ASX PRELIMINARY FINAL REPORT

Appendix 4E

Zimplats Holdings Limited
ARBN: 083 463 058
Australian Stock Exchange code: ZIM

Year ended 30 June 2017

CONTENTS:

This report covers the consolidated entity of Zimplats Holdings Limited and its subsidiaries (together the ‘Group’). The report is presented in United States of America dollars (US$).

Results for announcement to the market

Reporting period: 1 July 2016 to 30 June 2017 (FY2017)
Previous reporting period: 22 June 2015 to 30 June 2016 (FY2016)

			2017 US$ 000	2016 US$ 000
1.	Revenue	9%	512 549	471 778
2.	Profit before income tax	245%	101 313	29 354
3.	Income tax expense	153%	(55 775)	(22 027)
4.	Profit for the period attributable to members	522%	45 538	7 327
5.	Dividend per share (cents)		-	-

Net tangible asset backing

		2017	2016
Net tangible assets per security	5%	US$9.22	US$8.80

Note: FY in this report refers to the financial year for the Group which ends on 30 June.

Commentary on results

Below are key highlights for the year ended 30 June 2017.

Finance

- Revenue for the year increased by 9% from US$471.8 million in FY2016 to US$512.5 million despite a 5% decrease in 4E sales volumes from 582 833 ounces to 555 892 ounces. Revenue was supported by an increase in average metal prices as gross revenue per platinum ounce improved from US$1 638 in FY2016 to US$1 868 in FY2017.

- Cost of sales decreased by 6% from US$390.7 million in FY2016 to US$367.1 million in the current year largely due to the 5% decrease in sales volumes.

- Gross profit margins improved from 17% in FY2016 to 29% in the current year mainly due to the improvement in metal prices.

- Operating cash cost per platinum ounce increased by 2% from US$1 197 in FY2016 to US$1 225 in FY2017 due to a 3% decline in platinum production (including sales in concentrate form) and an increase in prices of consumables.

- The profit for the year ended 30 June 2017 was boosted by a total of US$34.8 million realised from the export incentive and disposal of treasury bills from the Reserve Bank of Zimbabwe (RBZ).

  - In May 2016, the RBZ introduced an export incentive scheme to promote the export of goods and services to enhance inflows of foreign currency. The Group was awarded a 2.5% export incentive on export proceeds received in Zimbabwe. As a result, US$14 million (FY2016: US$1.1 million) was recognised in the income statement.

  - The Group realised US$20.8 million from the disposal of treasury bills with a total nominal value of US$34 million, which were issued by the Government of Zimbabwe to Zimbabwe Platinum Mines (Private) Limited, the Group's operating subsidiary, in settlement of the principal amount owed by the RBZ. The RBZ debt had been written off in full in prior years.

- As a result of these factors, profit before income tax for the year increased from US$29.4 million in FY2016 to US$101.3 million.

- Income tax expense for the year increased from US$22 million in FY2016 to US$55.8 million in line with improved profitability.

- Net cash generated from operating activities increased from US$36 million in FY2016 to US$56.1 million.

- At year-end, the Group had unchanged bank borrowings amounting to US$109 million (2016: US$109 million) and a cash balance of US$70.3 million (2016: US$55.7 million).

Safety, Health and Environment

- As at 30 June 2017, the Group had accumulated 6.84 million fatality free shifts. The total number of lost-time injuries recorded in the year decreased significantly from eight in FY2016 to three in FY2017. This resulted in a 64% improvement in the lost-time injury frequency rate from 0.58 in FY2016 to a record 0.21 in FY2017. The total number of reported injuries decreased by 57% from 14 in FY2016 to six in FY2017 resulting in the total injury frequency rate improving by 59% from 1.01 to a record 0.41.

- The Group's wellness programme was further enhanced to cover total health by introducing a mental health programme for all employees. As part of the wellness programme, a team of external specialists was engaged to carry out an assessment of the mental health status of individual employees with a view to supporting those requiring assistance. The areas of focus included stress and depression, alcohol and drug abuse and family relationships among others. This was over and above the on-going programmes to manage non-communicable diseases such as hypertension, cholesterol and diabetes through lifestyle changes.

- Environmental management systems (ISO 14001) were successfully aligned with the revised standard, ISO 14001:2015. The operating subsidiary was granted certification to ISO 14001:2015 in October 2016 by DQS Management Systems. Rehabilitation of the closed open-pits continued as planned in the year. Good progress was achieved in rehabilitating the tailings storage facilities with 53 hectares re-vegetated in the year, up from 16 hectares in FY2016. Water drawn from dams and underground decreased by 9% from 7 903 mega litres in FY2016 to 7 218 mega litres in FY2017. This was achieved through increased water recycling (41% of total water was recycled in FY2017 compared to 35% in FY2016).

Operations

- The Group achieved a record ore production of 7 million tonnes in FY2017 (FY2016: 6.6 million tonnes). This was made possible by the good progress made on the redevelopment of Bimha Mine, which contributed production of 916 000 tonnes (FY2016: 442 000 tonnes).

- The Group has commenced scaling down production at Ngwarati and Rukodzi mines as planned as Bimha and Mupfuti mines ramp up to design capacities. The South Pit Mine has continued to bridge the ore supply gap caused by the collapse of Bimha Mine. The South Pit Mine is scheduled for closure in FY2018 when production from the underground mines will be sufficient to supply the concentrator plants.

- The ground monitoring systems continued to signal stable conditions at all underground mines. The general conditions in the new Bimha Mine footprint have also remained stable, while insignificant closure incidents were recorded in the old abandoned footprint.

- A record 6.7 million tonnes of ore were milled in the year compared to 6.4 million tonnes milled in the previous period. This was largely due to good plant running time achieved over the year and improved ore supply from the mines.

- Production of platinum in converter matte decreased by 2% from 269 547 ounces in FY2016 to 262 871 ounces in FY2017 in line with the decrease in furnace throughput.

- Four elements (platinum, palladium, rhodium and gold) (4E) metal production for the year also decreased from 541 001 ounces in FY2016 to 523 303 ounces in FY2017. The concentrates stockpiled during the furnace shutdown were exported during the year realising a further 18 198 ounces of platinum. Total platinum ounces produced and sold in the year decreased from 290 410 ounces and 288 063 ounces, respectively, in FY2016 to 281 069 ounces and 274 364 ounces, respectively, in FY2017.

Capital Projects

- The Ngezi Phase 2 expansion project is now substantially complete with total expenditures to date, including commitments, of US$458 million as at 30 June 2017. The project will be officially closed in FY2018.

- The Selous Metallurgical Complex Base Metal Refinery refurbishment project remains constrained by cash flow challenges arising from depressed metal prices. The total project expenditure as at 30 June 2017 was US$23.4 million.

- The implementation of the Bimha Mine redevelopment project is progressing well and the project is on schedule to achieve design production capacity by April 2018. US$20.6 million was spent on this project during the year bringing the total project expenditure to US$36.5 million as at 30 June 2017. A total of US$9.4 million was committed as at the end of the year.

- The bankable feasibility study for Mupani Mine, the replacement for Rukodzi and Ngwarati mines that deplete in FY2022 and FY2025 respectively, was approved by the board in November 2016. The boxcut was completed and decline development commenced during the year. A total of US$11 million was spent on the project and US$1.1 million committed as at 30 June 2017. The mine is scheduled to reach full production of 2.2Mtpa in August 2025 at an estimated total project cost of US$264 million.

- A total of US$4 million was spent on expansion projects during the year compared to US$27 million in the previous period.

- A total of US$59 million was spent on stay in business projects during the period, 40% higher than the US$42 million spent in the previous period.

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017 US$ 000	22 June 2015 to 30 June 2016 US$ 000
Revenue	4	512 549	471 778
Cost of sales	5	(367 065)	(390 650)
Gross profit		**145 484**	**81 128**
Administrative expenses	6	(46 274)	(35 864)
Selling and distribution expenses		(4 887)	(5 221)
Royalty and commission expense		(12 692)	(11 664)
Other operating expenses	7	(8 967)	(1 135)
Other operating income	8	36 646	9 302
Operating profit		**109 310**	**36 546**
Finance income		851	97
Finance cost		(8 848)	(7 289)
Profit before income tax		**101 313**	**29 354**
Income tax expense		(55 775)	(22 027)
Profit for the period		**45 538**	**7 327**
Other comprehensive income for the period, net of tax:			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss:		-	-
- Gain on re-measuring available-for-sale financial assets		7 804	-
- Reclassification to profit or loss		(7 804)	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**45 538**	**7 327**
Attributable to:			
Owners of the parent		45 538	7 327
Non-controlling interest		-	-
		45 538	7 327
Earnings per share attributable to owners of the parent during the period:			
Basic earnings per share (cents)		42	7
Diluted earnings per share (cents)		42	7

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		2017	2016
ASSETS	**Notes**	**US$ 000**	**US$ 000**
Non-current assets			
Property, plant and equipment	9	1 016 647	1 024 233
Trade and other receivables	10	2 457	2 053
		1 019 104	**1 026 286**
Current assets			
Inventories		54 036	47 421
Prepayments	11	97 690	59 488
Trade and other receivables	10	162 583	132 657
Cash and balances with banks		70 334	55 665
		384 643	295 231
Total assets		**1 403 747**	**1 321 517**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital		10 763	10 763
Share premium		89 166	89 166
Retained earnings		892 730	847 192
		992 659	**947 121**
LIABILITIES			
Non-current liabilities			
Borrowings	12	85 000	85 000
Share based compensation		1 795	1 870
Deferred income taxes		145 183	140 549
Environmental rehabilitation provision		27 832	21 668
		259 810	**249 087**
Current liabilities			
Trade and other payables	13	73 203	58 283
Current income tax liabilities		53 664	42 795
Borrowings	12	24 003	24 000
Share based compensation		408	231
		151 278	**125 309**
Total equity and liabilities		**1 403 747**	**1 321 517**

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Share capital US$ 000	Share premium US$ 000	Retained earnings US$ 000	Total US$ 000
Balance as at 1 July 2016	10 763	89 166	847 192	947 121
Total comprehensive income for the year	-	-	45 538	45 538
Profit for the year	-	-	45 538	45 538
Other comprehensive income for the year	-	-	-	-
Balance as at 30 June 2017	**10 763**	**89 166**	**892 730**	**992 659**
Balance as at 1 July 2015	10 763	89 166	852 868	952 797
Total comprehensive income for the period	-	-	7 327	7 327
Profit for the period	-	-	7 327	7 327
Other comprehensive income for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(13 003)	(13 003)
Balance as at 30 June 2016	**10 763**	**89 166**	**847 192**	**947 121**

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017	22 June 2015 to 30 June 2016
Cash flows from operating activities		**US$ 000**	**US$ 000**
Operating profit		109 310	36 546
Adjustments for:			
Depreciation	9	75 943	75 003
Provision for obsolete inventories		203	2 128
Provision for share based compensation		412	190
Foreign exchange losses	7	936	804
Loss on disposal of property, plant and equipment	9	6	309
Other receivables written-off		778	-
Reversal of impairment of a long term receivable	8	(12 996)	-
Gain on re-measuring of available-for-sale financial assets	8	(7 804)	-
Changes in operating assets and liabilities			
(Increase)/decrease in inventories		(6 818)	29 959
Increase in prepayments	11	(38 202)	(26 012)
Increase in trade and other receivables	10	(31 108)	(4 257)
Increase/(decrease) in trade and other payables	13	14 708	(45 947)
Net cash generated from operations		105 368	68 723
Finance costs paid		(7 194)	(7 196)
Share based compensation payments		(310)	(246)
Payments made for environmental rehabilitation		(780)	(412)
Income taxes and withholding tax paid		(40 985)	(24 833)
Net cash generated from operating activities		**56 099**	**36 036**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(63 322)	(68 072)
Proceeds from disposal of property, plant and equipment		250	137
Proceeds from disposal of treasury bills	8	20 800	-
Finance income		845	97
Net cash utilised in investing activities		**(41 427)**	**(67 838)**
Cash flows from financing activities			
Proceeds from bank borrowings		-	10 000
Dividends paid		-	(13 003)
Net cash utilised in financing activities		**-**	**(3 003)**
Net increase/(decrease) in cash and cash equivalents		14 672	(34 805)
Cash and cash equivalents at beginning of the period		31 665	66 479
Exchange losses on cash and cash equivalents		(3)	(9)
Cash and cash equivalents at the end of the period		**46 334**	**31 665**

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASES

The Group prepares its financial statements using International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous financial period and half year accounts.

The Group's financial statements were historically prepared based on an internal cut-off date for financial information ending on 21 June in line with the metallurgical cut-off date each year. In the comparative period, the Group decided to align the internal cut-off date and the date of the financial statements by moving the internal month end date of 21 June to 30 June. Consequently, the comparative consolidated statement of comprehensive income includes a period of one year and nine days.

2. DETAILS OF CONTROLLED ENTIES

There are no entities over which control has been gained or lost during the period. During the year, Zimbabwe Platinum Mines (Private) Limited issued a 10% equity stake to the Zimplats Employee Share Ownership Trust (ESOT), which holds the shares for the benefit of the participating employees.

3. JOINT VENTURES

There are no associates or joint venture entities.

4. REVENUE

	2017 US$ 000	2017 US$ 000
The Group derives its revenue from the following metal products:		
Platinum	239 390	247 197
Palladium	161 232	122 153
Gold	32 251	33 237
Rhodium	20 346	14 677
Nickel	38 708	37 607
Copper	15 339	13 628
Iridium	4 024	2 341
Ruthenium	588	444
Silver	254	249
Cobalt	417	245
Total	512 549	471 778

5 COST OF SALES

Mining operations	203 801	193 287
Employee benefit expenses	48 514	44 896
Materials and other mining costs	147 895	141 288
Utilities	7 392	7 103
Concentrating and smelting operations	96 028	97 086
Employee benefit expenses	14 500	14 341
Materials and consumables	49 033	47 728
Utilities	32 495	35 017
Depreciation charge for operating assets	74 643	73 283
(Increase)/decrease in ore, concentrate and matte stocks	(7 407)	26 994
	367 065	390 650

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (continued)

		2017	2016
6	**ADMINISTRATIVE EXPENSES**	**US$ 000**	**US$ 000**
	Consulting fees	303	1 731
	Independent auditors' remuneration	289	308
	Corporate social responsibility costs	2 013	324
	Depreciation	1 301	1 719
	Insurance	4 800	2 739
	Information, communication and technology	4 292	3 166
	Non -executive directors' fees	396	451
	Employee benefit expenses	25 549	19 803
	Operating lease expenses	184	241
	Other corporate costs	7 147	5 382
		46 274	35 864

7	**OTHER OPERATING EXPENSES**		
	Loss on disposal of property, plant and equipment	6	309
	Foreign exchange losses	936	804
	Other receivables written off	778	-
	Tax penalties and interest charges	7 233	-
	Other expenses	14	22
		8 967	1 135

8	**OTHER OPERATING INCOME**		
	Reversal of impairment of a long term receivable*	12 996	-
	Gain on re-measuring of available-for-sale financial assets	7 804	-
	Insurance claim	559	3 725
	Tax penalties and interest charges	-	2 745
	Export incentive **	13 973	1 141
	Other income	1 314	1 691
		36 646	9 302

*During the year ended 30 June 2017, the Government of Zimbabwe issued to the Group's main operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, treasury bills with a total nominal value of US$34 million in settlement of the principal amount owed by the RBZ to the operating subsidiary.

The treasury bills were designated as available-for-sale financial assets and were initially recognised at a fair value of US$13 million at a discount rate of 27.5% resulting in a reversal of impairment of US$13 million being recognised in the income statement. The Group subsequently disposed of the treasury bills for a consideration of US$20.8 million which was received during the year resulting in a gain on re-measurement of US$7.8 million.

**In May 2016, the RBZ introduced an export incentive scheme to promote the export of goods and services in order for the Zimbabwean economy to benefit from the liquidity derived from exports. The Group is entitled to a 2.5% export incentive on export proceeds received in Zimbabwe.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (continued)

9	**PROPERTY, PLANT AND EQUIPMENT**	**2017**	**2016**
		US$ 000	**US$ 000**
	Opening net book amount	1 024 233	1 029 047
	Additions	68 612	69 316
	Borrowing costs capitalised	-	1 319
	Disposals	(63 247)	(39 821)
	Accumulated depreciation on disposals	62 992	39 375
	Depreciation charge	(75 943)	(75 003)
	Closing net book amount	1 016 647	1 024 233

In the statement of cash flows, purchase of property, plant and equipment comprises:

Additions	68 612	69 316
Environmental rehabilitation asset adjustment	(5 290)	(1 244)
	63 322	68 072

10 TRADE AND OTHER RECEIVABLES

Trade receivables due from related parties	148 187	125 920
Value added tax receivable	10 813	4 642
Export incentive	1 547	-
Other receivables	4 493	4 148
	165 040	134 710
Current assets	162 583	132 657
Non-current assets	2 457	2 053
	165 040	134 710

11 PREPAYMENTS

Zimbabwe Electricity Transmission and Distribution Company	12 023	-
Deposits on property, plant and equipment	51 936	20 762
Consumables and other operating expenditure	31 422	37 291
Insurance premiums	2 309	1 435
	97 690	59 488

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (continued)

12 BORROWINGS

	2017 US$ 000	2016 US$ 000
Non-current		
Bank borrowings	85 000	85 000
	85 000	85 000
Current		
Revolving facility	24 000	24 000
Bank borrowings	3	-
	24 003	24 000
Total borrowings	109 003	109 000

The movement in borrowings is as follows;

	2017	2016
At the beginning of the year	109 000	82 000
Proceeds from bank borrowings	-	10 000
Interest accrued	7 195	7 195
Increase in revolving facility	-	17 000
Repayments	(7 194)	(7 196)
Capital	-	-
Interest	(7 194)	(7 196)
Movement in interest included in trade and other payables	2	1
At the end of the year	109 003	109 000

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	2017 US$ 000	2016 US$ 000
On demand and up to 6 months	24 000	24 000
6 months to 1 year	3	-
1 year to 2 years	42 500	42 500
2 years to 5 years	42 500	42 500
	109 003	109 000

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (continued)

13 TRADE AND OTHER PAYABLES	**2017 US$ 000**	**2016 US$ 000**
Trade payables	30 372	22 515
Leave pay	6 296	6 800
Royalty and Minerals Marketing Corporation of Zimbabwe commission payable	3 428	3 312
Amounts due to related parties	7 230	4 591
Accruals	24 384	20 164
Other payables	1 493	901
	73 203	58 283

Trade payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short term nature.

The payables are denominated in different currencies as follows:

United States dollars	65 077	50 124
South African rand	7 885	8 069
Euro	206	-
Other	35	90
	73 203	58 283

Movements in the statement of cash flows comprise:

Trade and other payables	14 708	(45 947)
Per the statement of financial position	14 920	(45 071)
Foreign currency exchange adjustment	(933)	(795)
Interest payable movement	2	1
Settlement discounts	6	-
Tax penalties and interest charges	713	(82)

14 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the statement of financial position date that have a bearing on the understanding of these preliminary financial statements.

15 AUDIT STATUS

This report is based on financial statements which are in the process of being audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe).