



A copy of the Interim Report is available on the Company's internet website.

**<http://www.implats.co.za>**

Alternatively please contact the Company Secretary on (011) 731 9000 or via e-mail at [avanthi.parboosing@implats.co.za](mailto:avanthi.parboosing@implats.co.za) or by post at Private Bag X18, Northlands 2116, South Africa, for further information, if required.



## **Consolidated interim results (reviewed)**

for the six months ended 31 December 2011





## Vision

To be the world's best platinum-producing company, delivering superior returns to shareholders relative to our peers.

## Values

- Safeguarding the health and safety of our employees, and caring for the environment in which we operate
- Acting with integrity and openness in all that we do and fostering a workplace in which honest and open communication thrives
- Promoting and rewarding teamwork, innovation, continuous improvement and the application of best practice by being a responsible employer, developing people to the best of their abilities and fostering a culture of mutual respect among employees
- Being accountable and responsible for our actions as a company and as individuals
- Being a good corporate citizen in the communities in which we live and work.

### Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)  
Registration No. 1957/001979/06  
Share codes: JSE: IMP; ISIN: ZAE 000083648;  
LSE: IPLA; ADRs: IMPUY  
("Implats" or "the Company" or "the Group")

### Registered Office

2 Fricker Road, Illovo 2196  
(Private Bag X18, Northlands 2116)

### Transfer Secretaries

*South Africa:* Computershare Investor Services (Pty) Ltd  
70 Marshall Street, Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
*United Kingdom:* Computershare Investor Services plc  
The Pavilions, Bridgwater Road, Bristol, BS13 8AE

### JSE Sponsor

Deutsche Securities SA (Pty) Limited

### Directors

Dr KDK Mokhele (Chairman), DH Brown (Chief Executive Officer), B Berlin, HC Cameron, NDJ Caroli<sup>#</sup>, PA Dunne, MSV Gantsho, TP Goodlace, JM McMahan<sup>\*</sup>, AA Maule, TV Mokgatla, B Ngonyama, NDB Orleyn, OM Poee.

<sup>\*</sup>British <sup>#</sup>Alternate to TV Mokgatla.

*Note: MV Mennell retired as an independent non-executive director on 26 October 2011.  
AA Maule was appointed as an independent non-executive director on 1 November 2011.*



<http://www.implats.co.za>

# Safety

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Safety performance remains unsatisfactory

# Operational

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Good operational performance in a difficult operating environment

# Production

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Mine-to-market production unchanged

# Revenue

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Revenue marginally higher at R15.4 billion

# Costs

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Unit cost per platinum ounce up 9.9% due to higher than inflation wage and utility increases

# Headline earnings

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Improved by 67.8% to R3.47 billion

# Dividend

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Dividend of 135 cents per share

## Commentary

The period under review has seen a reversal of global economic conditions driven primarily by the worsening Eurozone crisis. The downward pressure this has exerted on prices has been somewhat ameliorated by the weakening of the rand resulting in gross margins decreasing only marginally. The major projects currently being undertaken, namely the development of the three new shafts at Rustenburg and the Phase 2 expansion at Zimplats remain on track. Empowerment discussions with the Government of Zimbabwe are ongoing regarding that country's Indigenisation law.

## Safety

Safety performance remained unsatisfactory with six fatalities during the half year ended December 2011. All the incidents occurred at Impala Rustenburg. Three were due to falls of ground, two due to equipment handling incidents and the other resulted from an explosives incident. The Board, Management and all of the Implats team extend their sincere condolences to the family and friends of our late colleagues who lost their lives during the period under review.

The Group Lost-Time Injury Frequency Rate also remains a concern given the 18.4% deterioration to 5.85 per million man-hours worked. Impala and Marula deteriorated by 23.7% to 6.69 and 27.9% to 11.75 respectively, whilst Zimplats improved by 70.7% to a record of 0.22. Mimosa deteriorated to 1.29. Total Injury Frequency Rate improved 6.7% to 12.56.

The Implats safety strategy continues to focus on changing the safety culture of the organisation and closing the supervision gap in order to ultimately achieve our vision of zero harm. In the current financial year, the main areas being targeted are: changing the culture, increasing supervision, visible leadership, measurement and reporting of leading safety indicators, and safety rule compliance.

## Market overview

If ever any doubt existed about fundamentals being the only drivers of PGM markets, then 2011 provided ample evidence that the actions of the investment community proved more influential to our metals' fortune than demand alone.

### PLATINUM

Platinum prices started the year in the mid \$1 700's, and after briefly touching a high of \$1 900 in late August, succumbed to a bout of investor selling as the world's economic woes, especially in the Eurozone countries, led a flight of capital out of commodities into the relative safety of the US dollar and gold – resulting in a \$400 drop in September alone. Prices ended the year at around \$1 400, having tested the mid \$1 300's in late December, and averaged \$1 720 for the year. The market reverted to a small surplus for the year, driven by an improvement in North American primary supply and increased recycling, offsetting a relatively stable demand environment, with increased industrial demand overshadowing a reduction in investment demand.

Automotive demand increased by just over 5% for the year, despite the woes of Europe – platinum's main automotive market, as its diesel share increased and the fitment of emission control systems to heavy duty diesels globally gathered momentum. Furthermore, the lower price environment, where prices dropped below that of gold for the first time in nearly a decade, resulted in an increase in platinum jewellery sales in China, with total jewellery demand growing by some 7%.

## PALLADIUM

From a palladium point of view, bullish fundamentals were swept aside as investors unwound positions in the latter part of the year. Having started the year near \$800, the second half saw significant selling which forced prices down to the \$560's, averaging \$733 for the year but still nearly 40% higher than 2010 levels. The low levels experienced during October triggered substantial forward buying and physical purchases which pushed prices back towards \$565 at the year end.

Automotive demand grew close to 10% for the year, but the combination of a half a million ounces net redemption of metal from Exchange Traded Funds (ETFs), together with the re-emergence of Russian destocking left the market in a significant surplus.

## RHODIUM

Despite the launch of a rhodium ETF during the year, average prices reduced by 15% from 2010 levels as the market continued to be adequately supplied. Increases in automotive demand were well matched by growth in SA supplies via the ever increasing UG2 mix as well as aggressive selling from secondary refiners / recyclers.

## Operational review

Mine-to-market production remained virtually unchanged at 738 000 ounces of platinum, however a 47.6% decrease in third party and toll treatment volumes over which the Group has no control, resulted in an 11.1% decline in gross platinum production to 846 000 ounces. Unit cost increased by 9.9% to R11 283 per platinum ounce (12.8% to R11 589 per platinum ounce excluding the change in estimate of off-reef development as described in the Financial review). This is reflective of the recent wage agreements and power tariff increases in both South Africa and Zimbabwe.

## IMPALA

Impala Rustenburg was severely impacted by the issuance of a significant number of high impact Section 54 notices which commenced in September and continued through to the end of the reporting period. In excess of 510 000 tonnes were lost as a result and a loss of some 33 000 platinum ounces can be attributed to these interventions. Tonnes milled (underground and opencast) decreased by 12.3% to 6.85 million. This was mitigated by the treatment of approximately 680 000 tonnes of additional surface material and processing pipeline adjustments, which resulted in refined platinum production of 490 000 ounces.

Unit costs per platinum ounce refined excluding share based payments rose by 8.2% to R10 994 (11.6% to R11 339 before change in capitalisation estimate). The increase was due to the ongoing impact of the high inflationary environment and lower production.

The focus at Rustenburg remains on the development of the three new major shafts. At 20 Shaft the decision at the end of June 2011 to delay production ramp-up by 12 months to allow focus on the development of the incline and decline was vindicated as this development has achieved its targeted rate and production is scheduled to commence in FY2013. At 16 Shaft sinking has been completed and shaft equipping is in progress with production remaining on schedule for FY2014. Sinking at the 17 Shaft complex remains on target. The development of the first two horizontal levels have commenced. First production is still expected in FY2017. Capital expenditure increased by 63.6% to R3.0 billion.

## ZIMPLATS

Tonnes milled increased by 4.4% to 2.17 million resulting in a corresponding increase in platinum production in matte to 92 000 ounces. Unit costs per platinum ounce in matte increased by 16.8% to \$1 322 in dollar terms and by 23.8% in rand terms to R10 010. This was due to a combination of the award of a statutory 20% salary increase backdated to January 2011 and a provision for the 59% tariff increase proposed by Zimbabwe Electricity Supply Authority (ZESA) in September.

The Phase 2 expansion which will increase production by 90 000 to 270 000 ounces of platinum in FY2014 remains on schedule. The declines at Portal 3 are progressing well and are now approximately 100 metres below surface while work on the concentrator and other infrastructure continues.

The company announced in October that it would establish a 10% community share ownership scheme as part of its indigenisation plan which was submitted in late November. The Trust has since been registered, but the transaction has yet not been implemented as discussions remain ongoing with the Government of Zimbabwe on the overall indigenisation plan.

## MIMOSA\*

Mill throughput increased by 0.8% to 1.15 million tonnes and platinum production in concentrate increased 2.3% to 52 400 ounces due to improved grade and recoveries. Unit costs per platinum ounce in concentrate rose by 21.1% to \$1 502 in dollar terms and rose by 28.5% to R11 374 in rand terms due to the same inflationary pressures experienced by its sister Zimbabwean mine.

In December the company announced that it had established a community share ownership trust that would hold 10% of the company as an integral part of its indigenisation plan. This transaction has also not been effected due to ongoing discussions with the Government of Zimbabwe.

## MARULA

Tonnes milled decreased by 9.1% to 0.81 million and second quarter tonnes milled were in line with the new production target. Platinum production in concentrate was on plan at 36 000 ounces. The forecast for the year remains 70 000 ounces of platinum.

Total cash cost and platinum in concentrate production decreased by 5.9% and 12.4% respectively in line with the right-sizing of the operation. Unit cost per platinum ounce in concentrate, excluding share-based compensation, increased by 2.8% to R15 056 (7.4% to R15 752 before taking into account the change in capitalisation estimate).

## TWO RIVERS\*

Tonnes milled increased by 5.1% to 1.56 million which resulted in a corresponding increase in platinum production in concentrate to 77 000 ounces. Unit costs per platinum ounce in concentrate rose by 8.1% to R10 239.

## IMPALA REFINING SERVICES (IRS)

Refined platinum production declined by 21.1% to 356 000 ounces due to a 47.6% decrease in third party and toll treatment volumes to 108 000 ounces. This was primarily due to the once-off toll treatment for Lonmin in the corresponding period a year ago coupled with operational challenges at Crocodile River and the closure of Blue Ridge.

## MINERAL RESOURCES AND MINERAL RESERVES

There has been no material change to the technical information relating to the Group's mineral reserves and resources, or legal title to its mining and exploration activities, as disclosed in the Integrated Annual Report for the financial year ended 30 June 2011.

*\*Comprises 100% of operational performance*

## Financial review

Basic headline earnings improved by 66% to 573 cents per share from 345 cents. The weaker closing exchange rate of R8.09 at the end of December 2011 compared to the R6.77 at the end of June 2011 resulted in exchange gains of R608 million for the review period compared to a loss of R551 million for the comparable period. The revaluation of metal purchase creditors as a result of the decline in metal prices at half year end contributed R473 million.

Revenue was marginally higher at R15.4 billion. Sales volumes were down due to an inventory buildup at Impala Platinum giving rise to a negative volume variance of R1.3 billion. Achieved dollar metal prices were higher, platinum at \$1 673 per ounce up 4.8%, palladium 28.0% higher with rhodium 20.8% and nickel 6.3% lower. The impact was a positive price variance of R663 million. The average rand/dollar exchange rate achieved during the period under review weakened from R7.16 to R7.55 which resulted in higher revenue of R732 million.

Cost of sales increased by 3.0% compared to the previous review period. This was positively impacted by a reduction in the share-based payment provision of R130 million (as a result of a lower share price at the end of December 2011) compared to an increase in the provision in the comparable period of R542 million. Metal purchases increased by R419 million mainly as a result of higher metal prices. Depreciation increased by R114 million as a result of a higher asset base and the change in accounting estimate (see below).

The group unit cost per platinum ounce produced, excluding share based payment costs, escalated by 9.9% to R11 283 per platinum ounce from the comparable period. The bulk of this increase was inflation related with wages escalating by 10.0%, consumables 7.4% and electricity by 25.8%. Zimplats' rand inflation at 23.8% was aggravated by the weakening of the rand/dollar exchange rate. As indicated in the Integrated Annual Report for the financial year ended 30 June 2011, a change in accounting estimate for development costs resulted in certain development costs being capitalised and depreciated over the estimated useful life. For the year to date an amount of R196 million was capitalised. The impact of this was to reduce unit cost per platinum ounce from 12.8% to 9.9% as indicated above.

The above resulted in the gross margin decreasing marginally to 31.2%.

Capital expenditure for the half year totalled R4.3 billion, compared to R2.4 billion in the previous half year to December 2010. Of this, R3.0 billion was incurred at Impala. The forecast capital expenditure for the financial year 2012 will amount to approximately R7.7 billion, and is estimated to be R27 billion over the next four years. This will be managed in line with the Group's profitability and cash flow.

Borrowings increased by R859 million from June 2011 mainly as a result of a R768 million property sale and leaseback transaction.

Cash from operating activities for the interim period totalled R3.0 billion (December 2010: R2.0 billion). Cash net of debt amounted to R633 million (December 2010: R 115 million).

Notwithstanding the ongoing uncertainty regarding the full financial impact of the current illegal strike, the Board has resolved to limit the interim dividend to 135 cents per share.



## Prospects

The past six months would suggest that any sustained rally in the PGM markets is likely to be driven by an embryonic recovery in the US and a renewed growth focus in China, and would be balanced by the potential for a disorderly default in some EU countries. As a result we expect continued volatility in the commodity markets until a more definite growth environment can be established.

Subsequent to half year-end the majority of the Impala Rustenburg mining employees embarked on an illegal strike, resulting in the dismissal of approximately 17 000 employees. The impact of this business interruption is a loss of some 3 000 ounces of platinum production per day.

As at the 14th of February 2012 this had resulted in a loss of production of 60 000 ounces of platinum.

## Declaration of interim cash dividend

An interim cash dividend of 135 cents per share has been declared in respect of the half year ended 31 December 2011. The last day to trade (“cum” the dividend) in order to participate in the dividend will be Friday, 02 March 2012. The share will commence trading “ex” the dividend from the commencement of business on Monday, 05 March 2012 and the record date will be Friday, 09 March 2012.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom transfer office will be made in United Kingdom currency at the rate of exchange ruling on Thursday, 08 March 2012, or on the first day thereafter on which a rate of exchange is available.

A further announcement stating the Rand/GBP conversion rate will be released through the relevant South African and UK news services on Friday, 09 March 2012.

The dividend will be paid on Monday, 12 March 2012. Share certificates may not be dematerialised/ rematerialised during the period Monday, 05 March 2012 to Friday, 09 March 2012, both dates inclusive.

By order of the Board

**A Parboosing**

Group Company Secretary

Johannesburg, 16 February 2012

## Approval of the interim financial statements

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the interim financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These interim financial statements are prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The interim financial statements have been prepared under the supervision of the Chief Financial Officer Ms B Berlin, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the interim financial statements, and to prevent and detect material misstatement and loss.

The interim financial statements have therefore been prepared on a going-concern basis and the directors believe that the Company and the Group will continue to be in operation in the foreseeable future.

The interim financial statements as set out on pages 8 to 19, have been approved by the Board of directors and are signed on their behalf by:

**KDK Mokhele**  
Chairman

**DH Brown**  
Chief Executive Officer

Johannesburg, 16 February 2012

# Statement of financial position

<i>R millions</i>	Notes	As at 31 December 2011 (Reviewed)	As at 31 December 2010 (Reviewed)	As at 30 June 2011 (Audited)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	37 114	30 647	33 137
Exploration and evaluation assets		4 294	4 294	4 294
Intangible assets		1 018	1 018	1 018
Investment in associates		956	883	904
Available-for-sale financial assets		15	13	15
Held-to-maturity financial assets		64	59	61
Receivables and prepayments		13 349	13 651	13 379
		<b>56 810</b>	<b>50 565</b>	<b>52 808</b>
<b>Current assets</b>				
Inventories		6 275	6 265	5 471
Trade and other receivables		4 971	4 154	4 783
Cash and cash equivalents		3 334	1 720	4 542
		<b>14 580</b>	<b>12 139</b>	<b>14 796</b>
<b>Total assets</b>		<b>71 390</b>	<b>62 704</b>	<b>67 604</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital		15 172	14 201	14 228
Retained earnings		35 072	30 465	34 136
Other components of equity		(22)	(862)	(801)
		<b>50 222</b>	<b>43 804</b>	<b>47 563</b>
Non-controlling interest		2 255	1 944	2 047
<b>Total equity</b>		<b>52 477</b>	<b>45 748</b>	<b>49 610</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability		9 353	7 843	8 337
Long-term borrowings	6	2 624	1 292	1 698
Long-term liabilities		999	869	831
Long-term provisions		681	676	614
		<b>13 657</b>	<b>10 680</b>	<b>11 480</b>
<b>Current liabilities</b>				
Trade and other payables		4 663	4 966	5 656
Current tax payable		196	98	226
Short-term borrowings	6	77	313	144
Short-term liabilities		320	899	488
		<b>5 256</b>	<b>6 276</b>	<b>6 514</b>
<b>Total liabilities</b>		<b>18 913</b>	<b>16 956</b>	<b>17 994</b>
<b>Total equity and liabilities</b>		<b>71 390</b>	<b>62 704</b>	<b>67 604</b>

The notes on pages 14 to 19 are an integral part of this condensed interim financial information.

## Statement of comprehensive income

<i>R millions</i>	Notes	Six months ended 31 December 2011 (Reviewed)	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
<b>Revenue</b>		<b>15 412</b>	15 315	33 132
Cost of sales	7	<b>(10 606)</b>	(10 294)	(21 490)
<b>Gross profit</b>		<b>4 806</b>	5 021	11 642
Other operating expenses		<b>(343)</b>	(381)	(645)
Royalty expense		<b>(464)</b>	(417)	(804)
<b>Profit from operations</b>		<b>3 999</b>	4 223	10 193
Finance income		<b>182</b>	189	343
Finance cost		<b>(131)</b>	(154)	(530)
Net foreign exchange gains/(losses)		<b>608</b>	(551)	(448)
Other income/(expenses)		<b>408</b>	(568)	(235)
Share of profit of associates		<b>60</b>	67	238
<b>Profit before tax</b>		<b>5 126</b>	3 206	9 561
Income tax expense		<b>(1 567)</b>	(1 054)	(2 751)
<b>Profit for the period</b>		<b>3 559</b>	2 152	6 810
<b>Other comprehensive income, comprising of items subsequently reclassified to profit or loss:</b>				
Available-for-sale financial assets		<b>(2)</b>	3	6
Deferred tax thereon		<b>0</b>	0	0
Exchange differences on translating foreign operations		<b>1 267</b>	(790)	(692)
Deferred tax thereon		<b>(355)</b>	222	195
<b>Total comprehensive income</b>		<b>4 469</b>	1 587	6 319
<b>Profit attributable to:</b>				
Owners of the Company		<b>3 482</b>	2 070	6 638
Non-controlling interest		<b>77</b>	82	172
		<b>3 559</b>	2 152	6 810
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		<b>4 261</b>	1 584	6 213
Non-controlling interest		<b>208</b>	3	106
		<b>4 469</b>	1 587	6 319
<b>Earnings per share (cents per share)</b>				
Basic		<b>575</b>	345	1 105
Diluted		<b>575</b>	344	1 104

For headline earnings per share and dividend per share refer note 8 and 10.

The notes on pages 14 to 19 are an integral part of this condensed interim financial information.

## Statement of changes in equity

<i>R millions</i>	Number of shares issued (million)*	Ordinary shares	Share premium	Share based payment reserve	Total share capital
<b>Balance at 30 June 2011</b>	<b>600.99</b>	<b>15</b>	<b>12 223</b>	<b>1 990</b>	<b>14 228</b>
Shares issued:					
Share option scheme	0.08	0	5		5
Employee Share Ownership Programme (note 9)	5.37	1	855	83	939
Total comprehensive income					
Dividends (note 10)					
<b>Balance at 31 December 2011 (Reviewed)</b>	<b>606.44</b>	<b>16</b>	<b>13 083</b>	<b>2 073</b>	<b>15 172</b>
<b>Balance at 30 June 2010</b>	600.44	15	12 146	1 990	14 151
Shares issued:					
Share option scheme	0.10	0	7		7
Employee Share Ownership Programme (note 9)	0.27	0	43		43
Total comprehensive income					
Dividends (note 10)					
<b>Balance at 31 December 2010 (Reviewed)</b>	600.81	15	12 196	1 990	14 201
<b>Balance at 30 June 2010</b>	600.44	15	12 146	1 990	14 151
Shares issued:					
Share option scheme	0.11	0	7		7
Employee Share Ownership Programme (note 9)	0.44	0	70		70
Total comprehensive income					
Dividends (note 10)					
<b>Balance at 30 June 2011 (Audited)</b>	<b>600.99</b>	<b>15</b>	<b>12 223</b>	<b>1 990</b>	<b>14 228</b>

\* Refer note 8. The table above excludes the treasury shares, Morokotso Trust and the Implats share incentive scheme as these special purpose vehicles are consolidated.

The notes on pages 14 to 19 are an integral part of this condensed interim financial information.

<b>Retained earnings</b>	<b>Fair value reserve</b>	<b>Foreign currency translation reserve</b>	<b>Total other components of equity</b>	<b>Attributable to:</b> <b>Owners of the Company</b>		<b>Non-controlling interest</b>	<b>Total equity</b>
34 136	(9)	(792)	(801)	47 563	2 047		49 610
				5			5
				939			939
3 482 (2 546)	(2)	781	779	4 261 (2 546)	208		4 469 (2 546)
35 072	(11)	(11)	(22)	50 222	2 255		52 477
30 017	(15)	(361)	(376)	43 792	1 941		45 733
				7			7
				43			43
2 070 (1 622)	5	(491)	(486)	1 584 (1 622)	3		1 587 (1 622)
30 465	(10)	(852)	(862)	43 804	1 944		45 748
30 017	(15)	(361)	(376)	43 792	1 941		45 733
				7			7
				70			70
6 638 (2 519)	6	(431)	(425)	6 213 (2 519)	106		6 319 (2 519)
34 136	(9)	(792)	(801)	47 563	2 047		49 610

## Cash flow statement

<i>R millions</i>	<b>Six months ended 31 December 2011 (Reviewed)</b>	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
<b>Cash flows from operating activities</b>			
Profit before tax	5 126	3 206	9 561
Adjustments to profit before tax	437	1 166	1 123
Cash from changes in working capital	(1 307)	(1 478)	(371)
Exploration costs	(32)	(10)	(44)
Finance cost	(70)	(108)	(179)
Income tax paid	(1 104)	(780)	(1 805)
Net cash from operating activities	<b>3 050</b>	1 996	8 285
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(3 479)	(2 358)	(5 293)
Proceeds from sale of property, plant and equipment	7	5	4
Proceeds from investments disposed	—	1	—
Purchase of investment in associate	—	—	(55)
Payment received from associate on shareholders' loan	23	112	272
Loan repayments received	476	127	394
Advances granted	(15)	—	(33)
Finance income	110	120	234
Dividends received	4	—	5
Net cash used in investing activities	<b>(2 874)</b>	(1 993)	(4 472)
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	861	50	77
Lease liability repaid	(12)	(9)	(19)
Repayments of borrowings	(172)	(464)	(836)
Proceeds from borrowings	374	—	253
Dividends paid to Company's shareholders	(2 546)	(1 622)	(2 519)
Net cash used in financing activities	<b>(1 495)</b>	(2 045)	(3 044)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1 319)</b>	(2 042)	769
Cash and cash equivalents at beginning of year	4 542	3 858	3 858
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	111	(96)	(85)
<b>Cash and cash equivalents at end of period</b>	<b>3 334</b>	1 720	4 542

*The notes on pages 14 to 19 are an integral part of this condensed interim financial information.*

## Segment information

The Group distinguishes its segments between mining operations, refining services (which include metals purchased and toll refined) and other.

Management has determined the operating segments based on the business activities and management structure within the Group. Operating segments have consistently applied the consolidated basis of accounting and there are no differences in measurement applied.

Capital expenditure comprises additions to property, plant and equipment (note 5), including additions resulting from acquisitions through business combinations.

Sales to the two largest customers in the Impala mining segment comprised 9.6% and 11.0% (December 2010: 10.8% and 10.9%) (June 2011: 10% each) of total sales.

The statement of comprehensive income shows the movement from gross profit to total profit before tax.

### Summary of business segments:

<i>R millions</i>	Six months ended 31 December 2011 (Reviewed)		Six months ended 31 December 2010 (Reviewed)		Year ended 30 June 2011 (Audited)	
	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit
Mining						
Impala	15 131	3 139	14 733	2 896	32 030	7 511
Mining	7 904	3 136	8 303	2 927	18 441	7 486
Metal purchases	7 227	3	6 430	(31)	13 589	25
Zimplats	1 746	826	1 784	1 018	3 709	2 133
Marula	600	(2)	748	29	1 300	(41)
Mimosa	597	275	558	303	1 284	717
Afplats	—	—	—	—	—	(1)
Inter-segment adjustment	(2 809)	204	(2 955)	39	(5 975)	(34)
External parties	15 265	4 442	14 868	4 285	32 348	10 285
Refining services	7 365	398	6 876	767	14 273	1 419
Inter-segment adjustment	(7 218)	(34)	(6 429)	(31)	(13 489)	(62)
External parties	147	364	447	736	784	1 357
<b>Total external parties</b>	<b>15 412</b>	<b>4 806</b>	<b>15 315</b>	<b>5 021</b>	<b>33 132</b>	<b>11 642</b>

<i>R millions</i>	Capital expenditure		Capital expenditure		Capital expenditure	
	Total assets	Total assets	Total assets	Total assets	Total assets	Total assets
Mining						
Impala	3 016	45 193	1 843	39 194	4 240	43 649
Zimplats	904	7 549	365	5 149	840	5 568
Marula	124	3 379	88	3 204	242	3 313
Mimosa	120	1 934	123	1 452	186	1 593
Afplats	104	7 333	1	7 224	32	7 264
Total mining	4 268	65 388	2 420	56 223	5 540	61 387
Refining services		4 920		5 420		5 185
Other		1 082		1 061		1 032
<b>Total</b>	<b>4 268</b>	<b>71 390</b>	<b>2 420</b>	<b>62 704</b>	<b>5 540</b>	<b>67 604</b>



# Notes to the interim financial information

## 1. General information

Impala Platinum Holdings Limited (Implats) is a leading producer of platinum and associated platinum group metals (PGMs). The Group has operations on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies globally.

The Company has its primary listing on the Johannesburg Stock Exchange and a secondary listing on the London Stock Exchange.

The condensed consolidated interim financial information was approved for issue on 16 February 2012 by the Board of directors.

## 2. Independent review by the auditors

The consolidated statement of financial position at 31 December 2011 and the related consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the six months then ended was reviewed by the Group's auditors, PricewaterhouseCoopers Inc. The individual auditor assigned to perform the review is Mr J-P van Staden. Their unqualified review opinion is available for inspection at the Company's registered office.

## 3. Basis of preparation

The consolidated interim financial information for the six months ended 31 December 2011 has been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (in particular IAS 34, 'Interim financial reporting'), the AC 500 standards as issued by the Accounting Practices Board or its successor, requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2011, which have been prepared in accordance with IFRS.

The consolidated interim financial information has been prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which are measured at fair value and liabilities for cash-settled share-based payment arrangements which are measured with a binomial option model.

The consolidated interim financial information is presented in South African rands, which is the Company's functional currency.

## 4. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations have been adopted by the Group as from 1 July 2011:

- IAS 1 (amendment) Presentation of Financial Statements (effective 1 July 2012). Amendment requiring items of other comprehensive income being grouped into those that will subsequently not be reclassified to profit and loss and those that will. This amendment required disclosure in the statement of comprehensive income indicating that all items will subsequently be reclassified to profit and loss.
- IAS 19 (amendment) Employee Benefits (effective 1 January 2013). This amendment has no impact on the results of the Group.
- IAS 34 (amendment) Interim Financial Reporting (effective 1 January 2013). Consequential amendment from IFRS 13 requiring disclosure for Financial Instruments as disclosed in note 13.
- IFRS 13 Fair Value Measurement (effective 1 January 2013). This new standard has no impact on the results of the Group.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013). This new interpretation has no impact on the results of the Group.

## Notes to the interim financial information (continued)

### 5. Property, plant and equipment

<i>R millions</i>	Six months ended 31 December 2011 (Reviewed)	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
Opening net book amount	33 137	29 646	29 646
Additions	4 255	2 420	5 539
Interest capitalised	13	—	1
Disposals	(557)	(7)	(54)
Depreciation (note 7)	(804)	(690)	(1 372)
Exchange adjustment on translation	1 070	(722)	(623)
<b>Closing net book amount</b>	<b>37 114</b>	<b>30 647</b>	<b>33 137</b>

#### Capital commitments

Capital expenditure approved at 31 December 2011 amounted to R25.6 billion (December 2010: R23.7 billion) (June 2011: R25.5 billion), of which R4.8 billion (December 2010: R3.8 billion) (June 2011: R 2.0 billion) is already committed. This expenditure will be funded internally and, if necessary, from borrowings.

### 6. Borrowings

#### Borrowings from Standard Bank Limited:

- Loans were obtained by BEE partners for purchasing a 27% share in Marula Platinum (Proprietary) Limited amounting to R771 million (June 2011: R771 million). The BEE partnership in Marula is consolidated as the loans are guaranteed by Implats. The loans carry interest at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 (June 2011: 130) basis points. Revolving credit facilities amounting to R111 million (June 2011: R114 million), carries interest at JIBAR plus 145 (June 2011: 145) basis points. The loans expire in 2020.

- Two loan facilities from Standard Bank of South Africa Limited to finance expansion at Zimplats remain outstanding. These loans are secured by cessions over cash, debtors and revenue of Zimbabwe Platinum Mines (Pvt) Limited:

Loan 1 – a R20 million (June 2011: R102 million) US\$ denominated loan bears interest at London Interbank Offering Rate (LIBOR) plus 700 (June 2011: 700) basis points. At the end of the period the outstanding US\$ balance amounted to US\$2.5 million (June 2011: US\$15 million). Repayments of 12 quarterly instalments commenced in December 2009 and will be fully settled by December 2012.

Loan 2 – a US\$ denominated revolving credit facility of R596 million (US\$88 million) bears interest at LIBOR plus 700 (June 2011: 700) basis points. The loan amortises over four years as per the relevant commitments with a final maturity date in December 2014. At the end of the period the outstanding balance amounted to R404 million (US\$50 million) (June 2011: R244 million (US\$36 million)).

The total undrawn facilities at the end of the period were R3.7 billion (June 2011: R3.9 billion), of which R808 million (June 2011: R3.9 billion) were committed.

## Notes to the interim financial information (continued)

### 7. Cost of sales

<i>R millions</i>	<b>Six months ended 31 December 2011 (Reviewed)</b>	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
<b>Included in cost of sales:</b>			
<b>On-mine operations</b>	<b>5 074</b>	5 439	9 862
Wages and salaries	<b>2 836</b>	2 734	5 590
Share-based compensation*	<b>(125)</b>	490	(90)
Materials and other costs	<b>1 987</b>	1 918	3 781
Utilities	<b>376</b>	297	581
<b>Concentrating and smelting operations</b>	<b>1 474</b>	1 309	2 601
Wages and salaries	<b>278</b>	247	517
Materials and other costs	<b>698</b>	682	1 355
Utilities	<b>498</b>	380	729
<b>Refining operations</b>	<b>437</b>	458	833
Wages and salaries	<b>192</b>	174	358
Share-based compensation	<b>(5)</b>	52	8
Materials and other costs	<b>198</b>	190	383
Utilities	<b>52</b>	42	84
Depreciation of operating assets (note 5)	<b>804</b>	690	1 372
Metal purchases	<b>3 438</b>	3 241	6 835
Change in metal inventories	<b>(621)</b>	(843)	(13)
	<b>10 606</b>	10 294	21 490
<b>The following disclosure items are included in cost of sales:</b>			
Repairs and maintenance expenditure on property, plant and equipment	<b>550</b>	455	1 038
Operating lease rentals	<b>27</b>	19	28

\*Includes concentrating and smelting

## Notes to the interim financial information (continued)

### 8. **Headline earnings**

Headline earnings attributable to equity holders of the Company arises from operations as follows:

<i>R millions</i>	<b>Six months ended 31 December 2011 (Reviewed)</b>	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
Profit attributable to owners of the Company	<b>3 482</b>	2 070	6 638
Adjustments:			
Profit on disposal of property, plant and equipment	<b>(13)</b>	0	(1)
Loss on disposal of investment	<b>—</b>	—	3
Total tax effects of adjustments	<b>4</b>	—	(1)
<b>Headline earnings</b>	<b>3 473</b>	2 070	6 639
The issued share capital of the holding Company is as follows (millions):			
Number of shares issued	<b>631.99</b>	631.71	631.71
Treasury shares	<b>(16.23)</b>	(16.23)	(16.23)
Morokotso Trust	<b>(9.10)</b>	(14.64)	(14.47)
Implats Share Incentive Trust	<b>(0.22)</b>	(0.03)	(0.02)
<b>Number of shares issued outside the Group</b>	<b>606.44</b>	600.81	600.99
Adjusted for weighted average number of shares issued during the year	<b>(0.55)</b>	(0.22)	(0.23)
<b>Weighted average number of shares in issue for basic earnings per share</b>	<b>605.89</b>	600.59	600.76
Adjustment for share appreciation scheme	<b>0.14</b>	0.34	0.34
<b>Weighted average number of shares for diluted earnings per share</b>	<b>606.03</b>	600.93	601.10
<b>Headline earnings per share (cents)</b>			
Basic	<b>573</b>	345	1 105
Diluted	<b>573</b>	344	1 104

## Notes to the interim financial information (continued)

### 9. Employee Share Ownership Programme

During the six months ended 31 December 2011, 40% of the share options vested in terms of the rules of the Employee Share Ownership Programme. Approximately 88% of these vested options were exercised by employees. The table below explains the movement in the statement of changes in equity, resulting from the sale of Implats shares held by the Morokotso Trust.

<i>R millions</i>	Number of shares issued (million)	Ordinary shares	Share premium	Share-based payment reserve
<b>Balance at 30 June 2011</b>	<b>14.47</b>	<b>0</b>	<b>2 303</b>	<b>–</b>
Shares issued				
– Good leavers*	(0.30)	0	(48)	–
– Options exercised	(5.07)	0	(807)	(83)
<b>Balance at 31 December 2011 (Reviewed)</b>	<b>9.10</b>	<b>0</b>	<b>1 448</b>	<b>(83)</b>
<b>Balance at 30 June 2010</b>	14.91	0	2 373	–
Shares issued – Good leavers*	(0.27)	0	(43)	–
<b>Balance at 31 December 2010 (Reviewed)</b>	14.64	0	2 330	–
<b>Balance at 30 June 2010</b>	14.91	0	2 373	–
Shares issued – Good leavers*	(0.44)	0	(70)	–
<b>Balance at 30 June 2011 (Audited)</b>	14.47	0	2 303	–

\*Beneficiary resulting from retirement, retrenchment, incapacity or death.

### 10. Dividends

On 16 February 2012, a sub-committee of the Board declared an interim cash dividend in respect of 2012 of 135 cents per share amounting to R819 million. Secondary Tax on Companies on the dividend will amount to R82 million.

These financial statements do not reflect this dividend and related STC payable. The dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2012.

<i>R millions</i>	Six months ended 31 December 2011 (Reviewed)	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
<b>Dividends paid</b>			
Final dividend No. 87 for 2011 of 420 (2010: 270) cents per share	2 546	1 622	1 622
Interim dividend No. 86 for 2011 of 150 cents per share	–	–	897
	<b>2 546</b>	<b>1 622</b>	<b>2 519</b>

## Notes to the interim financial information (continued)

### 11. Contingent liabilities and guarantees

The Group has a contingent liability of US\$36 million for Additional Profits Tax (APT) raised by ZIMRA (Zimbabwe Revenue Authority) consisting of an additional assessment of US\$27 million in respect of the tax period 2007 to 2009 and a current APT amount of US\$9 million based on the assumption that this amount would be payable should the Zimplats appeal against the ZIMRA interpretation of the APT provisions fail in the Special Court of Tax Appeals. Management, supported by the opinions of its tax advisors, strongly disagrees with the ZIMRA interpretation of the provisions.

As at the end of December 2011 the Group had bank and other guarantees of R558 million (June 2011: R606 million) from which it is anticipated that no material liabilities will arise.

### 12. Related party transactions

The Group entered into purchase transactions of R1.1 billion (December 2010: R1.1 billion) (June 2011: R2.3 billion) resulting in an amount payable of R605 million (December 2010: R667 million) (June 2011: R652 million) with Two Rivers Platinum, an associate company. It also received refining fees and interest to the value of R10 million (December 2010: R18 million) (June 2011: R30 million). After capital repayment received during the period the shareholders loan amounted to R48 million (December 2010: R232 million) (June 2011: R71 million). These transactions are entered into on an arm's length basis at prevailing market rates.

#### Key management compensation (fixed and variable):

<i>R 000</i>	<b>Six months ended 31 December 2011 (Reviewed)</b>	Six months ended 31 December 2010 (Reviewed)	Year ended 30 June 2011 (Audited)
Non-executive directors remuneration	3 642	2 792	6 201
Executive directors remuneration	16 448	19 699	28 320
Prescribed officers	5 830	2 168	11 708
Senior executives and Group secretary	15 206	22 273	30 512
<b>Total</b>	<b>41 126</b>	46 932	76 741

### 13. Financial instruments (R millions)

#### Financial assets – carrying amount

Loans and receivables	9 084	7 043	10 092
Financial instruments at fair value through profit and loss <sup>2</sup>	17	72	33
Held-to-maturity financial assets	64	59	61
Available-for-sale financial assets <sup>1</sup>	15	13	15
	<b>9 180</b>	7 187	10 201

#### Financial liabilities – carrying amount

Financial liabilities at amortised cost	7 034	6 227	7 255
Financial instruments at fair value through profit and loss <sup>2</sup>	17	72	33
	<b>7 051</b>	6 299	7 288

The carrying amounts of financial assets and financial liabilities approximate their fair values.

<sup>1</sup>Level 1 of the fair value hierarchy – Quoted prices in active markets for the same instrument

<sup>2</sup>Level 2 of the fair value hierarchy – Valuation techniques for which significant inputs are based on observable market data

## Operating statistics

		Six months ended 31 December 2011	Six months ended 31 December 2010	Year ended 30 June 2011
<b>Gross refined production</b>				
Platinum	(000oz)	846	952	1 836
Palladium	(000oz)	529	623	1 192
Rhodium	(000oz)	118	129	262
Nickel	(000t)	7.8	8.4	16.3
<b>IRS metal returned</b>				
Platinum	(000oz)	57	124	941
Palladium	(000oz)	74	123	511
Rhodium	(000oz)	12	25	127
Nickel	(000t)	1.6	1.9	5.5
<b>Sales volumes</b>				
Platinum	(000oz)	766	801	1 665
Palladium	(000oz)	431	477	1 011
Rhodium	(000oz)	97	109	221
Nickel	(000t)	6.3	8.4	15.5
<b>Prices achieved</b>				
Platinum	(\$/oz)	1 673	1 596	1 691
Palladium	(\$/oz)	709	554	670
Rhodium	(\$/oz)	1 784	2 253	2 275
Nickel	(\$/t)	20 426	21 795	23 965
<b>Consolidated statistics</b>				
Average rate achieved	(R/\$)	7.55	7.16	7.03
Closing rate for the period	(R/\$)	8.09	6.62	6.77
Revenue per platinum ounce sold	(\$/oz)	2 650	2 624	2 799
	(R/oz)	20 008	18 788	19 677
Tonnes milled ex-mine	(000t)	10 396	11 341	20 974
PGM refined production	(000oz)	1 715	1 946	3 772
Capital expenditure	(Rm)	4 268	2 420	5 540
Group unit cost per platinum ounce				
Excluding share-based cost	(\$/oz)	1 531	1 439	1 545
before capitalisation	(R/oz)	11 589	10 271	10 867
Excluding share-based cost	(\$/oz)	1 490	1 439	1 545
after capitalisation	(R/oz)	11 283	10 271	10 867
Including share-based cost	(\$/oz)	1 464	1 571	1 539
after capitalisation	(R/oz)	11 082	11 212	10 824
Group unit cost per PGM ounce				
Excluding share-based cost	(\$/oz)	770	732	761
before capitalisation	(R/oz)	5 829	5 228	5 350
Excluding share-based cost	(\$/oz)	750	732	761
after capitalisation	(R/oz)	5 675	5 228	5 350
Including share-based cost	(\$/oz)	736	780	754
after capitalisation	(R/oz)	5 573	5 569	5 304

Additional statistical information is available on the Company's internet website.

