



Directors' report

Profile

Business of the company

Impala Platinum Holdings Limited (Implats/company/group) is principally in the business of producing and supplying platinum group metals (PGMs) to industrial economies. The company's holdings in various mining and exploration activities as at 30 June 2007 are described below:

Company	Short name	Effective interest %	Activity
Impala Platinum Limited	Impala	100	PGM mining processing and refining
Impala Refining Services Limited	IRS	100	Purchase of concentrate and/or smelter matte. Processing of concentrate and matte by the smelting, refining and sale of the resultant PGMs and base metals, and through toll refining.
African Platinum Limited	Afplats	100	PGM mining
Afplats (Pty) Limited	Leeuwkop (Afplats)	74	PGM mining
Marula Platinum Limited	Marula	77.5	PGM mining
Zimplats Holdings Limited	Zimplats	86.9	PGM mining
Mimosa Investments Limited	Mimosa	50	PGM mining
Two Rivers Platinum (Pty) Limited	Two Rivers	45	PGM mining
Aquarius Platinum (SA) (Pty) Limited	Aquarius (SA)	20	PGM mining
Aquarius Platinum Limited	Aquarius Platinum	8.6	PGM mining

Capital

Authorised and issued share capital

At the annual general meeting on 12 October 2006 the authorised share capital of the company was subdivided by a factor of eight with effect from 6 November 2006.

Prior to subdivision:

	R million
100,000,000 ordinary shares of 20 cents each	20.0
5,501,000 ordinary "A" shares of 20 cents each	1.1
	<u>21.1</u>

After subdivision:

	R million
800,000,000 ordinary shares of 2.5 cents each	20.0
44,008,000 ordinary "A" shares of 2.5 cents each	1.1
	<u>21.1</u>

At a general meeting of shareholders held on 29 November 2006, the "A" ordinary shares were converted into ordinary shares.

Following these changes the authorised share capital of the company at 30 June 2007 was 844,008,000 ordinary shares of 2.5 cents each

During the year 1,907,104 new ordinary shares were issued in terms of the Implats share option scheme. In addition, 16,432,576 new ordinary shares were issued to the Morokotso Trust at a price of R159.40 per share (2,054,072 ordinary shares at a price of R1,274.40 prior to the subdivision). These shares were issued in terms of an employee share ownership programme approved at a general meeting of shareholders on 4 July 2006.

The company issued 75,115,204 ordinary shares to the Royal Bafokeng Nation in terms of a black economic empowerment (BEE) initiative as described later in this report.

Following these issues the issued share capital currently stands at 630,899,228 ordinary shares of 2.5 cents each (2006: 537,444,344 ordinary shares of 2.5 cents each).

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Treasury shares

The group holds 9,844,976 ordinary shares of 2.5 cents each (1.56%) (2006: 9,844,976) of its own shares in terms of an approved share buy-back scheme. The shares are held as "treasury shares" by a subsidiary.

Share option scheme

The directors were authorised to issue, allot or grant options to acquire up to a maximum of 17,416,000 ordinary shares of 2.5 cents each in the unissued share capital of the company in terms of employee share option schemes. Details of participation in the share option scheme are set out in note 15 of the financial statements.

In line with recent remuneration developments the group will no longer offer employees any further options under the existing Share Incentive Scheme, but will pay relevant employees a fully taxable bonus based on the increase in the share price (refer to note 19 of the financial statements). Employees' interests will still be aligned with those of shareholders but without any dilutionary effect.

The rules governing the quantum and timing of benefits to be delivered to employees under the new bonus scheme will be no different from those under the existing Share Incentive Scheme.

The trustees of the scheme are Ms NDB Orleyn and Messrs JM McMahon and JV Roberts.

Shareholding in the company

The issued capital of the company held by public and non-public entities as at 30 June 2007 is as follows:

	No. of shares (000's)	%
Public	520,773	82.5
Non-public	110,126	17.5
Directors	201	–
Trustees of share schemes	16,965	2.7
Right to appoint directors	83,115	13.2
Treasury shares	9,845	1.6
Total	630,899	100.0

The following shareholders beneficially hold more than 5% of the issued share capital:

Shareholders	No. of shares (000's)	%
Public Investment Commissioners	47,656	7.6
Royal Bafokeng Nation	83,115	13.2

Black economic empowerment

During the year it was agreed that Impala would pay an amount of R12.5 billion to the RBN in cash in respect of its obligations to pay royalties. Impala's obligations were fully and finally discharged by this payment with effect from 1 July 2007. The cash consideration of R12.5 billion was utilised by the RBN to subscribe for 75,115,204 Implats shares. This together with the 8,000,000 Implats shares already held by the RBN resulted in a holding of 83,115,204 Implats shares (13.4% holding on a fully diluted basis).

Investments

Zimplats Holdings Limited (Zimplats)

The company owns 86.9% of Zimplats Holdings Limited (Zimplats). Zimbabwe Platinum Mines Limited is a wholly owned subsidiary of Zimplats.

Mimosa Holdings (Pvt) Limited (Mimosa)

The company holds a 50% shareholding in Mimosa with the balance held by Aquarius Platinum Limited.



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Investments (continued)

Two Rivers

The company owns a 45% interest in Two Rivers with the balance held by African Rainbow Minerals Resources.

Aquarius Platinum

The company holds an 8.6% interest in Aquarius Platinum which is listed on the Australian Securities Exchange, London Stock Exchange and the JSE Limited.

Aquarius Platinum (SA) (Pty)

The company holds a 20% interest in Aquarius Platinum (SA) (Pty) Limited.

Marula

The company owns a 77.5% interest in Marula.

A 7.5 % equity stake in Marula is held by each of the following BEE companies:

- Tubatse Platinum (Pty) Limited (Tubatse)
- Mmakau Mining (Pty) Limited (Mmakau)
- Marula Community Trust (the Trust)

The purchase price to each of the parties was R158.1 million of which R145 million was payable in cash on closure of the sale with the balance of R13.1 million being payable in instalments on completion of phase II of the mine development. Implats guaranteed the vendor finance (including all future funding obligations) of Tubatse and Mmakau until 31 December 2014, and Implats will provide funding on loan to the Trust until such time that the Trust is in a cash flow positive position. Implats has consolidated the BEE interest as these BEE parties are considered special purpose entities (SPE) for accounting purposes as the vendor finance is guaranteed by Implats.

Afplats Limited

During the year the company acquired a 100% interest in Afplats for a consideration of R4.2 billion.

Financial affairs

Results for the year

The results for the year are fully dealt with in the financial statements forming part of the annual report. Refer to pages 150 to 228.

Dividends

An interim dividend (No 78) of 275 cents per share was declared on 15 February 2007, and a final dividend (No 79) of 700 cents per share was declared on 30 August 2007, payable on 25 September 2007 – a total of 975 cents per share (2006: 400 cents per share plus a special dividend of 687.5 cents per share, a total dividend of 1,087.5 cents per share). These dividends amounted to R5,887 million for the year (2006: R5,809 million).

Capital expenditure

Capital expenditure for the year amounted to R2,889 million (2006: R2,248 million).

The estimated R6.5 billion capital expenditure by Impala envisaged for the 2008 financial year will be funded from internal resources and, if appropriate, borrowings.

Post-balance sheet events

No material events have occurred since the date of these financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

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Financial affairs (continued)

Going concern

The financial statements have been prepared using the appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors have a reasonable expectation that the group has adequate resources to continue as a going concern in the foreseeable future.

Associated and subsidiary companies

Information regarding the company's associated companies are given in note 7 of the financial statements and regarding subsidiaries on page 228.

Property

Details of the freehold and leasehold land and buildings of the various companies are contained in registers, which are available for inspection at the registered offices of those companies.

Directorate

Composition of the board

During the year, Ms D Earp was appointed as an executive director of the board and Ms CE Markus and Mr KC Rumble retired as an executive director and CEO respectively. Ms F Jakoet and Mr DS Phiri were appointed as additional non-executive directors. In terms of the articles of association, appointments by the directors of additional directors retain office until the next annual general meeting when they shall retire and be eligible for re-election. Shareholders will be asked to consider the election of Ms D Earp, Ms F Jakoet and Mr DS Phiri at the forthcoming annual general meeting.

The directors who retire at the next general meeting are Dr FJP Roux, Mr JV Roberts and Mr JM McMahon. Mr Roberts has indicated that he is not available for re-election. The other directors are eligible and have offered themselves for re-election.

Interest of directors

The interests of directors in the shares of the company were as follows and did not individually exceed 1% of the issued share capital or voting control of the company.

30 June	Direct		Indirect	
	2007	2006	2007	2006
Beneficial				
Directors	176,888	141,808	23,929	4,000
DH Brown	80,000	48,000	–	–
MV Mennell	61,808	61,808	–	–
LJ Paton	35,000	32,000	20,728	800
S Phiri	80	–	–	–
LC van Vught	–	–	3,200	3,200
Senior management	143,608	138,720	–	–
Non-beneficial	–	–	–	–

Directors' remuneration

Details of the executive directors, non-executive directors and senior management remuneration are set out in the Remuneration Report on pages 155 to 163.

Directors' interests

There were no contracts of significance during or at the end of the financial year in which the directors of the company were materially interested. No material change in the foregoing interests has taken place between 30 June 2007 and the date of this report.

Directors' fees

Details of directors' fees paid during the 2007 financial year and fees proposed for the 2008 financial year are set out in the Remuneration Report on pages 155 and 156.



Directors' report

Administration

Special resolutions proposed

The following special resolutions will be proposed at the annual general meeting on 25 October 2007:

Acquisition of the company's shares

A renewal of the authority to acquire up to 10% of the company's shares subject to the JSE rules and the Companies Act.

Change of articles of association

To adopt new articles of association to the exclusion of and in substitution for the existing articles of association. The new articles incorporate provision for electronic communication between directors by means of teleconferencing and allow shareholders to elect to receive annual financial statements in electronic form.

A copy of the new articles of association is available from the company on request or from the company's website www.implats.co.za

Special resolutions passed

During the year the following special resolutions were passed by Implats and its subsidiaries:

Implats

Share buy-back

Allowing the company and its subsidiaries to acquire shares in the company subject to the provisions of the Companies Act 1973 and the Listing Requirements of the JSE Limited, provided that the authority may not extend beyond 15 months from the date of granting of the authority.

Amendment to the Authorised Share Capital of the company

An amendment to the Authorised Share Capital of the company by converting the ordinary "A" shares into ordinary shares.

Amendments to the articles of association

An amendment to the articles of association deleting the terms and conditions of the ordinary "A" shares in the capital of the company.

An amendment to the company's articles of association to regulate the appointment of an independent non-executive chairman.

Marula – Amendment to authorised share capital

An amendment to the authorised share capital of Marula from 4,000 shares of R1 each to 400,000 shares of 1 cent each.

Financial, administrative and technical advisers

In terms of a service agreement, Impala Platinum Limited acts as financial, administrative and technical advisers to the Implats group during the year on a fee basis. Messrs S Bessit, DH Brown, LJ Paton and Ms D Earp had an interest in this contract to the extent that they are directors of Impala and of the company, but they do not beneficially own any shares in Impala.

Secretaries

Mr R Mahadevey acted as secretary to Implats and Impala, and Impala acted as secretaries to other subsidiaries in the Implats group. The business and postal addresses of the secretaries are set out on the inside back cover of this report.

London Secretaries

The business and postal addresses of the London Secretaries are set out on the inside back cover of this report.

Public officer

Mr J van Deventer acted as public officer for the group for the year under review.