxation charged to income statement	975	1 084
Current	971	1 069
– current year	1 050	1 069
– prior year	(79)	–
Deferred	4	15
– current year	28	34
– prior year	(24)	–
– rate adjustment	–	(19)
Capital gains tax	39	–
Total as per income statement	1 014	1 084
Reconciliation of taxation rates	%	%
Taxation as a percentage of profit before taxation	19,18	28,4
Taxation effect of:		
– revaluation charge ⁽¹⁾	(0,37)	–
– other disallowable expenditure	0,87	(0,1)
– non-temporary depreciation	(0,14)	–
– expenditure of a capital nature	0,13	–
– capital profits	0,04	0,3
– learnership allowances	0,03	0,2
– prior year adjustments	(1,96)	–
– tax rate differentials	0,02	(0,4)
– exempt income ⁽²⁾	10,46	0,1
– rate change	–	0,5
– capital gains tax ⁽³⁾	0,74	–
Standard tax rate	29,0	29,0

(1) Revaluation charge of R153 million accounted for with the sale of 3% in Sishen Iron Ore (Pty) Limited to the SIOC Community Trust.

(2) Includes the net surplus of R1 571 million on the sale of non-iron ore assets.

(3) Capital gains tax relating to the capital gain on the sale of 3% in Sishen Iron Ore (Pty) Limited to the SIOC Community Trust.

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

	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
2006 Unaudited								
Gross carrying amount	36	621	46	222	2 820	325	1 954	6 024
Accumulated depreciation	–	136	37	97	1 623	267	–	2 159
Net carrying amount	36	485	9	125	1 197	58	1 954	3 864
2005 Unaudited								
Gross carrying amount	36	621	42	220	2 669	342	414	4 344
Accumulated depreciation	–	112	33	99	1 436	245	–	1 925
Net carrying amount	36	509	9	121	1 233	97	414	2 419

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
6. BIOLOGICAL ASSETS		
Livestock	3	–
Game	4	–
Total	7	–
<i>Biological assets are shown at fair value and classified as mature.</i>		
7. LOAN TO HOLDING COMPANY		
Loan to Kumba Resources Limited prior to unbundling	–	1 372
8. FINANCIAL ASSETS		
Environmental Rehabilitation Trust Fund	147	111
Long-term receivables	3	8
	150	119
Maturity profile of financial assets		
1 – 2 years	3	8
3 – 5 years	45	–
>5 years	102	111
	150	119

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
9. INVENTORIES		
At cost:		
Finished products	285	112
Work-in-progress	353	294
Plant spares, stores and merchandise	111	105
	749	511
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	905	974
Other receivables	100	17
Derivative instruments	–	10
	1 005	1 001
Trade credit risk exposure per geographical area		
South Africa	148	141
Europe	262	279
Asia	495	554
	905	974
<i>All credit risk exposures relate to the steel manufacturing industry.</i>		
11. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
500 000 000 ordinary shares of 1 cent each	5	–
Issued		
313 594 471 ordinary share of 1 cent each	3	–
Share premium	–	–
12. INTEREST-BEARING BORROWINGS		
Summary of loans by financial year of redemption		
– 2006	–	385
– 2007	1 179	105
– 2008	–	58
– 2009	2 840	–
Total interest-bearing borrowings	4 019	548
Portion included in current liabilities	(1 179)	(385)
Total non-current portion of interest-bearing borrowings	2 840	163

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
13. NON-CURRENT PROVISIONS		
Environmental provision		
At beginning of year	102	115
Reclassification as decommissioning	–	(29)
Additional provision	3	9
Utilised during year	–	(2)
Interest adjustment	7	9
Environmental provision at end of year	112	102
Decommissioning provision		
At beginning of year	34	–
Environmental provision reclassified as decommissioning provision	–	29
Charged to the income statement	–	4
Provisions capitalised to property, plant and equipment	5	–
Interest adjustment	1	1
Decommissioning provision at end of year	40	34
Total non-current provisions	152	136

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
14. DEFERRED TAXATION		
The movement on the deferred taxation account is as follows:		
At beginning of year	553	566
Income statement charge	24	34
Non-distributable reserve charge	(67)	(28)
Rate change	–	(19)
Prior year adjustment	(254)	–
At end of year	485	553
Deferred taxation liabilities	485	553
– property, plant and equipment	576	559
– other	–	22
– provisions	(20)	(21)
– decommissioning provision	(12)	(10)
– restoration provision	(102)	(29)
– Environmental Rehabilitation Trust Fund	43	32
15. TRADE AND OTHER PAYABLES		
Trade payables	412	228
Other payables	138	175
Leave pay accrual	–	72
Derivative instruments	4	11
	554	486

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
16. NOTES TO THE CASH FLOW STATEMENT		
16.1 Cash generated from operations		
Net operating profit	5 352	3 931
Adjusted for non-cash movements		
– depreciation	269	297
– net deficit on disposal/scraping of asset	(3)	12
– net deficit/(surplus) on disposal of property, plant and equipment		–
– net surplus on disposal of investment	(1 571)	(1 163)
– impairment (recouped)/charges		–
– foreign currency revaluations and fair value adjustments	20	13
– reconditionable spares usage	5	4
– share-based payments	197	6
Working capital movements		
– (increase)/decrease in inventories	(249)	(29)
– (increase)/decrease in trade and other receivables	529	(436)
– (increase) in financial assets	88	(39)
– increase in trade and other payables	(363)	–
– utilisation of provisions	3	(2)
	4 277	2 594
16.2 Net financing costs		
Net financing costs as per income statement	(64)	(120)
Interest adjustment to environment rehabilitation provision	9	9
	(55)	(111)
16.3 Dividend declared and paid to Kumba Resources		
Paid out of prior year's earnings – March 2006/2005	(551)	(100)
Interim – September 2006/2005	(626)	(733)
Final unbundling dividend – November 2006	(357)	–
Dividend declared and paid	(1 534)	(833)
16.4 Normal taxation paid		
Amounts unpaid at beginning of year	(743)	(142)
Charge per income statement	(1 011)	(1 069)
Arising on translation of foreign entities	(47)	23
Amounts unpaid at end of year	603	743
	(1 198)	(445)

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
16. NOTES TO THE CASH FLOW STATEMENT (continued)		
16.5 Investment to maintain operations		
Replacement of property, plant and equipment	(255)	(117)
Reconditionable spares	(7)	(13)
Proceeds from fixed assets sold	6	1
	(256)	(129)
16.6 Investment in other non-current assets		
Proceeds from disposal of investments	1 571	1 163
16.7 Foreign currency translation reserve and attributable reserves of equity accounting earnings		
Movement for the year	247	12
Transfer to NDR	–	13
Unrealised gains	3	(36)
Revaluation of net assets	213	(25)
Less: Arising on translation of foreign entities	(364)	82
	99	46
17. CONTINGENT LIABILITIES		
Contingent liabilities at balance sheet date, not otherwise provided against in these annual financial statements, arising from guarantees to third parties by Kumba Resources, guaranteed by Kumba Iron Ore to the holding company.		
– operational guarantees	–	10
– banking guarantees	–	1 180
– heavy mineral completion guarantees	–	869
– other contingent liabilities	23	5
	23	2 064

Note: The banking guarantees and heavy mineral completion guarantees were cancelled prior to date of unbundling.

NOTES TO THE UNAUDITED GROUP FINANCIAL STATEMENTS

	Unaudited 12 months ended 31 December 2006 Rm	Unaudited 12 months ended 31 December 2005 Rm
18. COMMITMENTS		
18.1 Capital commitments		
Capital expenditure contracted for plant and equipment	2 477	1 457
Capital expenditure authorised for plant and equipment but not contracted	3 176	1 646
18.2 Operating lease commitments		
<i>Operating lease commitments – Property</i>		
– less than one year	5	5
– less than five years	19	10
– more than five years	4	2
	28	17
<i>Operating lease commitments – Plant and equipment</i>		
– less than one year	21	–
– less than five years	7	–
	28	–
Total operating lease commitments	56	17