

Financial review

Results for the year

- Group production decreased to 1.907Moz of platinum from 2.026Moz the previous year
- Revenue per platinum ounce up by 26% in rand terms and 24% in dollar terms
- Sales rose by 19% to R37.6 billion
- Margins improved from 46% to 47%
- Total dividend of R14.75 per share – R8.9 billion returned to shareholders
- Group unit costs per platinum ounce, excluding share-based payments, increased by 17% to R6 930, due to a combination of high increases in cost and lower production

Production

Gross production of platinum in FY2008 declined to 1.907Moz with 1.044Moz (55%) coming from Impala. PGM production decreased to 3.644Moz in FY2008, a decrease of 5.6% on the 3.858Moz produced the previous year. Production, excluding the once-off Lonmin ounces treated in FY2007, increased by 2%.

Income statement

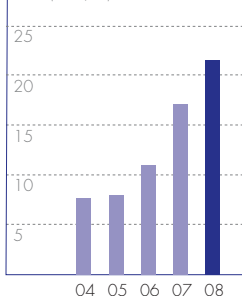
Gross profit

Sales for the 2008 financial year increased by 19.5% to R37.6 billion from R31.5 billion for the preceding financial year. In dollar terms, sales were 17.5% higher at \$5.1 billion. The main sales drivers were as follows:

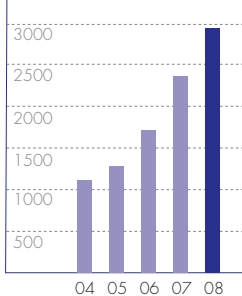
- **Metal prices:** gains in the prices of certain metals in both rand and dollar terms exceeded expectations with that of platinum reaching record highs; dollar revenues per platinum ounce sold rose by 24% to \$2 941/oz; overall PGM dollar prices were 25% higher and contributed to a positive price variance of R7.8 billion.
- **Rand/dollar exchange rate:** The rand remained relatively strong during the first half but weaker in the second half of the year and closed at R7.93/\$ on 30 June 2008 as compared to a close of R7.06/\$ twelve months previously. The average exchange rate achieved for the year was R7.32/\$ versus R7.20/\$ for FY2007, resulting in a positive exchange rate variance of R0.6 billion.
- **Sales volumes:** a 7.0% decrease in sales volumes resulted in a negative volume increase of R2.3 billion.

Cost of sales rose by 17% to R19.9 billion as a result of a significant increase in the cost of

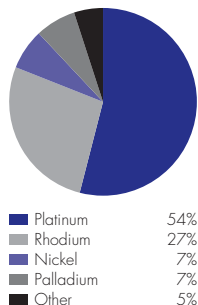
Revenue per platinum ounce sold (R000/oz)



Revenue per platinum ounce sold (\$/oz)



Contribution to revenue by metal (FY2008)

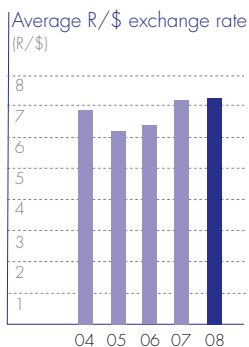
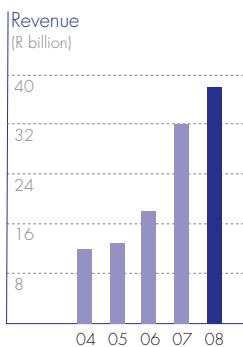


Refined platinum production

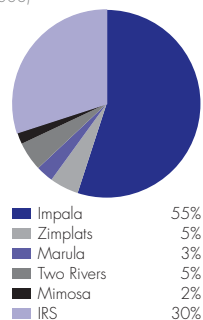
000oz	FY2008	FY2007
Impala	1 044	1 055
Marula	66	61
Zimplats	91	91
Mimosa (100%)	73	69
Non-managed mine-to-market operations		
Two Rivers (100%)	91	68
IRS third party purchases		
	336	499
Aquarius	249	281
Eastplats	53	40
Lonmin	9	162
Other	25	16
IRS toll treatments		
	206	183
Gross production		
	1 907	2 026
Once off Lonmin	(9)	(162)
Headline production		
	1 898	1 864

Cost per platinum ounce

R/oz	Excluding share-based payments		Including share-based payments	
	FY2008	FY2007	FY2008	FY2007
Impala (refined)	6 546	5 614	7 489	6 138
Marula (in concentrate)	9 020	8 497	9 830	8 773
Zimplats (in matte)	9 215	7 047	9 215	7 047
Mimosa (in concentrate)	7 023	5 409	7 023	5 409
Implats group (refined)	6 930	5 921	7 750	6 370



Platinum production by operation (2008)



Financial review (continued)

metals purchased due to higher metal prices and an increase in share-based payment costs in line with the share price moving from R216 in 2007 to close at R309 in June 2008.

The main changes in the cost of sales are analysed as follows:

- An annual wage adjustment of 10% at the South African operations which employ 90% of group employees.
- An increase of R470 million in the provision for share-based payments largely as a consequence of the rise in the closing share price.
- A higher amortisation charge of R148 million as a result of an increase in capital expenditure and growth in production from Marula and Zimplats.
- A rise in metals purchased of R1.64 billion on the back of higher rand metal prices. This represented 10% of the 17% increase in cost of sales.
- An increase in metal inventory of R553 million to R1 588 million (FY2007: R1 035 million) because of a change in rand metal prices year-end on year-end.

The unit cost per platinum ounce produced rose by 22% to R7 750. If share-based payments of R1 042 million (adjusted for non-operating cost)

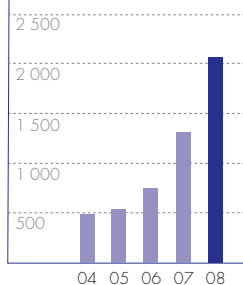
are excluded from the unit cost calculation, the increase in the unit cost per platinum ounce that relates to operating costs was 17%, giving a unit cost of R6 930/oz.

Once again, the group's margins improved, rising to 47% with Impala reporting a margin of 65% for the year under review.

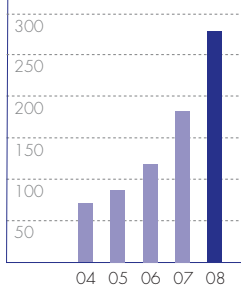
Other income and expenses

- Other operating expenses were 12% higher, a result of an increase in non-operational share-based payments of R17 million.
- Royalty expenses decreased as a result of the amortisation of the pre-paid royalty (R329 million) which is lower than the expenses in FY2007. The royalty accrual to the RBN was included in FY2007.
- Interest and other finance income increased by R47 million. Interest received rose due to the positive cash flows owing to higher PGM prices and cash from the sale of Aquarius.
- There was an increase in finance costs of R73 million to R155 million, after R95 million was capitalised to assets in terms of the group accounting policy.
- The weakening of the rand towards the end of the financial year resulted in an overall exchange gain for the year of R439 million versus a loss of R16 million the previous year.

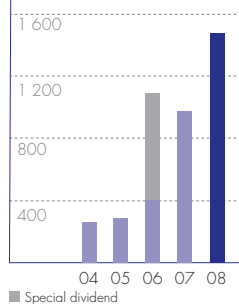
Headline earnings per share
(SA cents)



Headline earnings per share
(US cents)



Dividend per share
(SA cps)



Operating margins

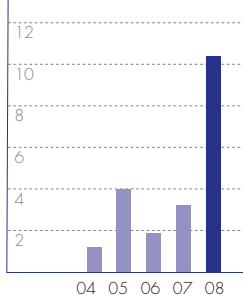
%	FY2008	FY2007
Impala	65	62
Marula	58	46
Zimplats	63	55
Mimosa	69	69
IRS	12	13
Implats group	47	46

- In FY2007, there was a BEE compensation charge of R1 790 million relating to the shares issued to the RBH.
- Other expenses were affected by the R84 million write-off of the Zimplats BMR. Based on the current expansion plan, it became evident that the BMR would not have the capacity to accommodate the smelter offtake and that it would not be practical to expand its capacity.
- Aquarius bought back Implats' holding of 21.4 million shares at a price of GBP6.71 per share for a total consideration of GBP143.8 million. The price was determined by taking a 10% discount to the 30-day volume weighted average price of GBP7.46. AQPSA, a 54% held subsidiary of Aquarius, bought back Implats' 20% holding for a total cash consideration of US\$459 million. The profit on

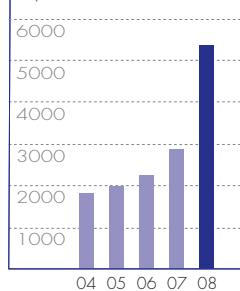
the sale of these investments amounted to R4.83 billion and the cash realised amounted to R5.7 billion. In addition, a deferred tax asset of R351 million was created the STC credit resulting from the transaction which will be received in the next dividend cycle.

- Share of profit from associates was R678 million, up from R388 million in FY2007. Equity income from Aquarius to the date of the sale was R428 million in FY2008 compared to R282 million in FY2007. Two Rivers contributed R250 million, up from R106 million in FY2007.
- The taxation charge increased by R1.2 billion to R5.1 billion, primarily as a result of higher earnings for the year. The effective tax rate was 22.4% for the year (FY2007: 34.7%) mainly owing to the tax treatment of the sale of Aquarius and AQPSA and the BEE compensation charge in FY2007.

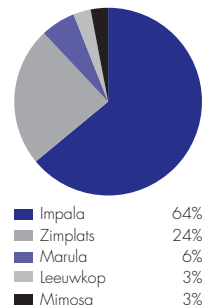
Gross cash position at year-end
(R billion)



Annual group capital expenditure (R million)



Capital expenditure by operation
(2008)



Contribution to headline earnings by company

R million	FY2008	%	FY2007	%
Headline earnings				
Impala	8 393	67.2	5 936	65.8
Marula	491	3.9	310	3.4
Afplats	158	1.3	(9)	(0.1)
Two Rivers	250	2.0	106	1.2
Zimplats	648	5.2	561	6.2
Mimosa	417	3.3	523	5.8
Aquarius	428	3.4	282	3.1
IRS	1 700	13.6	1 313	14.6
	12 485	100	9 022	100
Fair value discount on BEE transactions	–	–	(1 790)	–
Headline earnings	12 485	–	7 232	–
Profit on sale of investments	5 181	–	–	–
Profit on disposal of assets	4	–	–	–
Impairment of assets	(74)	–	–	–
Net profit	17 596	100	7 232	100

Headline earnings

Headline earnings for the financial year increased by 57% to 2 065 cents per share compared with 1 312 cents per share in FY2007. If the BEE compensation charge of R1.79 billion in FY2007 is excluded, normalised headline earnings were 26% higher per share (normalised headline earnings for FY2007 were 1 636 cent per share). The increase in earnings was mainly as a result of the 26% growth in rand revenue per platinum ounce sold during FY2008.

As in previous years, Implats' income was derived from three sources, with the bulk coming from the mine-to-market operations (81%). The other two sources of income were IRS (14%) and equity income from investments (5%).

- Mine-to-market operations owned by the Implats group contributed R10.1 billion (81%) to headline earnings. These operations comprise Impala and sundry subsidiaries (100%) and Marula (73% with 100% interest consolidated as Implats with guaranteed the outside borrowings) in South Africa, and Zimplats (86.9%) and Mimosa (50%) in Zimbabwe. Marula reported a contribution of R491 million, a significant improvement on the

profit previously reported of R310 million. The operations reported significant increases in margins due to higher rand revenues and positive currency effects.

- IRS, housing Implats' third-party refining services, contributed R1.7 billion to group headline earnings, an increase of 29%. Given the lower risks and capital requirements of IRS, the lower margins at this entity are understandable. Margins for FY2008 were 12%. The contribution of IRS to group headline earnings decreased to 13.6% as compared to a contribution of 14.6% the previous financial year.
- Equity income from investments of R678 million was from Implats' holding in AQPSA and Two Rivers, Aquarius contributed R428 million. Profit from Two Rivers amounted to R250 million.

Cash flow Operating activities

Cash generated from operations was a combination of profits before taxation of R22.8 billion as set out in the income statement, adjusted for movements in working capital, and non-cash flow items. The most significant of the non-cash flow items was the profit on disposal of investments amounting to R4.8 billion.

Cash generated by operations before tax of R22.8 billion was reduced by interest paid of R92 million, income taxes paid of R5.1 billion and working capital adjustments of R3.3 billion.

There was a net cash inflow from operating activities of R11.2 billion in FY2008, which is more than the net cash inflow of R10.0 billion recorded in FY2007.

Investing activities

As mentioned previously, the group sold its stake in AQP and AQPSA for a cash contribution of R5.7 billion.

A pre-paid royalty of R12.5 billion was paid to the RBN in FY2007.

Group capital expenditure for FY2008 totalled R5.3 billion as compared to R2.8 billion in the previous financial year. The largest portion of this (R3.4 billion) was spent at Impala, primarily on the development of 16 and 20 shafts. The Zimbabwean operations accounted for capital expenditure of R1.3 billion, and Marula R345 million.

Net cash flow from investing activities was R1.3 billion in FY2008.

Financing activities

Net cash flows from financing activities decreased by R15.3 billion to a R5.5 billion outflow compared to an inflow of R9.8 billion in FY2007. As a result of the BEE transaction with RBH, 75 115 204 shares were issued to RBH for a cash consideration of R12.5 billion during 2007.

The group acquired 826 473 (FY2007: nil) of its own shares in this financial year in terms of an approved share buy-back scheme for an amount of R183 million (2007: nil).

Net proceeds from borrowings amounted to R664 million. These loans were raised as a result of the consolidation of the Marula BEE shareholders' interest (R321 million) in terms of the guarantees provided and the drawdown of a facility to partially finance the expansion at Zimplats (R370 million).

Dividend payments totalling R6.1 billion were made during the year. The dividend payment totalled R3.1 billion in FY2007.

The net result of Implats operating, investing and financing activities was a net cash inflow of R7.1 billion which, when combined with the opening balance of R3.2 billion, and a positive translation of R0.1 billion, resulted in a closing cash and cash equivalent balance of R10.4 billion.

Outlook

Capital expenditure for FY2009 is estimated at R7.9 billion and will be managed in line with profitability and cash flows.

A final dividend of 1 175 cents per share was declared on 28 August 2008 which amounts to a further payment to shareholders of R7.1 billion.

The dividend cover for the group has been adjusted to 1.4 times (previously 1.7 times) earnings.

