

REGISTERED NO 22290

LSA (U K ) LIMITED

Directors' Report  
and Financial Statements

30 September 2007

Registered office

4 Grosvenor Place  
LONDON, SW1X 7YL

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COMPANIES HOUSE

## **LSA (U.K.) LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors submit herewith their Report together with the audited Accounts for the year ended 30 September 2007

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is the holding of investments. The principal subsidiaries of the Company are platinum mining companies based in South Africa. Currently high platinum prices and the good profitability of these entities indicate that good dividends are expected to flow from these entities into the foreseeable future. The principal subsidiaries have released elements of their share premium in the year as explained in note 4 to the financial statements.

### **FINANCIAL RESULTS FOR THE YEAR**

The Accounts for the year ended 30 September 2007 show a profit on ordinary activities before and after taxation of US\$93,202,000 (2006 US\$282,195,000)

The Directors did not declare a dividend for the year (2006 US\$450,000,000). The retained profit for the year amounted to US\$93,202,000 (2006 US\$282,195,000).

### **DIRECTORATE**

The present Board of the Company, who served throughout the year, is set out below

B A MILLS	
J N ROBINSON	RESIGNED 06/06/07
R C BELLHOUSE	
M E JARVIS	APPOINTED 06/06/07

### **DISCLOSURE OF INFORMATION TO AUDITORS**

As required under Section 234ZA of the Companies Act 1985, so far as each current Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any such information and to establish that the Company's auditors are aware of that information.

By Order of the Board

  
S. KAMBOJ  
FOR THE SECRETARIES  
THE AFRICAN INVESTMENT TRUST, LIMITED

*26 March 2008*  
REGISTERED OFFICE  
4 GROSVENOR PLACE  
LONDON, SW1X 7YL

### **NOTICE TO SHAREHOLDERS**

Notwithstanding the existing Elective Resolution to dispense with the laying of accounts and reports before the Company in general meeting, notice is hereby given that any member of the Company may require the laying of these accounts and reports before a general meeting of the Company.

Under Section 253(2) of the Companies Act 1985 such right is exercisable by a member giving notice in writing to that effect deposited at the registered office of the Company before the end of the period of 28 days commencing with the date shown above (being the date on which the accompanying accounts and reports were sent to members).

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT  
AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**LSA (U.K.) LIMITED**

We have audited the financial statements of LSA (UK) Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

*16 March 2008*

**LSA (U K ) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**30 SEPTEMBER 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		US\$000	US\$000
Income from shares in group undertakings		93,314	282,298
Administrative expenses		(112)	(103)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>	<b>2</b>	<b>93,202</b>	<b>282,195</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>8</b>	<b>93,202</b>	<b>282,195</b>

The attached notes on pages 6 to 9 form part of these Accounts

In both the current and preceding financial years, the Company made no acquisitions and had no discontinued operations within the meaning of FRS3

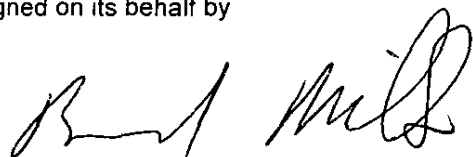
The Company has no recognised gains and losses other than the result for the years ended 30 September 2007 and 2006. Therefore, no statement of recognised gains or losses is given

**LSA (U K ) LIMITED****BALANCE SHEET****30 SEPTEMBER 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		US\$000	US\$000
<b>FIXED ASSETS</b>			
Investments in subsidiary	4	978,793	1,067,939
Investments in associate	5	90,376	90,376
		<u>1,069,169</u>	<u>1,158,315</u>
<b>CURRENT LIABILITIES</b>			
Creditors Amounts falling due within one year	6	(293,656)	(476,004)
<b>NET CURRENT LIABILITIES</b>		<u>(293,656)</u>	<u>(476,004)</u>
<b>NET ASSETS</b>		<u>775,513</u>	<u>682,311</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7,8	27,370	27,370
Share premium account	7,8	310,955	310,955
Profit and loss account	8	437,188	343,986
<b>EQUITY SHAREHOLDERS FUNDS</b>		<u>775,513</u>	<u>682,311</u>

The Accounts on pages 4 to 9 were approved by the Board of Directors on  
and signed on its behalf by

19 February 2008



, Director

**30 SEPTEMBER 2007**

**NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)**

**1 ACCOUNTING POLICIES**

**ACCOUNTING CONVENTION**

The financial statements are drawn up in accordance with applicable accounting standards and under the historical cost convention, and on a going concern basis. The Group creditors will be covered by expected dividend income from the Company.

The Accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cashflow statement under the grounds that it is a wholly-owned subsidiary undertaking.

The Company is controlled by Lonmin Plc and is exempt from disclosing related party transactions with it and other Group undertakings under Financial Reporting Standard 8 as it is a wholly-owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

**FOREIGN CURRENCIES**

The Company's functional currency is the US Dollar. As a result, non US Dollar monetary assets and liabilities are stated at the closing rate of exchange whilst non-monetary assets and liabilities are recorded at their historical cost. Differences on translation are included in the profit and loss account.

The Principal US Dollar exchange rates used are as follows:

	<u>2007</u>	<u>2006</u>
Average exchange rates		
Pounds sterling	0.51	0.55
South Africa rand	7.01	6.63
Closing exchange rates		
Pounds sterling	0.49	0.53
South Africa rand	6.85	7.77

**INVESTMENT INCOME**

Income from investments in other group companies is incorporated in the Accounts as an amount receivable in the year in respect of which the dividend is declared, except where, in the opinion of the Directors, the remittability of the dividend is uncertain, in which case the income is accounted for on a received basis.

**LSA (U.K.) LIMITED****NOTES ON THE ACCOUNTS (Continued)****30 SEPTEMBER 2007****2. PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION**

	2007 US\$000	2006 US\$000
Profit on ordinary activities before and after taxation is stated after charging -		
Auditors' remuneration - audit	<u>112</u>	<u>103</u>

**3 TAXATION**

No provision is made for corporation tax unrelieved by overseas taxation as losses sufficient to eliminate any liability will be surrendered for no consideration by other companies in the Lonmin Group

The company has unrecognised deferred tax assets, comprised of capital losses (\$4.3m) and unrelieved foreign tax credits (\$17.5m)

**4 INVESTMENT IN SUBSIDIARIES**

	Cost US\$000	Provision US\$000	Net book Value US\$000
At 30 September 2006	1,147,210	(79,271)	1,067,939
Share premium release	(89,146)	0	(89,146)
At 30 September 2007	<u>1,058,064</u>	<u>(79,271)</u>	<u>978,793</u>

In June 2007 WPL and EPL applied to the courts to achieve a share premium release, which resulted in their share premium being released to the top half of the balance sheet and the creditors being settled. This resulted in LSA (UK) Limited being paid \$89,146,000, which has been deducted from the cost of investment in these entities.

The following were the principal subsidiary undertakings of the Company at 30 September 2007

Each company operated mainly in its country of incorporation unless otherwise shown in the column setting out its activity

Subsidiary Undertaking and Country of Incorporation	Class of Shares	% holding of Issued Capital		Principal Activity
		Direct	Indirect	
<u>Incorporated in South Africa</u>				
Eastern Platinum Limited	Ordinary	82	4 24	Platinum mining
Western Platinum Limited	Ordinary	82	4 24	Platinum mining

Group accounts are not submitted because the Company is itself a wholly owned subsidiary of another company incorporated in Great Britain. In the opinion of the Directors of the Company the aggregate value of the assets of the Company consisting of shares in, or amounts (whether on account of a loan or otherwise) from, the Company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated or included in the balance sheet. The financial statements present information about the Company as an individual undertaking and not about its group.



**LSA (U K ) LIMITED****NOTES ON THE ACCOUNTS (Continued)****30 SEPTEMBER 2007****5 INVESTMENT IN ASSOCIATES**

Unlisted  
at cost  
US\$000

At 30 September 2007 and 2006

90,376

The investment is in Incwala Resources (Pty) Limited, a company incorporated in South Africa, and in which the company has a 23.56% interest in the issued share capital. The principal activity of Incwala Resources (Pty) Limited is the holding of investments in South African mining companies.

**6 CREDITORS. Amounts falling due within one year**

2007  
US\$000

2006  
US\$000

Accruals

112

103

Amounts due to ultimate parent company

293,544

475,901

293,656

476,004

**7 CALLED UP SHARE CAPITAL**

2007  
US\$000

2006  
US\$000

Authorised

At 30 September 2007 and 2006

15,600,000 Ordinary Stock Units at 25p each

6,640

6,640

48,800,000 Ordinary Shares of 25p each

20,770

20,770

27,410

27,410

Issued and fully paid up

At 30 September 2007 and 2006

15,600,000 Ordinary Stock Units of 25p each

6,640

6,640

48,705,557 Ordinary Shares of 25p each

20,730

20,730

27,370

27,370

Paid Up  
Amount  
US\$000

Share  
Premium  
US\$000

At 30 September 2007 and 2006

27,370

310,955

**8 RESERVES**

Issued share capital US\$000	Share premium account US\$000	Profit and loss account US\$000	Total US\$000
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At 30 September 2006

27,370

310,955

343,986

682,311

Profit for the financial year

-

-

93,202

93,202

At 30 September 2007

27,370

310,955

437,188

775,513

**NOTES ON THE ACCOUNTS** (Continued)

**30 SEPTEMBER 2007**

**9 ULTIMATE PARENT COMPANY**

The Company's ultimate parent company is Lonmin Plc, a company registered in England and Wales

The parent undertaking of the only group of undertakings for which group accounts are drawn up, and of which the Company is a member, is Lonmin Plc

Copies of the consolidated accounts of Lonmin Plc can be obtained from The Secretary, Lonmin Plc, 4 Grosvenor Place, London, SW1X 7YL or from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ