



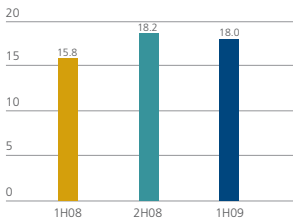
Outstanding safety performance continues

LTIFR of **0.08**

Sishen Mine production

up 14%
to **18Mt**

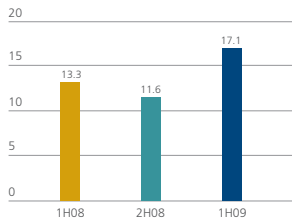
Sishen Mine production
(Mt)



Export sales volumes

up 29%
to **17.1Mt**

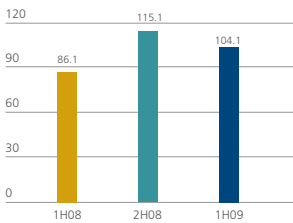
Export sales
(Mt)



Unit cash cost

contained
at **R104/tonne**

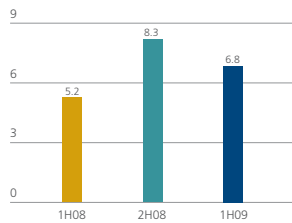
Unit cash cost
(R/tonne)



Operating profit

up 31%
to **R6.8bn**

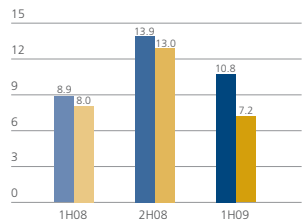
Operating profit
(R billion)



Interim cash dividend

R7.20
per share

Attributable earnings and
dividend per share
(Rand)



■ Earnings per share ■ Dividend per share

Commentary

Highlights

In the current global economic climate Kumba's financial results for the period continue to reflect its strength as an iron ore supplier. Notwithstanding lower export volumes to Europe and Japan, the group's revenue increased by 33% to R12.0 billion on the back of higher sales volumes into China, which was partially offset by lower iron ore export prices. Kumba maintained its operating profit margin, through cost management and a weaker Rand exchange rate, at 57% for the six months (62% from mining activities), down 1% from 58% (63% from mining activities) in 2008. Profit for the six months ended 30 June 2009 was R4.3 billion, an increase of 23% from R3.5 billion in 2008, while headline earnings increased by 22% from R2.8 billion to R3.4 billion. Cash generated by operations for the period increased to R7.5 billion, up 63% compared to the R4.6 billion generated during 2008.

Attributable and headline earnings for the six months were R10.81 per share and R10.76 per share respectively, on which an interim cash dividend of R7.20 per share has been declared.

Safety performance

It is with regret that the group reports a fatality for the period when Mr Tebogo David Marope, a 23 year old contractor of Concor, was fatally injured during road construction at the Sishen South Project on 28 January 2009.

Kumba further improved its safety performance during the period, at existing operations with only five lost-time injuries ('LTI's') being recorded. This translates into a lost-time injury frequency rate ('LTIFR') of 0.08 compared to the 0.12 incurred for the 2008 year (a 33% improvement). Thabazimbi Mine also continued its excellent performance by recording no LTI's during the period. The Board remains committed to zero harm at all the Kumba sites.

Operating results

Challenges faced by the global economy led to unprecedented volatility and rapid decreases in commodity prices and off-take volumes. Steel mills in Europe, Japan and Korea are operating on average at 60% to 70% of capacity. However, annualised steel production in China has increased by almost 10% from the 2008 average. This increase in production coupled with lower Chinese domestic iron ore production, resulted in record seaborne iron ore imports by China.

Total tonnes mined at Sishen Mine increased by 15% from 50.9Mt in 2008 to 58.3Mt, of which waste mined was 36.1Mt, an increase of 23% from the prior year. This increase in waste mining activity is undertaken to mitigate geological constraints in the pit and secure the future of the mine. Total production at Sishen Mine increased by 14% to 18.0Mt from 15.8Mt in 2008. The ramp up of production from the Sishen Expansion Project ('SEP') jig plant has seen a healthy increase during the six months, reaching 830 000 tonnes in June 2009, equivalent to an annualised rate of 10Mtpa. The 4.4Mt produced by the jig plant during the period, accounted for 24% of Sishen Mine's production. Kumba remains on schedule to achieve an annualised rate of 13Mtpa from the jig plant during the fourth quarter of 2009. Production from the Dense Media Separation ('DMS') plant was stable during the period at 13.6Mt, in line with expectations.

The group increased total sales volumes by 16% from 17.3Mt in 2008 to 20.0Mt. Export sales volumes from Sishen Mine for the six months increased by 29% from 13.3Mt in 2008 to 17.1Mt on the back of increasing volumes from the jig plant, the sale of stock built up towards the end of 2008, as well as the successful introduction of a new blended fines product. China accounted for more than 80% of Kumba's export sales volumes during the period. Domestic sales volumes to ArcelorMittal SA for the period are down by 26% or 0.7Mt due to lower demand.

Notwithstanding continued adverse market conditions, Kumba continues to conclude long-term iron ore export contracts and is active in customer development in other regions.

Through tight cost management and an increase in production from the jig plant, Sishen Mine's cash unit cost increase has been contained at 8%, R104.12 per tonne compared to R96.53 per tonne at the end of 2008, despite increased mining activity. On a like-for-like basis total unit cost has increased by 9% from R105.44 per tonne in 2008 to R114.98 per tonne.

Finished product stockpile levels are closely monitored and have reduced from 5.8Mt to 4.6Mt; 1.2Mt below 2008 closing levels. Volumes sailed on the Sishen-Saldanha export channel increased by 32%.

Production at Thabazimbi Mine reduced by 13% for the six months ended 30 June 2009 as a result of lower off-take by ArcelorMittal SA. The decrease in domestic demand has resulted in a build up of ArcelorMittal SA's finished product stock at Thabazimbi Mine, with stockpiles growing 0.4Mt to 0.7Mt.

Export sales to long-term contractual customers for the first three months of 2009 were based on an average 93% increase in the iron ore benchmark price for the 2008/2009 iron ore year, although it was predominantly fine ore that was sold during this period. Final settlement for the 2009/2010 iron ore year has not been reached between Kumba and all its customers. Kumba was able to redirect into China lost export contract volumes from Europe and Japan, which volumes were sold predominantly at spot prices. In preparing these financial results Kumba has used a prudent estimate of the expected decrease in iron ore prices for 2.8Mt which remain subject to contractual settlements.

Kumba has achieved a strong financial performance for the six months ended 30 June 2009 on the back of the solid operational performance with revenue increasing by 33% from R9.0 billion in 2008 to R12.0 billion. Operating profit increased by R1.6 billion or 31% from R5.2 billion in 2008 to R6.8 billion, principally as a result of:

- Increased sales volumes, which contributed R1.9 billion, offset by the year-on-year weighted average decrease in export iron ore prices, reducing operating profit by R677 million,
- A R133 million decrease in profit from shipping operations. Total tonnes shipped increased by 8.5Mt to 12.1Mt during 2009. This increase in volume was offset by a decrease in the shipping margin achieved (average shipping margin – US\$3/tonne in 2009, net of the release of the unused portion of the provision recognised at 31 December 2008 on three voyages during the period, compared with US\$18/tonne in 2008),
- The weakening of the average exchange rate of the Rand to the US Dollar (average exchange rates – R9.16/US\$1.00 in 2009 compared with R7.65/US\$1.00 in 2008), which contributed R1.5 billion to operating profit,
- All of which was further offset by a R1.0 billion or 39% increase in operating expenses (excluding shipping expenses), as a result of the 14% increase in volumes produced, 23% increase in waste mined and higher freight and logistics costs during the period. This increase was fuelled by inflationary pressures, offset by decreasing cost of diesel and blasting products and cost management.

Kumba has implemented a number of revenue enhancing and cost management initiatives which have realised R726 million of operating profit during the period. These initiatives are predominantly recurring in nature and will assist in enhancing the financial performance of the group and protecting operating profit margins in the future. These initiatives include, amongst others: increasing tonnes on which shipping services can be provided, decreasing maintenance shutdown intervals, producing and selling niche products to enhance the premium received, doubling first hour mining tonnages through improved shift transitions and procurement and operating efficiency cost savings.

The group continued to generate substantial cash from its operations, with R7.5 billion generated during the period, an increase of 63% on the R4.6 billion generated in 2008. These cash flows were used to pay taxation of R1.1 billion and dividends of R4.1 billion during the period. Capital expenditure of R348 million was incurred to maintain operations and R1.2 billion to expand operations, mainly on the Sishen South Project. At 30 June 2009 the group had a gross debt position of R5.5 billion and cash on hand of R5.2 billion. Interest cover remained strong at 51 times (27 times at the end of 2008).

During July 2009 Kumba successfully negotiated a new debt facility of R3.2 billion to replace the R2.8 billion revolving debt facility that would have matured in November 2009.

In line with the dividend policy the Board has reviewed the dividend cover of Kumba in the light of current market uncertainties, Kumba's growth plans and availability of credit, and deemed it prudent to increase Kumba's dividend cover from one to one comma five times. In light of this more prudent approach the Board has approved a dividend of R7.20 per share (R8.00 per share June 2008).

Sishen South Project

Despite the challenges in the global economy, development of the Sishen South Project continues and remains on schedule for first production during the first half of 2012, ramping up to full capacity of 9Mtpa in 2013. Construction on the project is progressing well with R1.8 billion capital expenditure incurred to date, of which R1.0 billion has been incurred during the six months ended 30 June 2009.

Mineral resources and reserves

There have been no material changes to the resources and reserves as disclosed in the 2008 Kumba Annual Report.

Prospects

Kumba remains on track with its targeted 10% annual increase in production volumes, should market conditions permit. However, there is limited visibility in demand for seaborne iron ore for the remainder of 2009. Whilst no recovery in the European iron ore market is anticipated in 2009, the Japanese and Korean markets appear to be near the bottom of the cycle and a small improvement in demand is likely. Although the sustainability of China's increasing appetite for imported iron ore is uncertain, Kumba remains cautiously optimistic on its continued ability to redirect its export sales volumes into China. Domestic sales volumes remain dependent on the off-take requirements from ArcelorMittal SA which are likely to be lower than in 2008.

Industry annual iron ore price negotiations have commenced with certain settlements reflecting annual price reductions of some 33% for fine ore and 44.5% for lump ore. Kumba anticipates settlement with its customers within the next three months. As Kumba's operating profit remains highly sensitive to the Rand/US Dollar exchange rate, earnings for the second half of 2009 are likely to be adversely affected given a stronger Rand relative to the US Dollar and the year-on-year iron ore price reductions anticipated.*

**The forecast financial information has not been reviewed and reported on by Kumba's auditors.*

Production report for the six months ended 30 June 2009

Production summary

Total iron ore production increased by 11% in the second quarter from a year earlier to 9,82Mt. This was due mainly to the additional production delivered by the jig plant and stable performance from the DMS plant.

Six month overview

'000 tonnes	Year-to-date		
	30 June 2009	30 June 2008	% change
Iron ore	19 147	17 063	12
– Lump	11 671	10 180	15
– Fines	7 476	6 883	9
Mine production	19 147	17 063	12
– Sishen Mine	18 032	15 788	14
DMS plant	13 617	13 998	(3)
Jig plant	4 415	1 292	242
Other	–	498	–
– Thabazimbi Mine	1 115	1 275	(13)

Quarterly overview

'000 tonnes	Quarter ended			Quarter ended		
	30 June 2009	30 June 2008	% change	31 March 2009	31 March 2008	% change
Iron ore	9 824	8 873	11	9 323	8 190	14
– Lump	6 076	5 292	15	5 595	4 888	14
– Fines	3 748	3 581	5	3 728	3 302	13
Mine production	9 824	8 873	11	9 323	8 190	14
– Sishen Mine	9 339	8 247	13	8 693	7 541	15
DMS plant	6 964	6 841	2	6 653	7 157	(7)
Jig plant	2 375	908	162	2 040	384	431
Other	–	498	–	–	–	–
– Thabazimbi Mine	485	626	(23)	630	649	(3)

Condensed group balance sheet

as at

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Assets			
Non-current assets	9 592	6 605	8 205
Property, plant and equipment	9 267	6 359	7 911
Biological assets	7	6	8
Investments in associates and joint ventures	11	3	6
Investments held by environmental trust	258	188	237
Long-term prepayments	33	34	32
Deferred tax assets	16	15	11
Current assets	8 257	6 115	8 498
Inventories	1 905	1 433	1 879
Trade and other receivables	1 195	2 637	2 262
Current tax asset	–	36	547
Cash and cash equivalents	5 157	2 009	3 810
Total assets	17 849	12 720	16 703
Equity and liabilities			
Shareholders' equity	6 006	4 444	6 859
Minority interest	1 381	1 067	1 647
Total equity	7 387	5 511	8 506
Non-current liabilities	5 371	4 809	3 351
Interest-bearing borrowings	2 678	2 840	977
Provisions	410	358	384
Deferred tax liabilities	2 283	1 611	1 990
Current liabilities	5 091	2 400	4 846
Short-term interest-bearing borrowings	2 862	1 463	2 881
Short-term provisions	126	7	310
Trade and other payables	1 649	930	1 655
Current tax liabilities	454	–	–
Total equity and liabilities	17 849	12 720	16 703

Condensed group income statement

for the period ended

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Revenue	11 987	9 048	21 360
Operating expenses	(5 166)	(3 802)	(7 847)
Operating profit	6 821	5 246	13 513
Finance income	157	49	154
Finance costs	(230)	(100)	(405)
Profit before taxation	6 748	5 195	13 262
Taxation	(2 404)	(1 650)	(4 179)
Profit for the period	4 344	3 545	9 083
Attributable to:			
Owners of Kumba	3 435	2 816	7 208
Minority interests	909	729	1 875
	4 344	3 545	9 083
Earnings per share for profit attributable to the owners of Kumba (Rand per share)			
Basic	10.81	8.90	22.80
Diluted	10.73	8.75	22.54

Condensed group statement of other comprehensive income

for the period ended

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Profit for the period	4 344	3 545	9 083
Other comprehensive income for the period, net of tax	(237)	129	707
Exchange differences on translating foreign operations	(228)	130	713
Net effect of cash flow hedges	(15)	–	5
Tax on other comprehensive income	6	(1)	(11)
Total comprehensive income for the period	4 107	3 674	9 790
Attributable to:			
Owners of Kumba	3 247	2 919	7 774
Minority interests	860	755	2 016
	4 107	3 674	9 790

Condensed group statement of changes in equity

for the period ended

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Total equity at the beginning of the period	8 506	3 397	3 397
Changes in share capital and premium			
Shares (including treasury shares) issued during the period	65	25	80
Purchase of treasury shares	(53)	–	–
Changes in reserves			
Equity-settled share-based payment	51	35	88
Total comprehensive income for the period	3 247	2 919	7 774
Dividends paid	(4 163)	(1 271)	(3 819)
Changes in minority interest			
Total comprehensive income for the period	860	755	2 016
Dividends paid	(1 138)	(358)	(1 051)
Movement in minority interest in reserves	12	9	21
Total equity at the end of the period	7 387	5 511	8 506
Comprising			
Share capital and premium	148	81	136
Equity-settled share-based payment reserve	394	290	343
Foreign currency translation reserve	388	104	564
Cash flow hedge accounting reserve	(9)	–	4
Retained earnings	5 085	3 969	5 812
Shareholders' equity	6 006	4 444	6 859
– attributable to the owners of Kumba	5 592	4 124	6 365
– attributable to the minority interest in SIOC	414	320	494
Minority interest	1 381	1 067	1 647
Total equity	7 387	5 511	8 506
Dividend (Rand per share)			
Interim *	7.20	8.00	8.00
Final	–	–	13.00

* The interim dividend was declared subsequently to 30 June 2009 and has not been recognised as a liability in this interim financial report. It will be recognised in shareholders' equity in the year to 31 December 2009.

Condensed group cash flow statement

for the period ended

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Cash flows from operating activities	2 129	1 494	6 013
Cash generated from operations	7 503	4 581	14 519
Net finance costs paid	(125)	(185)	(401)
Taxation paid	(1 112)	(1 639)	(4 311)
Dividends paid	(4 137)	(1 263)	(3 794)
Cash flows from investing activities	(1 312)	(869)	(2 487)
Capital expenditure	(1 500)	(806)	(2 563)
Proceeds from the disposal of non-current assets	23	1	–
Investments in associates and joint ventures	(6)	(1)	(3)
Other	171	(63)	79
Cash flows from financing activities	530	432	(668)
Share capital issued	65	25	80
Purchase of treasury shares	(53)	–	–
Dividends paid to minority shareholders	(1 164)	(365)	(1 076)
Net interest-bearing borrowings raised	1 682	772	328
Increase in cash and cash equivalents	1 347	1 057	2 858
Cash and cash equivalents at beginning of period	3 810	952	952
Cash and cash equivalents at end of period	5 157	2 009	3 810

Headline earnings

for the period ended

	Reviewed 6 months 30 June 2009 Rm	Reviewed 6 months 30 June 2008 Rm	Audited 12 months 31 Dec 2008 Rm
Reconciliation of headline earnings			
Attributable profit	3 435	2 816	7 208
Net (profit)/loss on disposal or scrapping of property, plant and equipment	(22)	–	12
Impairment of property, plant and equipment	–	–	50
Realisation of foreign currency translation reserve	–	–	19
	3 413	2 816	7 289
Taxation effect of adjustments	6	–	(9)
Minority interest in adjustments	3	–	(4)
Headline earnings	3 422	2 816	7 276
Headline earnings (Rand per share)			
Basic	10.76	8.90	23.02
Diluted	10.69	8.75	22.75
The calculation of basic and diluted earnings and headline earnings per share is based on the weighted average number of ordinary shares in issue as follows:			
Weighted average number of ordinary shares	317 890 540	316 563 167	316 140 923
Diluted weighted average number of ordinary shares	320 125 852	321 975 153	319 778 849
The adjustment of 2 235 312 shares to the weighted average number of ordinary shares is as a result of the expected vesting of share options already granted under the various share-based payment arrangements.			

Salient features and operating statistics

for the period ended

	Unaudited 6 months 30 June 2009	Unaudited 6 months 30 June 2008	Unaudited 12 months 31 Dec 2008
Share statistics ('000)			
Total shares in issue	319 461	317 104	319 461
Weighted average number of shares	317 891	316 563	316 141
Diluted weighted average number of shares	320 126	321 975	319 779
Treasury shares	763	900	1 795
Treasury shares (Rand million)	75	18	86
Market information			
Closing share price (Rand)	181	315	162
Market capitalisation (Rand million)	57 822	99 888	51 753
Market capitalisation (US\$ million)	7 408	12 636	5 482
Net asset value (Rand per share)	18.80	14.01	21.63
Capital expenditure (Rand million)			
Incurred	1 500	806	2 563
Contracted	2 616	1 271	2 090
Authorised but not contracted	6 676	1 989	8 753
Capital expenditure relating to Thabazimbi Mine to be financed by ArcelorMittal SA (Rand million)			
Contracted	2	1	–
Authorised but not contracted	12	40	–
Operating commitments			
Operating lease commitments	132	49	144
Shipping services	193	600	395
Economic information			
Average Rand/US dollar exchange rate (Rand/US\$)	9.16	7.65	8.25
Closing Rand/US dollar exchange rate (Rand/US\$)	7.81	7.91	9.37
Operating statistics (Mt)			
Production	19.1	17.1	36.7
Sales	20.0	17.3	33.0
– export	17.1	13.3	24.9
– domestic	2.9	4.0	8.1
Sishen Mine FOR unit cost			
– Unit cost (Rand per tonne)	114.98	93.39	110.77
– Cash cost (Rand per tonne)	104.12	86.14	101.86
– Unit cost (US\$ per tonne)	12.55	12.21	13.43
– Cash cost (US\$ per tonne)	11.37	11.18	12.35

Notes to the condensed consolidated interim financial report

1 Corporate information

Kumba is a limited liability company incorporated and domiciled in South Africa. The main business of Kumba, its subsidiaries, joint ventures and associates is the exploration, extraction, beneficiation and marketing, sale and shipping of iron ore. The group has its primary listing on the JSE Limited.

The condensed consolidated interim financial report of Kumba and its subsidiaries for the six months ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 22 July 2009.

2 Basis of preparation and accounting policies

The condensed consolidated interim financial report for the six months ended 30 June 2009 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. The condensed consolidated interim financial report has been prepared in accordance with International Financial Reporting Standards ('IFRS').

The condensed consolidated interim financial report has been prepared in accordance with the historical cost convention except for certain financial instruments, share-based payments and biological assets which are stated at fair value, and is presented in Rand, which is Kumba's functional and presentation currency.

Except as disclosed below, the accounting policies and methods of computation applied in the preparation of the condensed consolidated interim financial report are consistent with those applied for the year ended 31 December 2008.

The group adopted the following amendment to an existing standard and new standard with effect from 1 January 2009.

IAS 1 (revised), Presentation of Financial Statements

The revised standard requires that changes in equity resulting from transactions with owners (holders of instruments classified as equity) be presented separately from non-owner changes in equity (also known as other comprehensive income). In addition specific disclosures for components of other comprehensive income have been introduced. The adoption had no effect on the financial position or performance of the group.

IFRS 8, Operating Segments

IFRS 8 replaces IAS 14, Segment Reporting, and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported business segment, mining (being mining, extraction and production of iron ore) has been split further into the different mines that the group operates as well as its shipping operations.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Kumba executive committee.

The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the group, but not yet effective at 30 June 2009, have not been adopted. The group is currently evaluating the impact of these pronouncements.

3 Property, plant and equipment

The group incurred capital expenditure on property, plant and equipment of R1.2 billion for the six months ended 30 June 2009 (2008: R589 million) for the expansion of its operations, mainly on the Sishen South Project, and R348 million (2008: R217 million) to maintain its operations, mainly for the acquisition of mining equipment.

A total of R205 million was transferred from assets under construction to machinery, plant and equipment for the period. Of this, R88 million related to the jig plant at Sishen Mine.

4 Share capital

The group acquired 301 603 of its own shares through purchases on the JSE Limited during the period. The total amount paid to acquire the shares was R53 million. The shares have been utilised in the allocation of conditional share awards under the Kumba Bonus Share Plan. The shares are held as treasury shares and the purchase consideration has been deducted from equity.

Options exercised under the management share option scheme during the period to 30 June 2009 resulted in 1 333 740 shares being issued (2008: 759,610 shares) with exercise proceeds of R65 million (2008: R25 million).

5 Interest-bearing borrowings

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

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Long-term interest-bearing borrowings	2 678	2 840	977
Short-term interest-bearing borrowings	2 862	1 463	2 881
Total	5 540	4 303	3 858
Cash and cash equivalents	(5 157)	(2 009)	(3 810)
Net debt	383	2 294	48
Total equity	7 502	5 511	8 506
Interest cover (times)	51	27	33

Movements in interest-bearing borrowings are analysed as follows:

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Opening balance as at 1 January	3 858	3 530	3 530
Debt raised	1 700	2 840	3 847
Repayment of borrowings	(18)	(2 067)	(3 519)
Closing balance	5 540	4 303	3 858

Subsequent to 30 June 2009 Kumba has secured a R3.2 billion term loan to refinance the revolving facility that matures in November 2009. To date R2.7 billion of the R5.4 billion term debt facility raised in 2008 has been drawn down to finance Kumba's expansion. This facility matures on 28 November 2013. The maximum net debt in terms of current covenants is R5.5 billion, Kumba will be released from this covenant upon repayment of the maturing revolving facility. Kumba was not in breach of any of its covenants during the period. The group had undrawn borrowing facilities at 30 June 2009 of R6.7 billion.

6 Significant items included in operating profit

Operating expenses

Operating expenses is made up as follows:

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Production costs	2 581	1 864	4 030
Movement in inventories	(111)	97	(289)
– Finished products	(117)	219	(190)
– Work-in-progress	6	(122)	(99)
Cost of goods sold	2 470	1 961	3 741
Selling and distribution costs	1 468	865	1 977
Cost of services rendered – shipping	1 234	979	2 085
Impairment of property, plant and equipment	–	–	50
Sublease rent received	(6)	(3)	(6)
Operating expenditure	5 166	3 802	7 847

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

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Staff costs	786	601	1 376
Share-based payment expenses	68	54	106
Depreciation of property, plant and equipment	205	134	332
Impairment of property, plant and equipment	–	–	50
(Profit)/loss on disposal and scrapping of property, plant and equipment	(22)	–	12
Finance gains	(97)	(159)	(1 043)
– Gains on derivative financial instruments	(491)	(206)	(133)
– Foreign currency losses/(gains)	394	47	(910)
Operating profit capitalised	–	352	370
– Revenue	–	574	579
– Expenses	–	(222)	(209)

7 Income taxes

The income tax expense is recognised based on management's best estimate of the effective annual income tax rate expected for the full financial year. The estimated effective annual tax rate (excluding Secondary Taxation on Companies) used for the year to 31 December 2009 is 27.5% (2008: 28.4%).

8 Related party transactions

During the six months Kumba, 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.

Included in cash and cash equivalents at 30 June 2009 is a short-term deposit facility placed with Anglo American SA Finance Limited of R450 million.

9 Segmental reporting

The chief operating decision-maker which is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Kumba executive committee. Management has determined the operating segments of the group based on the reports reviewed by the executive committee.

The executive committee considers the business principally according to the nature of the products and service provided, with the segment representing a strategic business unit. The reportable operating segments derive their revenue primarily from mining, extraction, production and selling of iron ore and shipping services charged to external clients.

Corporate, administration and other expenditure not allocated to the different segments therefore form part of the reconciliation to profit before taxation under the heading 'Other segments'.

The Kumba executive committee assesses the performance of the operating segments based on a measure of earnings before interest and tax ('EBIT'). This measurement basis is consistent with 'operating profit' in the financial statements. Interest income and expenditure are not allocated to segments, as this type of activity is managed on a central group basis.

The total segment revenue comprises revenue from external customers as the group does not have any inter-segment revenue.

	Sishen Mine Rm	Thabazimbi Mine Rm	Shipping operations Rm	Total Rm
Six months ended 30 June 2009				
Revenue (from external customers)	10 175	267	1 545	11 987
EBIT	6 718	6	305	7 029
Six months ended 30 June 2008				
Revenue (from external customers)	7 365	260	1 423	9 048
EBIT	4 973	9	440	5 422
Year ended 31 December 2008				
Revenue (from external customers)	18 308	640	2 412	21 360
EBIT	13 705	32	317	14 054

A reconciliation of EBIT to total profit before taxation is provided as follows:

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Total EBIT for reportable segments	7 029	5 422	14 054
Other segments	(208)	(176)	(541)
Operating profit	6 821	5 246	13 513
Net finance costs	(73)	(51)	(251)
Profit before taxation	6 748	5 195	13 262

Kumba is domiciled in South Africa. The result of its revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) disclosed on a geographical basis, are set out below:

Revenue from external customers:

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Total revenue	11 987	9 048	21 360
South Africa	622	603	1 341
Export	11 365	8 445	20 019
– Europe	520	2 207	5 218
– China	9 115	4 482	9 203
– Rest of Asia	1 730	1 756	5 598

Non-current assets:

	Reviewed 30 June 2009 Rm	Reviewed 30 June 2008 Rm	Audited 31 Dec 2008 Rm
Total	9 532	6 553	8 156
– South Africa	9 530	6 511	8 155
– China	1	–	–
– Rest of Africa	1	42	1

10 Changes in contingent liabilities since 31 December 2008

There have been no significant changes in the contingent liabilities disclosed at 31 December 2008 that arise from the guarantees provided for environmental rehabilitation and decommissioning obligations of the Kumba Rehabilitation Trust Fund. The bank guarantees for property acquisitions have been exercised subsequently to the 2008 year end.

11 Legal proceedings

Lithos Corporation (Pty) Limited (Lithos)

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 the quantification thereof is fundamentally flawed. A trial date has been provisionally allocated, being 8 March 2010 to 2 April 2010. No liability has been recognised for this litigation.

Miferso

Kumba has initiated arbitration proceedings against La Societe Des Mines De Fer Du Senegal Oriental (Miferso) and the Republic of Senegal under the Rules of Arbitration of the International Chamber of Commerce. The arbitration process will commence during the third quarter of 2009. These proceedings are confidential in nature.

ArcelorMittal SA Limited

Kumba and ArcelorMittal SA have agreed to arbitration to resolve the differences in interpretation of the Sishen Supply Agreement. Arbitration proceedings were initiated by Kumba. Arbitrators have been appointed and hearings commenced in June 2009. These proceedings are confidential in nature.

12 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.

13 Corporate governance

The group subscribes to the Code of Good Corporate Practices and Conduct as contained in the King II Report on corporate governance and the Board has satisfied itself that Kumba has complied throughout the period under review in all material aspects with the code.

14 Independent audit opinion

The group's auditors, Deloitte & Touche, have issued their unmodified review opinion on the condensed consolidated interim financial report for the six months ended 30 June 2009. 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

CI Griffith
Chief Executive Officer

22 July 2009
Pretoria

Notice of interim cash dividend

At its Board meeting on 22 July 2009 the directors declared an interim cash dividend of R7.20 per share on the ordinary shares from profits accrued during the year ending 31 December 2009. The salient dates are as follows:

- Last day for trading to qualify and participate in the interim dividend (and change of address or dividend instructions) Friday, 14 August 2009
- Trading ex dividend commences Monday, 17 August 2009
- Record date Friday, 21 August 2009
- Dividend payment date Monday, 24 August 2009

Share certificates may not be dematerialised or rematerialised between Monday, 17 August 2009 and Friday, 21 August 2009, both days inclusive.

By order of the Board

VF Malie
Company secretary

22 July 2009
Pretoria

Registered office

Centurion Gate
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124 Akkerboom Road
Centurion, 0157
Republic of South Africa
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Fax: +27 12 683 7009

Transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street
Republic of South Africa
PO Box 61051, Marshalltown, 2107

Sponsor to Kumba:

Rand Merchant Bank (a division of FirstRand Bank Limited)

Directors

Non-executive – PL Zim (chairman), PM Baum, GS Gouws, PB Matlare, DD Mokgatlé, AJ Morgan, N Moyo, ZBM Bassa;
Executive – CI Griffith (CEO), VP Uren (CFO)

Company secretary: VF Malie

JSE code: KIO

ISIN: ZAE000085346

Company registration number: No 2005/015852/06

Incorporated in the Republic of South Africa

("Kumba" or "the company" or "the group")

Further financial results available at www.kumba.co.za