



## IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration No. 1957/001979/06

Share code: IMP/IMPO

ISIN: ZAE 000003554

LSE: IPLA

ADR's IMPUY

("Implats" or "the company")



**CONSOLIDATED INTERIM RESULTS**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

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Share code: IMP      ISIN: ZAE 000003554

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("Implats" or "the company")

**Registered Office**

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**Transfer Secretaries**

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**Directors**

FJP Roux (Chairman), KC Rumble (Chief Executive Officer), DH Brown,

CE Markus, JM McMahon\*, MV Mennell, TV Mokgatla, K Mokhele,

DM O'Connor, NDB Orleyn, LJ Paton, JV Roberts, LC van Vught

\*British

## Key Features

Improved safety performance

Headline production (excluding once-off  
Lonplats ounces) up marginally

Impala production remains steady despite  
industrial action

Sales up 10% to R6.2 billion

Revenue per platinum ounce sold up 23% in  
dollars and 7% in rands

Margins constant at 33%

Impala unit costs per platinum ounce  
rise by 7%

Net profit of R3.0 billion inclusive of profit  
on Lonplats sale (R3.2 billion) and  
Marula impairment (R1.5 billion)

Headline earnings maintained at  
R16.00 per share

Interim dividend unchanged at  
R5.00 per share

# Income statement

(all amounts in Rand million unless otherwise stated)	Six months to 31 December 2004 (Unaudited)	Six months to 31 December 2003 (Unaudited)	% change	Year to 30 June 2004 (Audited)
<b>Sales</b>	<b>6 188.4</b>	5 632.4	9.9	11 809.1
On-mine operations	(2 024.3)	(1 692.9)	(19.6)	(3 667.7)
Concentrating and smelting operations	(526.3)	(490.3)	(7.3)	(967.4)
Refining operations	(247.2)	(228.3)	(8.3)	(477.2)
Amortisation of mining assets	(276.4)	(258.9)	(6.8)	(572.3)
Metals purchased	(1 157.9)	(1 302.7)	11.1	(2 259.2)
Increase in metal inventories	65.4	229.9	(71.6)	394.4
Cost of sales	(4 166.7)	(3 743.2)	(11.3)	(7 549.4)
<b>Gross profit</b>	<b>2 021.7</b>	1 889.2	7.0	4 259.7
Net foreign exchange transaction losses	(316.2)	(133.0)	(137.7)	(216.0)
Other operating expenses	(141.9)	(166.9)	15.0	(241.2)
Other income/(expense)	73.2	(8.7)	941.4	11.4
Interest income and other gains	106.9	61.3	74.4	138.6
Finance costs	(37.0)	(24.1)	(53.5)	(67.1)
Share of profit of associates	204.2	160.7	27.1	328.4
Royalty expense	(231.2)	(157.9)	(46.4)	(414.4)
Profit from sales of investments*	3 156.2	—	—	322.3
Impairment of assets	(1 451.3)	—	—	—
<b>Profit before tax</b>	<b>3 384.6</b>	1 620.6	108.8	4 121.7
Income tax expense	(358.4)	(557.9)	35.8	(1 141.3)
<b>Profit for the period</b>	<b>3 026.2</b>	1 062.7	184.8	2 980.4
<b>Profit attributable to:</b>				
Equity holders of the company	3 022.2	1 060.8	184.9	2 963.0
Minority interest	4.0	1.9	110.5	17.4
	<b>3 026.2</b>	1 062.7	184.8	2 980.4
<b>Earnings per share</b> (expressed in cents per share)				
– basic	4 548	1 593	185.5	4 450
– diluted	4 543	1 589	185.9	4 442
<b>Headline earnings per share</b> (expressed in cents per share)				
– basic	1 600	1 593	0.4	3 966
– diluted	1 599	1 589	0.6	3 959
Weighted average number of shares in issue (millions)	66.5	66.6	(0.2)	66.7

\*Comprising Western Platinum Limited and Eastern Platinum Limited (Lonplats) (June 2004: Sale of Barplats Investments Limited).

## Balance sheet

(all amounts in Rand million unless otherwise stated)	As at 31 December 2004 (Unaudited)	As at 31 December 2003 (Unaudited)	As at 30 June 2004 (Audited)
<b>ASSETS</b>			
Property, plant and equipment	8 571.6	9 758.6	9 635.6
Investments	1 101.9	2 473.5	2 580.0
Other non-current assets	629.5	63.8	132.7
Current assets	7 338.0	3 893.8	4 680.2
<b>Total assets</b>	<b>17 641.0</b>	16 189.7	17 028.5
<b>EQUITY</b>			
Capital and reserves	12 120.6	9 680.5	10 684.8
Minority interest	109.5	146.6	128.1
Provision for long-term responsibilities	274.4	263.7	269.6
Deferred income tax liabilities	2 067.4	2 151.6	2 262.5
Current liabilities	3 069.1	3 947.3	3 683.5
<b>Total equity and liabilities</b>	<b>17 641.0</b>	16 189.7	17 028.5

## Segmental information

Summary of business segments for the half year ended **31 December 2004:**

(all amounts in Rand million unless otherwise stated)	Impala segment	Marula segment	Barplats disposed segment	Zimbabwe segment	Refining services segment	Inter segment adjustment	Total
Sales	5 993.0	132.7		476.1	1 972.1	(2 385.5)	<b>6 188.4</b>
Cost of sales	4 336.4	194.4		362.2	1 688.8	(2 415.1)	<b>4 166.7</b>
Profit/(loss)	1 656.6	(61.7)		113.9	283.3	29.6	<b>2 021.7</b>

Summary of business segments for the half year ended **31 December 2003:**

Sales	5 300.3		109.4	414.3	1 708.6	(1 900.2)	<b>5 632.4</b>
Cost of sales	3 932.0		110.7	225.3	1 330.5	(1 855.3)	<b>3 743.2</b>
Profit/(loss)	1 368.3		(1.3)	189.0	378.1	(44.9)	<b>1 889.2</b>

# Statement of changes in shareholders' equity

(all amounts in Rand million unless otherwise stated)	Attributable to equity holders of the company			Minority interest	<b>Total equity</b>
	Share capital	Other reserves	Retained earnings		
<b>Balance at 31 December 2003</b>	617.8	(53.5)	9 116.2	146.6	<b>9 827.1</b>
Fair value losses, net of tax:					
Available-for-sale financial assets		(108.5)			<b>(108.5)</b>
Currency translation differences		(111.6)		(16.4)	<b>(128.0)</b>
Net expense recognised directly in equity		(220.1)		(16.4)	<b>(236.5)</b>
Profit for the half year			1 902.2	15.5	<b>1 917.7</b>
		(220.1)	1 902.2	(0.9)	<b>1 681.2</b>
Employee share option scheme:					
Adjustment as a result of consolidating share trust	(18.7)				<b>(18.7)</b>
Proceeds from shares issued	26.2				<b>26.2</b>
Interim dividend relating to 2004			(332.6)		<b>(332.6)</b>
Disposal of Barplats					
Investments Limited				(11.4)	<b>(11.4)</b>
Business combinations:					
Acquisition equity adjustment		(339.5)			<b>(339.5)</b>
Purchase of additional share in Zimbabwe Platinum Mines Ltd		(13.2)		(6.2)	<b>(19.4)</b>
	7.5	(352.7)	(332.6)	(17.6)	<b>(695.4)</b>
<b>Balance at 30 June 2004</b>	625.3	(626.3)	10 685.8	128.1	<b>10 812.9</b>
Fair value losses, net of tax:					
Available-for-sale financial assets		(11.6)			<b>(11.6)</b>
Currency translation differences		(112.9)			<b>(112.9)</b>
Deferred tax		36.8			<b>36.8</b>
Net expense recognised directly in equity		(87.7)			<b>(87.7)</b>
Profit for the half year			3 022.2	4.0	<b>3 026.2</b>
		(87.7)	3 022.2	4.0	<b>2 938.5</b>
Employee share option scheme:					
Proceeds from shares issued	7.0				<b>7.0</b>
Purchase of treasury shares	(444.7)				<b>(444.7)</b>
Final dividend relating to 2004			(1 066.4)		<b>(1 066.4)</b>
Business combinations:					
Purchase of additional share in Zimbabwe Platinum Mines Ltd		5.4		(22.6)	<b>(17.2)</b>
	(437.7)	5.4	(1 066.4)	(22.6)	<b>(1 521.3)</b>
<b>Balance at 31 December 2004</b>	187.6	(708.6)	12 641.6	109.5	<b>12 230.1</b>

# Cash flow statement

(all amounts in Rand million unless otherwise stated)	Six months to 31 December 2004 (Unaudited)	Six months to 31 December 2003 (Unaudited)	Year to 30 June 2004 (Audited)
Net cash from operating activities	958.5	574.0	1 812.6
Cash from the sale of Lonplats	4 919.3	–	–
Net cash used in other investing activities	(1 339.4)	(1 203.9)	(1 743.7)
Net cash used in financing activities	(2 039.4)	(971.6)	(1 166.6)
Increase/(decrease) in cash and cash equivalents	2 499.0	(1 601.5)	(1 097.7)
Cash and cash equivalents at beginning of the half year	1 187.0	2 324.5	2 324.5
Effects of exchange rate changes on monetary assets	(14.5)	(19.9)	(39.8)
Cash and cash equivalents at end of period	3 671.5	703.1	1 187.0

## Notes

The interim financial statements have been prepared using accounting policies consistent with those of the annual financial statements for the year ended 30 June 2004 and conform with International Financial Reporting Standards on Interim Financial Reporting.

Assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount may not be recoverable. In terms of the group's accounting policy the recoverability of long lived assets is based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. As a result during the six months under review exchange rates and finalisation of a viable future mining plan indicated an impact on discounted cash flows with the result that the carrying amount of the Marula project might not be recoverable and the assets are considered to be impaired, resulting in an amount of R1 451 million (R1 198 million net of tax) written down as an impairment charge.

Capital expenditure approved at 31 December 2004 amounted to R9 258 million (2003: R3 091 million), of which R1 507 million (2003: R913 million) is already committed. This expenditure, over a period of 5 years, will be funded internally and, if necessary, from borrowings.

Implats' share in Lonplats was sold for an amount of R4.9 billion (US\$763 million). As an integral part of this transaction, an amount of R617.5 million was made available as loans to various BEE companies. These loans are repayable within 5 to 7 years and are structured into interest free and interest bearing portions. The interest bearing loans bear interest in year 3 and 4 at the Johannesburg Interbank Acceptance Rate ("JIBAR") plus 1%, in year 5 at JIBAR plus 2% and thereafter at JIBAR plus 3%. The loans are secured by a guarantee from Lonplats. In terms of the group's accounting policy these loans are being valued using the effective interest rate method.

During the period under review, the group acquired an additional shareholding in Zimbabwe Platinum Mines Limited of approximately 1% for R17.2 million (AU\$3.7 million), taking the group's holding to 84.5%.

As a result of the recent Aquarius Platinum (South Africa) (Proprietary) Limited's BEE transaction, Implats' shareholding reduced from 25% to below 20%. As a result the group acquired an additional stake amounting to R71.5 million. This transaction ensured the investment was maintained at 20% after the BEE transaction.

The group acquired 893 022 (1.3%) of its own shares, in terms of an approved share buy-back scheme, through purchases on the JSE Securities Exchange South Africa (JSE) during the period under review for an amount of R444.7 million (2003: nil). The shares are held as 'treasury shares' which reduce shareholders' equity. The group has the right to reissue these shares subject to the JSE listing requirements.

The estimated effect of the early adoption of IFRS 2 (Share-based Payment) would have reduced the half year earnings by R12.4 million. Basic and diluted earnings per share would have decreased by 18.7 cents per share.

Headline earnings per share reflects an after tax adjustment for impairment of assets of R1 198 million (2003: nil) and profit on disposal of an associate of R3 156 million (2003: nil).

Interim dividend no. 74 of 500 cents per share, amounting to R329.1 million, was approved by the board of directors on 17 February 2005; STC on this dividend will amount to R34.7 million.

Contingent liabilities at 31 December 2004, arising mainly from collateral security for employee housing, amounted to R6.7 million (2003: R7.2 million).

Certain guarantees were in place as at 31 December 2004 from which it is anticipated that no material liabilities will arise:

- The group has provided a guarantee for a facility, made available by ABSA to Makwiro Platinum Mines (Private) Limited. As at 31 December 2004, the guarantee amounted to R2.8 million (2003: R102.5 million) [(US\$ 0.5 million) (2003: US\$15.5 million)]. The guarantee is set to expire by September 2005.
- A guarantee has been provided to Investec Bank Limited on behalf of Aquarius Platinum (South Africa) (Proprietary) Limited for R164.1 million (2003: R175 million). This guarantee is set to expire upon finalisation of certain project completion tests, relating to the Marikana project, or repayment of the loan, whichever occurs first.
- At the half year the group had contingent liabilities in respect of the Department of Minerals and Energy for R103.7 million (2003: R103.7 million). Additional guarantees of approximately R180 million are required by the Department.



# Operating statistics

	Six months to 31 December 2004	Six months to 31 December 2003	% change	Year to 30 June 2004
<b>Gross refined platinum production</b>				
Impala (000oz)	<b>547</b>	546	0.2	1 090
IRS (000oz)	<b>333</b>	529	(37.1)	871
Total (000oz)	<b>880</b>	1 075	(18.1)	1 961
<b>Headline platinum production (000oz)</b>	<b>880</b>	869	1.3	1 729
<b>IRS metal returned (Toll refined)</b>				
Platinum (000oz)	<b>101</b>	317	(68.1)	501
Palladium (000oz)	<b>40</b>	171	(76.6)	314
Rhodium (000oz)	<b>27</b>	48	(43.8)	97
<b>Sales volumes</b>				
Platinum (000oz)	<b>803</b>	765	5.0	1 495
Palladium (000oz)	<b>394</b>	377	4.5	733
Rhodium (000oz)	<b>91</b>	102	(10.8)	179
Nickel (000t)	<b>7.0</b>	7.5	(6.7)	15.8
<b>Prices achieved</b>				
Platinum (\$/oz)	<b>829</b>	707	17.3	773
Palladium (\$/oz)	<b>221</b>	195	13.3	223
Rhodium (\$/oz)	<b>1 001</b>	482	107.7	548
Nickel (\$/t)	<b>13 945</b>	9 600	45.3	11 843
<b>Consolidated statistics</b>				
Average rate achieved (R/\$)	<b>6.21</b>	7.12	(12.8)	6.88
Closing rate for the period (R/\$)	<b>5.63</b>	6.61	(14.8)	6.17
Revenue per platinum ounce sold (\$/oz)	<b>1 227</b>	997	23.1	1 116
(R/oz)	<b>7 620</b>	7 099	7.3	7 678
Tonnes milled (000t)	<b>9 646</b>	9 482	1.7	19 065
PGM refined production (000oz)	<b>1 677</b>	2 006	(16.4)	3 725
Capital expenditure (Rm)	<b>771</b>	876	(12.0)	1 822
<b>Impala segment</b>				
Tonnes milled ex-mine (000t)	<b>7 829</b>	7 982	(1.9)	15 639
Total costs per ton milled (R/t)	<b>297</b>	272	(9.2)	280
(\$/t)	<b>48</b>	38	(26.3)	41
PGM refined production (000oz)	<b>1 003</b>	1 005	(0.2)	1 976
Cost per platinum ounce refined (R/oz)	<b>4 251</b>	3 980	(6.8)	4 023
(\$/oz)	<b>685</b>	559	(22.5)	586
net of revenue received from other metals (R/oz)	<b>1 988</b>	2 224	10.6	2 182
(\$/oz)	<b>320</b>	312	(2.6)	318
Capital expenditure (Rm)	<b>642</b>	541	18.7	1 197
(\$/oz)	<b>103</b>	76	35.5	174
Total labour complement (000)	<b>27.1</b>	27.6	1.8	27.5
<b>Dividend</b> (relating to reporting period earnings) (cps)	<b>500</b>	500	–	2 100

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

# Review of operations

## Safety

The emphasis on safety continued across the group with further improvement in the rates of both lost-time injuries and fatalities, to record low levels of 3.47 and 0.079 per million man hours. Regrettably, however, there were four fatalities during the period: two at Impala, one at Marula and one at Zimplats. The Implats board and management extend their condolences to the families and colleagues of the deceased, and remain committed to eliminating fatalities at work.

## Impala Platinum Limited (Impala)

Production at Impala, Implats' largest operating division, was marginally up at 547 400 ounces of platinum as compared to the 2004 interim period, despite the strike in October 2004. This industrial action, which related to wage negotiations, resulted in 10 days of lost production. Implats is satisfied that the settlement level of 8%, which was in line with the industry average, was satisfactory and fair. Implats is also pleased that one of the key agreements reached in the negotiations was union co-operation on the implementation of drill jigs. This initiative should result in material improvements in safety and productivity.

The roll-out of the drill jigs (dynamic drilling technology) has begun and 150 Merensky panels will be equipped during the current financial year, doubling to 300 Merensky panels by the end of 2006.

Tonnes milled declined by 1.9% to 7.8 million tonnes, with the average grade mined marginally down to 4.82g/tonne as a result of dilution related to mechanisation. However, recovery rates improved at Mineral Processes, rising to 83.5%, from 82.9%, largely as a result of the increased contribution for the full six months of the tails scavenging plant.

Unit costs at Impala rose by 6.8% to R4 251 per platinum ounce, despite the wage increase of 8%. Cost per ton milled was up by 9.2% to R297, compared to an inflation (CPIX) rate of 4.3% for the period.

Capital expenditure of R6.6 billion for 16 and 20 shafts was approved by the Board in September 2004. The initial work for these shafts has begun with 20 shaft scheduled to come into production in 2009 and 16 shaft in 2012. At full production, these shafts will together produce 355 000 ounces of platinum annually, thus ensuring that production at Impala is maintained at a minimum of 1.1 million ounces a year.

At Refineries, gross platinum production declined by 18% to 880 300 ounces and PGM production by 16% to 1.677 million ounces. This decline, in line with expectations, was largely due to the once-off processing of Lonplats material (totalling 206 000 ounces) in the comparable period. The lower volumes resulted in an increase in unit costs of 33%. However, this follows several years of controlled costs with Refineries establishing a reputation for being among the most efficient in the world.

### **Marula Platinum (Proprietary) Limited (Marula)**

For the six months to December 2004, 457 000 tonnes were milled yielding 17 300 ounces of platinum in concentrate. Total costs amounted to R174 million with a unit cost of R10 104 per platinum ounce. The original plan to mine the UG2 reef using a mechanised bord and pillar mining method has failed to achieve the expected results, essentially because the reef dips steeply in the shallow area and undulates more than expected. A new mining method as conventionally used at Impala Rustenburg will be adopted for Marula and the main declines will be developed in the footwall (and therefore at a constant dip) which is more suited to the geological conditions in the area. Furthermore, the mining will henceforth be undertaken by the owner and the contractor has already demobilised.

The financial and operating assumptions on which the previous estimates were based have deviated materially to the extent that an impairment charge of R1.45 billion is necessary. Exchange rate appreciation has continued to harm the project economics with a negative impact of close to R1 billion when coupled to changes in US dollar metal prices. Higher capital requirements in order to support a viable mining method as well as a slower production build-up account for the balance of the impairment charge. Preliminary work for the development of the footwall infrastructure has commenced. Further development at a cost of approximately R830 million was approved by the board on 15 February 2005.

### **Zimbabwe Platinum Mines Limited (Zimplats)**

Production at Zimplats remains on track. Despite a breakdown at the crusher, ore milled was 4% higher, although ore production was below expectations. Recovery rates were maintained at 81.7%, and production of platinum ounces in matte rose 2% to 42 300 ounces. The contract with the opencast operator was renewed, albeit at an increase in contractor costs of 31%. It has thus been decided to substitute opencast tonnes with lower-cost underground ore, which has the added benefit of being of a slightly higher grade. The first phase of this plan is to double the tonnes mined from underground.

In addition to the huge increase in contractor costs, dollar costs per platinum ounce are also being placed under pressure by the increased stripping ratio, fixed exchange rate and excessive local inflation.

While the board has approved the expansion to 145 000 ounces in principle, this will not begin until clarity has been given on various issues: security of tenure over claims; indigenisation; special mining licences; foreign currency accounts; and execution of the bilateral accord between South Africa and Zimbabwe. Discussions on these issues with various government representatives and departments continue. However, the company has proceeded with certain infrastructural developments at a cost of US\$20 million (the bulk of the money has been spent from internally generated funds) – in readiness for the proposed expansion including the provision of power, water and general infrastructure. The corporate tax rate in Zimbabwe has been reduced to 15% from 20%, backdated to January 2004.

### **Mimosa Platinum (Private) Limited (Mimosa)**

Production remains on track but Mimosa like Zimplats, is faced by similar cost constraints, particularly the impact of a managed exchange rate. Cash operating margins remain at a satisfactory 28%. The expansion to 80 000 ounces of platinum has been delayed pending the outcome of discussions regarding the domicile of foreign currency accounts.

### **Impala Refining Services Limited (IRS)**

Platinum production at IRS fell by 37% to 333 000 ounces, period-on-period. However, if the effect of the once-off processing of 206 000 ounces from Lonplats in the first half of 2004 is excluded, production at IRS continued to grow with increasing volumes, negating to some extent the negative impact of the strong rand. Rand strength had an adverse effect on gross profit which was 25% lower at R283 million. The continued strength of the rand resulted in a transaction loss (relating to dollar advances made to customers) of R124 million.

Prospects for growth remain good with at least one new major project likely to come on stream in the next 12 months, increased volumes from Marula Platinum and continued growth in the recycling of autocatalysts.

### **Aquarius Platinum (South Africa) (Proprietary) Limited (AQPSA)**

AQPSA's (in which Implats has a 20% stake) primary operation Kroondal has achieved record output. Although Marikana continues to underperform which detracted from the financial results, increased production and recoveries were reported towards the end of the period. Work on the Everest project began in October 2004. This is being funded by the R860 million received by AQPSA from black economic empowerment entity, Savannah Resources, for its 29.6% stake in the company.

### **Two Rivers Platinum (Proprietary) Limited (Two Rivers)**

At Two Rivers, the joint venture with African Rainbow Minerals, the decision to proceed is imminent but is dependent on a satisfactory financing arrangement.

## **Corporate matters**

The sale of Implats' interest in Lonplats was completed in September 2004 and Implats received \$763 million on the finalisation of this transaction, of which \$95 million was made available in the form of vendor finance to various BEE companies and will only be fully repaid by 2011.

Good progress has been made on compliance with the Mining Charter and Implats has applied for conversion to new order mining rights for Marula Platinum and is well placed to progress its application in respect of Impala Platinum. Publication of the Royalties Bill continues to be delayed with Implats having made both submissions to, and engaged in dialogue with, the relevant authorities.

### **Directorate**

Changes to the board included the retirement of Mr Peter Joubert and the appointment in October 2004 of Dr Fred Roux as chairman in his place. In addition, Mr Mike Fleming also retired as a non-executive director and Mr Sifiso Dabengwa resigned because he moved to Nigeria.

## **Market review**

Fundamental demand for platinum remained firm in both the jewellery and automotive sectors in the second half of 2004, despite the platinum price remaining at levels well in excess of \$850/ounce. The 2004 calendar year was the sixth consecutive year of supply deficits in the platinum markets and the free market platinum price averaged \$845/oz for the six months to December 2004 compared to \$732/oz for the comparable six months in 2003, an increase of 15%. However, the market is expected to move into balance from this year (with a surplus or deficit fluctuating around 100 000 ounces a year) for the next four to five years.

The palladium market remains in surplus with the free market price averaging \$214/oz, 9% up on the 2003 interim period. The current low levels of the palladium price could lead to a resurgence in the use of this metal in diesel catalysts. In the Chinese jewellery market, fabricators have begun the sale of palladium jewellery, which is both lighter and cheaper than platinum jewellery. This has occurred mainly outside of the major centres. The risk in the palladium market, however, remains the stockpiles held by manufacturers, banks and speculators which should limit any increase in the price.

The Rhodium market has tightened of late due to stronger demand and reduced mine supplies, resulting in firmer prices.

## Financial review

The 2005 interim results for Implats reflect a solid operating performance which was offset by rand strength. The gross operating margin for the group was 32.7%, slightly lower than the 33.5% for the previous half-year. Headline profit of R1.06 billion was on par with that of December 2003. The 185% increase in net profit of R3.03 billion includes the profit from the sale of the investment in Lonplats of R3.16 billion and the R1.45 billion for impairment less deferred tax reversal of R253 million of the Marula assets.

**Results for the half-year:** Sales increased by 10% in rand terms to R6.19 billion, and in US\$ terms by 26% from US\$0.79 billion to US\$1.00 billion. Of the major earnings drivers, volumes and metal prices resulted in positive variances, while the exchange rate had a significant negative variance effect on sales:

- **Volumes:** Platinum and palladium sales rose 5% for the six months to December 2004 while rhodium and nickel sales volumes were 11% and 7% lower respectively, the net result was a positive variance of R20 million.
- **Metal prices:** An increase in dollar prices of all major metals saw a 23% increase in the basket price (average dollar revenue per platinum ounce sold) to \$1 227 per ounce compared to \$997 for the corresponding six months. This resulted in a positive variance of R1 434 million.
- **Exchange rate:** The stronger rand caused a negative exchange rate variance of R898 million. The strength of the rand has been the single most challenging feature of the period. The average rate achieved during the period was R6.21/\$ compared to an average of R7.12/\$ for the first half of 2004.

**Cost of sales:** Total cost of sales increased by 11.3% to R4.17 billion compared to R3.74 billion for the previous six months due to a 2% rise in tonnes milled, annual wage adjustments of 8% and higher operating costs at the Zimbabwean operations. The group unit cost per platinum ounce rose to R4 543, up 10% from the R4 132 for the 2004 financial year. The Impala unit cost per platinum ounce, which represents the majority of the business, rose by 6.8%.

The exchange rate transaction loss for the period amounted to R316 million versus R133 million the previous six months. The applicable exchange rate for the translation of debtors/advances at 31 December 2004 was R5.63 per dollar compared to R6.17 on 30 June 2004, a strengthening of 9%. Included in the exchange rate transactional losses is an unrealised amount of R119 million, based on the remainder of the funds from the sale of Lonplats which are still to be repatriated.

**Contributions to earnings:** Implats' income is derived from three distinct sources: mine-to-market operations, IRS and equity income from investments.

- **Mine-to-market operations:** Revenue is generated by operations owned and managed by Implats, namely: Impala Platinum, Marula Platinum, Zimplats and Mimosa. Gross margins for the six months for the Impala segment were 40%, up from 38%, for 2004. The margins for both Zimbabwean operations were down as a result of operating cost increases. Margins at Marula, which is still in a ramp-up phase, cannot be compared.
- **IRS:** Income is generated by the processing of concentrate or matte purchased and toll treatment. Margins are substantially lower than in the mine-to-market operations reflecting the reduced risks and lower capital intensity. Margins recorded during the six months to December 2004 of 14% were lower than during the previous year due to lower toll income.
- **Operating margins:**

Entity	Source	31 December 2004	31 December 2003
Impala	Mine to market	40.0	37.9
Zimplats	Mine to matte	22.3	36.3
Mimosa	Mine to concentrate	27.7	62.8
IRS	Matte/concentrate to market	14.4	22.1
Implats		32.7	33.5

- **Equity income:** Income is generated by those companies in which Implats has, or had, equity accountable interests. This includes Lonplats, Aquarius Platinum and Two Rivers. For the six months to December 2004 equity accounted income amounted to R204 million.

Impala Platinum's mining operations continued to be the major contributor to earnings, accounting for 83% of group profit for the period under review. Following a 37% decline in platinum production through IRS for the six months as well as a forex loss of R124 million, profit from IRS is down by 62% to R77 million. This represents 7% of group profit, compared to 19% last year.

The contribution from Zimplats/Mimosa operations increased substantially as a result of lower unrealised profit in group inventories.

Earnings from Implats' investment in Lonplats made a final contribution to group income. Attributable income rose by 41% to R207 million and the contribution to group earnings increased to 20% from 14% compared to the first half of 2004. Dividends received from this investment for the period under review totalled R35 million.

The contribution to the group from AQPSA for the six months to December 2004 was a negative R3 million, compared to a positive contribution of R14 million for the six months to December 2003. This was a result of the operating loss recorded by the Marikana mine and the pooling and sharing arrangement at the Kroondal mine.

**Contribution to net profit from the various companies are listed below (R million):**

	<b>31 December 2004</b>	<b>% Contribution</b>	<b>31 December 2003</b>	<b>% Contribution</b>
Impala Platinum Limited	<b>885</b>	<b>83.2</b>	643	60.6
Impala Refining Services Limited	<b>77</b>	<b>7.2</b>	200	18.9
Gazelle Platinum Limited – Other	<b>(171)</b>	<b>(16.1)</b>	3	0.2
Gazelle Platinum Limited – Lonplats	<b>207</b>	<b>19.5</b>	147	13.9
Mimosa Investments Limited	<b>51</b>	<b>4.8</b>	75	7.1
Aquarius Platinum (South Africa) (Proprietary) Limited	<b>(3)</b>	<b>(0.3)</b>	14	1.3
Barplats Investments Limited	<b>–</b>	<b>–</b>	(9)	(0.8)
Marula Platinum (Pty) Ltd	<b>(34)</b>	<b>(3.2)</b>	–	–
Zimbabwe Platinum Mines Limited**	<b>52</b>	<b>4.9</b>	(12)	(1.2)
<b>Headline earnings</b>	<b>1 064</b>	<b>100</b>	1 061	100
Profit from sale of Lonplats	<b>3 156</b>		–	
Impairment of assets	<b>(1 198)</b>		–	
<b>Attributable earnings</b>	<b>3 022</b>		1 061	

*\*\*Including Makwiro Platinum Mines (Private) Limited*

**Earnings:** Headline earnings for the six months increased slightly to 1 600 cents per share compared to 1 593 cents in December 2003.

**Balance sheet, structure and cash flow:** A strong balance sheet has been maintained in order to provide funding for the bulk of the group's future capital projects. The group generated cash from operating activities of R959 million during the six months to December 2004 and net cash from investing activities of R3 580 million. After funding the group's capital expenditure programmes, dividends and investments at the end of December 2004, the net closing cash position was R3.7 billion compared to R636 million at the end of June 2004. The group acquired 893 022 of its own shares in terms of an approved share buy-back scheme for an amount of R444.7 million.

**Capital expenditure:** Group capital expenditure amounted to R771 million for the six months to December 2004. Capital expenditure at the Impala segment was R642 million compared to R541 million in the previous period. This was largely accounted for by expenditure on the decline projects. An amount of R46 million was spent on Marula and R83 million on Zimbabwean operations.



# Prospects

## **Market**

The fundamentals for platinum demand remain firm on the back of a solid and growing automotive sector, which is being enhanced by the growing popularity of diesel vehicles in Europe. Despite this, the market registered its first surplus in 6 years due to growing supplies and a decline in the jewellery market.

## **Production**

Our strategy is to maintain production from the Impala segment at 1.1 million platinum ounces for the next 30 years and the capital expenditure programme to achieve this was set in motion by the approval of number 16 and 20 shafts. The potential to grow production to 2.3 million platinum ounces over the next four years remains subject only to the Zimbabwean expansion.

## **Costs**

This is a key focus of operations along with productivity and efficiency improvements.

## **Earnings**

The recent strength of the South African Rand against the US dollar has had a major impact on earnings. The outlook for the group remains sound. If current rand exchange rates and metal prices prevail, headline earnings for the second half of the year are expected to be similar to the first half results.

**FJP Roux**  
*Chairman*

**K C Rumble**  
*Chief Executive Officer*

Johannesburg  
17 February 2005

## Declaration of Interim Dividend

An interim dividend of 500 cents per share has been declared in respect of the half-year ended 31 December 2004. The last day to trade (“cum” the dividend) in order to participate in the dividend will be Friday, 4 March 2005. The share will commence trading “ex” the dividend from the commencement of business on Monday, 7 March 2005 and the record date will be Friday, 11 March 2005.

The dividend is declared in the currency of the Republic of South Africa. Payments from the London transfer office will be made in United Kingdom currency at the rate of exchange ruling on Thursday 10 March 2005 or on the first day thereafter on which a rate of exchange is available.

The dividend will be paid on Monday, 14 March 2005. Share certificates may not be lodged with the transfer secretaries for dematerialisation/rematerialisation during the period Monday 7 March 2005 to Friday 11 March 2005, both dates inclusive.

By order of the board

**R Mahadevey**  
*Group Secretary*

Johannesburg  
17 February 2005