

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

Basis of preparation and accounting policies

The condensed consolidated interim financial report for the six months ended 30 June 2007 has been prepared in compliance with the South African Companies Act, No 61 of 1973, as amended, the Listings Requirements of the JSE Limited and International Accounting Standard 34, Interim Financial Reporting.

Except as otherwise disclosed, the accounting policies applied in the preparation of the condensed consolidated interim financial report are consistent with those applied for the period ended 31 December 2006, which comply with International Financial Reporting Standards ("IFRS").

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") and the related amendments to IAS 1, Presentation of Financial Statements were adopted by Kumba with effect from 1 January 2007. IFRS 7 requires that every business disclose information on the significance of financial instruments and the nature and extent of risks arising from these financial instruments. The disclosure requirements of IFRS 7 have been applied retrospectively. The amendment to IAS 1 requires disclosure of the objectives, policies and processes for managing capital. The adoption of this standard and the related amendment had no effect on the financial results and financial position of the group.

Further disclosure will be provided in the annual report for the year ending 31 December 2007.

The condensed consolidated interim financial report has been prepared in accordance with the historic cost convention except for certain financial instruments and biological assets which are stated at fair value.

The condensed consolidated interim financial report is presented in Rand, which is Kumba's functional and presentation currency.

Net debt

The group's net debt position at balance sheet dates is as follows:

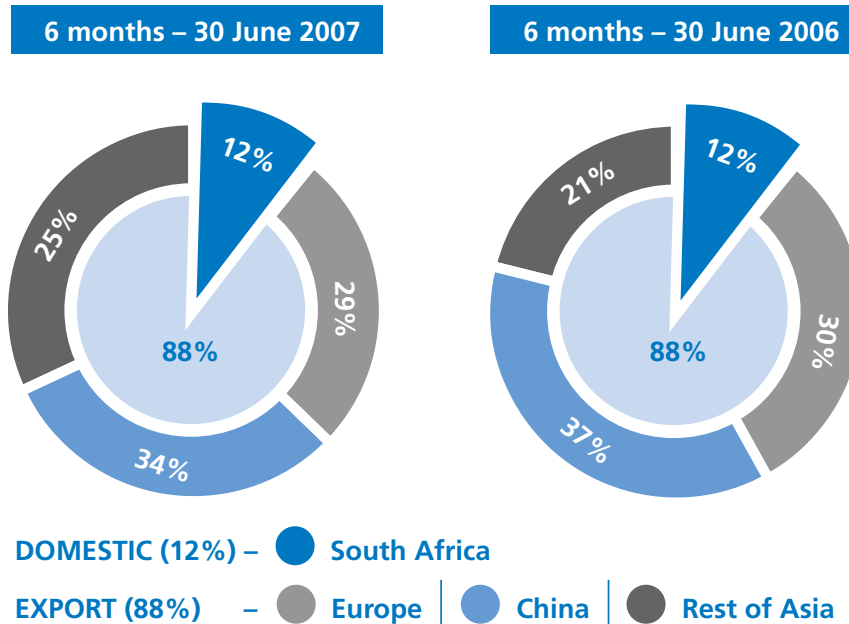
	Reviewed 30 June 2007	Audited 31 December 2006
Rm		
Long-term interest-bearing borrowings	2 840	2 840
Short-term interest-bearing borrowings ¹	693	1 179
Total	3 533	4 019
Cash and cash equivalents	(1 364)	(1 094)
Net debt	2 169	2 925
Total equity	2 768	1 055

¹Repayable – November 2007

Segmental reporting

The group's single business segment is the mining, extraction and production of iron ore. The financial disclosures of the business segment are presented in the condensed consolidated interim financial report.

The group generated its revenue through sales to customers in the following geographical regions:



Significant items included in operating profit

Operating profit has been derived after taking into account the following items:

Rm	Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Depreciation of property, plant and equipment	129	138	269
Share-based payment expenses	48	22	196
– SIOC Community Development Trust	—	—	153
– Envision	15	—	—
– Management share incentive plans	33	22	43

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT *(continued)*

Related party transactions

During the period the group, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions were subject to terms that are no less favourable than those offered by third parties.

Changes in contingent liabilities since 31 December 2006

There have been no significant changes in the contingent liabilities disclosed at 31 December 2006 that arise from the guarantees provided for environmental rehabilitation and decommissioning obligations of the Kumba Rehabilitation Trust Fund and the guarantees provided to the Lakutshona Housing Company in respect of low cost housing development.

Lithos has recently sought to increase its claim for damages brought against Kumba from US\$196 million to US\$421 million. Kumba continues to defend the merits of the claim and is of the view, and has been so advised, that the basis of the claim and quantification thereof is fundamentally flawed.

Post balance sheet date events

The directors are not aware of any matter or circumstance arising since the end of the period and up to the date of this report, not otherwise dealt with in this report.

Corporate information

The condensed consolidated interim financial report of Kumba and its subsidiaries for the six months ended 30 June 2007 was authorised for issue at a meeting of the Board of Directors on 26 July 2007.

Kumba is a limited liability company incorporated and domiciled in South Africa. The group has its primary listing on the JSE Limited.

Independent review opinion

The auditors, Deloitte & Touche have issued their review opinion on the condensed consolidated interim financial report for the six months ended 30 June 2007. A copy of their unmodified review opinion is available for inspection at the company's registered office.

On behalf of the board

PL Zim
Chairman

EJ Myburgh
Chief Executive Officer

26 July 2007, Pretoria