

ZIMPLATS HOLDINGS LIMITED

ARBN : 083 463 058

**Half year Directors' Report and Financial Statement
31 December 2008**

ZIMPLATS HOLDINGS LIMITED

**HALF YEAR DIRECTORS' REPORT AND FINANCIAL STATEMENT
31 DECEMBER 2008**

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**ZIMPLATS HOLDINGS LIMITED
DIRECTORS' REPORT**

The directors present their report together with the consolidated financial report for the half year ended 31 December 2008 and the review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half year are:

Names	Period of directorship
Michael John Houston (Chairman: non-executive)	Appointed 1 April 2004
Alexander Mhembere (Chief Executive Officer)	Appointed 1 October 2007
Patrick Maseva - Shayawabaya (Chief Financial Officer)	Appointed 1 April 2004
David Hugh Brown (non-executive)	Appointed 30 March 2001
Muchadeyi Ashton Masunda (non-executive)	Appointed 8 February 2007
Dr. Khotso Mokhele (non-executive)	Appointed 8 February 2007
Leslie John Paton (non-executive)	Appointed 4 February 2003
Dr. Frederick Johannes Paul Roux (non-executive)	Appointed 8 February 2007
Gregory Sebborn (non-executive)	Appointed 5 April 2001
Robert George Still (non-executive)	Appointed 28 July 1998

REVIEW OF PERFORMANCE

The half year operating results to 31 December 2008 are presented together with the comparative figures for the half year to 31 December 2007, and for the full year to 30 June 2008.

- A total of 93 909 oz 4E was despatched, up 15% on the prior period when metal production and despatches were lower than normal due to a 43 day furnace re-line shut down. Despite the higher sales volume, revenue for the half year amounted to only US\$41 million, down 58% on the previous period. This was a result of the significant fall in metal prices from July 2008 and the resultant pipeline adjustments amounting to US\$32 million.
- Operating costs for the period amounted to US\$70 million, an increase of 21 % on the previous year. Whilst the higher production and sales volumes account for a significant portion of the increase, costs for the period were adversely affected by the increase in fuel prices due to high oil prices, higher electricity tariffs and adjustments to employee wages/salaries to retain skills in a difficult socio-economic environment. There were also costs incurred on termination of open cast contracts when the open pit operations ceased at the end of November 2008.
- The combination of the above factors resulted in an operating loss of US\$28 million compared to the previous period's profit of US\$42 million. A loss after tax of US\$26 million was incurred compared to a profit of US\$30 million for the previous period.
- The PGM market remains depressed reflecting the troubled state of the world economy, in particular the automotive industry. Without an easing of the world financial crisis, no meaningful recovery in prices is expected in calendar year 2009.
- Despite increased management focus on safety, performance for the half year was disappointing with six lost time injuries. The total number of recorded injuries has however fallen significantly.
- Satisfactory progress has been made on the Ngezi Phase 1 Expansion project. The development of one of the two new underground mines was completed in September 2008 and the mine is expected to reach full production by June 2009. The Ngezi concentrator is scheduled to be commissioned in April 2009 with full production to be achieved by end of June 2009.
- The US\$80 million loan facility secured last year has been fully drawn. However, due to the fall in metal prices, the company is seeking to extend its existing credit facilities.
- A Coalition Government involving the three political parties represented in parliament is due to be established by 13 February 2009. The Zimbabwe economy has largely dollarized. Meanwhile the Government has unveiled a US\$ based national budget for 2009 in line with the dollarization of the economy. Whilst this will be welcomed by most people in the country particularly the working class, there are fears regarding the Government's ability to raise the hard currency to fund the budget. Ultimately, the Government may be forced to implement unfavourable policies on exporters to raise the hard currency that may make it difficult to operate the business viably.
- Shareholders were previously advised that the Reserve Bank of Zimbabwe (RBZ) had engaged Alex Stewart International LLC (ASI) to carry out an audit on the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited. In their report ASI highlighted that the operating subsidiary owed the fiscus a substantial amount in unpaid Additional Profits Tax (APT). The company refuted the ASI finding that the company is liable for APT in light of existing agreements between Zimplats and the Government of Zimbabwe, in terms of which, specific undertakings were given that APT would not be payable. The RBZ recently instructed the Zimbabwe Revenue Authority to claim the purported amount for APT from the operating subsidiary. Management regards the issue as work in progress and discussions with the relevant Government authorities are ongoing. Shareholders will be advised accordingly of any material developments.
- Shareholders are advised to exercise extreme caution in their share dealings due to the very uncertain conditions prevailing in Zimbabwe. Further, all stakeholders should be aware that there will be a continued negative impact on the operations of the company should the current level of metal prices be sustained.

Dated at Harare, Zimbabwe, this 11th day of February 2009

Signed in accordance with a resolution of Directors:



**A Mhembere
CEO and Director**

ZIMPLATS HOLDINGS LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of Zimplats Holdings Limited:

1. The financial statements and notes, set out on pages 5 to 12, have been prepared in accordance with The Companies (Guernsey) Law 1994, including:
 - giving a true and fair view of the financial position of the Company and Group as at 31 December 2008 and of their performance, as represented by the results of their operations and their cash flows, for the half year ended on that date; and
 - complying with International Financial Reporting Standards; and
2. there are reasonable grounds to believe that the Company and its subsidiaries will be able to meet any obligations or liabilities to which they are or may become subject.

Signed in accordance with a resolution of the Directors:



A Mhembere
Chief Executive Officer



P Maseva-Shayawabaya
Chief Financial Officer

Harare
Zimbabwe
11 February 2009

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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE MEMBERS OF ZIMPLATS HOLDINGS LIMITED**

Introduction


We have reviewed the accompanying condensed consolidated Statement of financial position of Zimplats Holdings Limited as of 31 December 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended. The company's directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" and in the manner required by the Companies (Guernsey) Law 1994. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and in the manner required by the Companies (Guernsey) Law 1994.



CHARTERED ACCOUNTANTS (ZIMBABWE)

11 February 2009

ZIMPLATS HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION
as at 31 December 2008

		Group		
	Notes	6 mths to Dec-08 (unaudited) US\$ 000	6 mths to Dec-07 (unaudited) US\$ 000	Year to Jun-08 (audited) US\$ 000
ASSETS				
Non-current assets				
Property, plant and equipment		423 060	305 354	368 938
Available-for-sale financial investments		695	-	2 620
Total non-current assets		<u>423 755</u>	<u>305 354</u>	<u>371 558</u>
Current assets				
Inventories		42 920	36 643	27 612
Trade and other receivables		59 188	64 675	121 311
Cash and cash equivalents		66 675	66 033	78 041
Total current assets		<u>168 783</u>	<u>167 351</u>	<u>226 964</u>
Total assets		<u>592 538</u>	<u>472 705</u>	<u>598 522</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium	1	99 929	99 929	99 929
Reserves	2	314 132	259 100	342 726
		<u>414 061</u>	<u>359 029</u>	<u>442 655</u>
Non-current liabilities				
Deferred taxation		41 423	34 219	44 714
Mine rehabilitation provision		3 157	9 856	6 458
Interest bearing loans and borrowings	3	82 628	26 107	57 171
Total non-current liabilities		<u>127 208</u>	<u>70 182</u>	<u>108 343</u>
Current liabilities				
Interest bearing loans and borrowings	3	-	1 385	1 160
Trade and other payables		51 269	40 400	46 364
Taxation		-	1 709	-
Total current liabilities		<u>51 269</u>	<u>43 494</u>	<u>47 524</u>
Total equity and liabilities		<u>592 538</u>	<u>472 705</u>	<u>598 522</u>

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.

ZIMPLATS HOLDINGS LIMITED
INCOME STATEMENTS
for the half year ended 31 December 2008

		Group		
	Notes	6 mths to Dec-08 (unaudited) US\$ 000	6 mths to Dec-07 (unaudited) US\$ 000	Year to Jun-08 (audited) US\$ 000
Sales		41 102	99 246	294 257
Cost of sales		<u>(59 655)</u>	<u>(46 997)</u>	<u>(121 812)</u>
Gross profit		(18 553)	52 249	172 445
Other net income		1 459	814	3 426
Operating costs		<u>(10 651)</u>	<u>(11 468)</u>	<u>(30 482)</u>
(Loss)/profit from operations		(27 745)	41 595	145 389
Net finance (expense)/income		(655)	670	125
Interest expense		<u>(742)</u>	<u>(1 044)</u>	<u>(3 066)</u>
Interest income		<u>87</u>	<u>1 714</u>	<u>3 191</u>
(Loss)/profit before taxation		(28 400)	42 265	145 514
Taxation		<u>2 397</u>	<u>(12 639)</u>	<u>(21 136)</u>
Net (loss)/profit for the period		<u>(26 003)</u>	<u>29 626</u>	<u>124 378</u>
Basic (loss)/earnings per share (cents)	5	(24.16)	27.52	115.55
Diluted (loss)/earnings per share (cents)	5	(21.49)	24.48	102.77

The notes on pages 10 to 12 are an integral part of these consolidated financial statements.

ZIMPLATS HOLDINGS LIMITED
STATEMENTS OF CHANGES IN EQUITY
for the half year ended 31 December 2008

	Share capital	Share premium	Foreign currency translation reserve	Acquisiti on equity reserve	Revalu- ation reserve	Available- for-sale investments reserve	Accumulated profit	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
GROUP								
Balances at 30 June 2007	10 763	89 166	(17 960)	(10 045)	40 644	-	216 832	329 400
Capital reserve release through depreciation	-	-	-	-	(5 327)	-	5 327	-
Impairment of Base Metals Refinery	-	-	-	-	(11 606)	-	-	(11 606)
Fair value gain on financial assets	-	-	-	-	-	483	-	483
Net profit for the year	-	-	-	-	-	-	124 378	124 378
Balances at 30 June 2008	10 763	89 166	(17 960)	(10 045)	23 711	483	346 537	442 655
Foreign currency translation reserve	-	-	-	-	-	-	-	-
Capital reserve release through depreciation	-	-	-	-	(3 464)	-	3 464	-
Fair value loss on financial assets	-	-	-	-	-	(2 591)	-	(2 591)
Net loss for the period	-	-	-	-	-	-	(26 003)	(26 003)
Balances at 31 December 2008	10 763	89 166	(17 960)	(10 045)	20 247	(2 108)	323 998	414 061

ZIMPLATS HOLDINGS LIMITED**CASH FLOW STATEMENTS**

for the half year ended 31 December 2008

		Group		
	Notes	6 mths to Dec-08 (unaudited) US\$ 000	6 mths to Dec-07 (unaudited) US\$ 000	Year to Jun-08 (audited) US\$ 000
Operating activities				
Cash generated from operations	4	42 167	55 901	131 256
Interest received		87	1 714	3 191
Exchange gains realised		-	896	1 552
Interest paid		(742)	(1 044)	(3 066)
Income tax and withholding taxation paid		(893)	(8 065)	(7 776)
Cash in flows from operating activities		<u>40 619</u>	<u>49 402</u>	<u>125 157</u>
Investing activities				
Proceeds from disposal of property, plant and equipment		16	57	69
Acquisition of property, plant and equipment excluding movement in the rehabilitation asset		(75 736)	(87 851)	(179 830)
Purchase of available-for-sale financial assets		(562)	-	(2 620)
Cash out flows from investing activities		<u>(76 282)</u>	<u>(87 794)</u>	<u>(182 381)</u>
Financing activities				
Finance lease liability repayments		(603)	(867)	(114)
Proceeds of interest bearing loans and borrowings		24 900	20 800	50 887
Cash in flows from financing activities		<u>24 297</u>	<u>19 933</u>	<u>50 773</u>
Decrease in cash and cash equivalents		<u>(11 366)</u>	<u>(18 459)</u>	<u>(6 451)</u>
Movement in cash and cash equivalents				
Cash and cash equivalents at beginning of the year		78 041	84 492	84 492
Decrease in cash and cash equivalents		(11 366)	(18 459)	(6 451)
Cash and cash equivalents at end of the period		<u>66 675</u>	<u>66 033</u>	<u>78 041</u>

ZIMPLATS HOLDINGS LIMITED
ACCOUNTING POLICIES
for the half year ended 31 December 2008

Zimplats Holdings Limited is a company domiciled in Guernsey, Channel Islands. The consolidated financial statements of the group for the half year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as the group).

a) **Basis of preparation**

The half year consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Interpretations issued by the International Financial Reporting Interpretations Council of the IASB and the reporting requirements of the Australian Stock Exchange.

The half year financial statements do not include all the notes of the type normally included in the Annual Financial Statements. Accordingly, these financial statements should be read in conjunction with the 30 June 2008 Annual Financial Statements and any public announcements made by the company during the half year in accordance with the disclosure obligations arising under the ASX Listing Rules.

The financial statements are presented in United States dollars. They are prepared on the historical cost basis with the exception of certain fixed property which is shown at valuation. Financial assets and financial liabilities are shown at fair value through the income statement or the statement of changes in equity. The accounting policies have been consistently applied by the group and are consistent with those of the previous year, unless otherwise stated.

b) **Segment reporting**

The group operates within the mining industry. The activities of the group are entirely related to the development and mining of platinum group metals in Zimbabwe. The risks and rewards associated with the individual operations are not sufficiently dissimilar to warrant identification of separate geographical segments.

ZIMPLATS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2008

	Group		
	6 mths to Dec-08 (unaudited) US\$ 000	6 mths to Dec-07 (unaudited) US\$ 000	Year to Jun-08 (audited) US\$ 000
1 Share capital and share premium			
a) Authorised			
500 000 000 ordinary shares of 10 cents each	<u>50 000</u>	<u>50 000</u>	<u>50 000</u>
b) Issued and fully paid			
107 637 649 ordinary shares of 10 cents each	10 763	10 763	10 763
c) Share premium	<u>89 166</u>	<u>89 166</u>	<u>89 166</u>
	<u>99 929</u>	<u>99 929</u>	<u>99 929</u>

86 594 482 shares were issued at premium of 52 cents per share on 27/28 July 1998, giving rise to a share premium of \$45 029 131. On 28 July 1998, a bonus issue of 1 767 236 shares was effected utilising \$176 724 of the share premium reserve. The premium on shares issued to 30 June 2003 was \$228 565. The premium on share options sold as a result of the Impala Platinum Holdings Limited (Impala) offer was \$2 062 991. On 18 March 2005, a further 14 873 160 shares were issued to Impala at a premium of \$2.83 per share resulting in a share premium of \$42 022 254.

- d) The unissued shares are under the control of the directors. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

2 Reserves

Foreign currency translation reserve	a)	(17 960)	(17 957)	(17 960)
Asset revaluation reserve	b)	20 247	36 903	23 711
Acquisition equity reserve	c)	(10 045)	(10 045)	(10 045)
Available-for-sale investments reserve	d)	(2 108)	-	483
Accumulated profits	e)	<u>323 998</u>	<u>250 199</u>	<u>346 537</u>
		<u>314 132</u>	<u>259 100</u>	<u>342 726</u>

- a) This comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the group.
- b) This reserve arises from the revaluation of property, plant and equipment. In 2008 the Base Metal Refinery, part of the Selous Metallurgical Complex surface plant, was impaired to a recoverable value of nil with the net book value of \$11 605 509 being written off against the original revaluation reserve. Management has assessed that the asset technology in the plant is obsolete.
- c) On 5 November 2004, shareholders approved the acquisition of Implats' 30% interest in Zimbabwe Platinum Mines (Private) Limited in exchange for 14 873 160 shares in Zimplats Holdings Limited at an issue price of AU\$3.75 each. The effective premium on the share purchase amounted to \$10 044 750.
- d) This reserve arises from the fair value gain of financial assets held.
- e) Represents accumulated profits to 31 December 2008.

ZIMPLATS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2008

		Group		
		6 mths to Dec-08 (unaudited) US\$ 000	6 mths to Dec-07 (unaudited) US\$ 000	Year to Jun-08 (audited) US\$ 000
3	Interest bearing loans and borrowings			
	Non-current			
	Standard Bank of South Africa	a) 75 787	20 800	50 887
	Finance lease liability	b) 6 841	5 307	6 284
		82	26	57
		628	107	171
	Current			
	Finance lease liability	b) -	1 385	1 160
		-	1 385	1 160
	Total borrowings	82 628	27 492	58 331

a) Zimbabwe Platinum Mines (Private) Limited has secured a loan facility of \$80 million from Standard Bank of South Africa to partly finance the Ngezi Phase 1 Expansion Project. The loan interest is LIBOR plus 700 basis points. The loan is repayable in twelve equal quarterly installments commencing twenty four months after the first drawdown which was on 21 December 2007. Impala Platinum Holdings Limited, the controlling shareholder, has provided political and commercial guarantees in favour of Standard Bank of South Africa for the loan facility.

b) This liability is secured by a finance lease agreement in respect of ore haulage vehicles. The effective interest rate is 12% per annum. Annual installments of \$2 064 183 commenced on 1 November 2007 with the final payment due on 30 June 2013. Contingent rent is payable based on the standby rate per hour per truck. The net book value of the road train haulage vehicles under lease at the prior year end was \$7 217 002 (2007: \$596 573).

4 Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations:

(Loss)/profit before taxation	(28 400)	42 265	145 514
Adjustments for:	18 847	13 913	27 660
Depreciation of property, plant and equipment	18 190	15 395	28 737
Net finance income	655	(670)	(125)
Foreign exchange gains	-	(896)	(1552)
Foreign currency translation reserve	-	3	483
Loss on disposal of property, plant & equipment	2	81	117
Changes in working capital:	51 720	(277)	(41 918)
Trade and other receivables	62 123	3 904	(52 732)
Inventories	(15 308)	(12 868)	(3 837)
Trade and other payables	4 905	8 687	14 651
Cash generated from operations	42 167	55 901	131 256

ZIMPLATS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2008

	Group		
	6 mths to	6 mths to	Year to
	Dec-08	Dec-07	Jun-08
	(unaudited)	(unaudited)	(audited)
	US\$ 000	US\$ 000	US\$ 000
5 Earnings per share			
Basic earnings per share			
Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.			
(Loss)/profit attributable to equity holders of the company	(26 003)	29 626	124 378
Weighted average number of ordinary shares in issue	107 638	107 638	107 638
Basic (loss)/earnings per share US (cents)	<u>(24.16)</u>	<u>27.52</u>	<u>115.55</u>

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares as a result of shares available to the Government of Zimbabwe nominated empowerment partner. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the empowerment shares had been taken up.

The empowerment agreement signed with the Government of Zimbabwe in September 2003 will result in the issue of an additional 13 390 423 ordinary shares once the requisite funding is available.

(Loss)/profit attributable to equity holders of the company	(26 003)	29 626	124 378
Weighted average number of ordinary shares in issue	107 638	107 638	107 638
Adjustments for empowerment shares	<u>13 390</u>	<u>13 390</u>	<u>13 390</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>121 028</u>	<u>121 028</u>	<u>121 028</u>
Diluted (loss)/earnings per share US (cents)	<u>(21.49)</u>	<u>24.48</u>	<u>102.77</u>

6 Capital commitments

The Group has entered into contracts for the following and is committed to incur capital expenditure in respect thereof:

General capital replacement	7 653	18 602	8 169
Ngezi expansion - Portal 2	599	978	139
Ngezi expansion Phase 1	<u>44 016</u>	<u>87 413</u>	<u>71 563</u>
	<u>52 268</u>	<u>106 993</u>	<u>79 871</u>

The board has authorised a total of \$340 million to be incurred on the Ngezi Phase 1 Expansion project over the period to 2010.

The capital commitments will be financed from internal resources and borrowings.