



**ZIMPLATS HOLDINGS LIMITED**

ARBN : 083 463 058

**Half year Directors' Report and Financial Statements  
31 December 2010**

**ZIMPLATS HOLDINGS LIMITED**  
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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 2010 and the review report thereon.

#### Directors

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

<b>Names</b>	<b>Period of directorship</b>
David Hugh Brown (Chairman: non-executive)	Appointed 30 March 2001
Muchadeyi Ashton Masunda (Deputy Chairman: non-executive)	Appointed 8 February 2007
Alexander Mhembere (Chief Executive Officer)	Appointed 1 October 2007
Brenda Berlin (non-executive)	Appointed 1 March 2010
Stanley Earl Frost (Chief Technical Officer)	Appointed 1 March 2010
Michael John Houston (non-executive)	Appointed 1 April 2004
Patrick Maseva -Shaywabaya (Chief Financial Officer)	Appointed 1 April 2004
Dr. Khotso Mokhele (non-executive)	Appointed 8 February 2007
Leslie John Paton (non-executive)	Appointed 4 February 2003
Robert George Still (non-executive)	Appointed 28 July 1998
Nyasha Puza Siyabora Zhou (non-executive)	Appointed 1 March 2010

The half year operating results to 31 December 2010 are presented together with the comparative figures for the half year to 31 December 2009, and for the full year to 30 June 2010.

#### Review of Performance

##### Safety Health and Environment

Safety performance deteriorated somewhat, with three lost time injuries recorded compared to two in the same period last year. Following independent audits undertaken in December 2010, Zimplats retained its ISO14001:2004, ISO 9001:2008 and OHSAS 18001:2007 certifications.

##### Operations

Both mining and processing operations performed well in the half year.

Ore mined totaled 2 037 000 tonnes, up 23% on the previous year as the Bimha Mine ramp up continued.

Ore milled at 2 078 000 tonnes was 6% above the tonnage for the same period last year, reflecting the fact that for the same period last year, the Ngezi concentrator only operated at full capacity for part of the period. The satisfactory milling performance was despite an 11 day unplanned shutdown at the SMC concentrator due to a problem on the SAG mill discharge end bearing which has since been rectified. Mill grade was in line with expectations whilst concentrator recovery at 82.3% was 2% higher than the previous year, following optimization of processes at the new Ngezi concentrator.

4E metal production totalled 180 733 ounces, an increase of 10% on the previous year's production in line with the higher throughput and recoveries.

## **Markets**

Metal prices have continued to improve partly reflecting improved market sentiment and also production constraints in South Africa. Accordingly, metal prices realized during the half year were significantly higher than for the same period last year.

## **Financial**

The combination of higher production and improved metal prices resulted in turnover for the six months of \$250 million, up 45% on \$172 million for the comparative period.

Operating costs for the period amounted to \$134 million, an increase of 30% on the previous year. The increase was primarily driven by higher production volumes, increase in royalties in line with revenue and royalty rate adjustments as well as increase in labour costs following conclusion of the 2010 wage negotiations. Further, provision was also made for amounts payable in terms of a share appreciation rights scheme that issues notional shares to senior staff that was introduced during the review period. With a significant portion of input costs denominated in South African Rand, the continued strength of that currency relative to the United States Dollar had an adverse impact on costs. In addition, exchange losses of \$11 million were incurred which were mainly a result of the revaluation of the Rand denominated loan.

The combination of the above factors resulted in a profit before tax of \$101 million, a 71% increase on the prior period's \$59 million. Profit after tax amounted to \$85 million compared to \$28 million for the previous period.

A \$40 million partial early repayment of the bank loans was made in December 2010, in part, to reduce exposure to the South African R and.

## **Expansion projects**

Development of Bimha Mine remains on course with the mine scheduled to achieve design production capacity by May 2011. Implementation of the Ngezi Phase II expansion project is proceeding according to plan.

## **Additional Profits Tax (APT)**

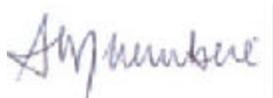
Shareholders are aware of the long drawn dispute between Zimplats and the Government on whether or not Zimplats was liable for APT in view of the written undertakings given by Government in 2001 that the company would be exempted from the tax. In the event, Zimplats had grudgingly accepted that as Government had not promulgated the legislation to give legal effect to the promised exemption, the company was liable for APT. Accordingly, Zimplats accepted an APT assessment of \$23.5 million issued by the Zimbabwe Revenue Authority (ZIMRA) in 2009 in respect of the period 2001 to 2007 and has paid the assessed amount in full.

In December 2010, the audit section of ZIMRA reviewed the APT assessment and concluded that the deduction of income tax assessed losses in the derivation of net cash receipts, on which APT is chargeable if positive, was incorrect. ZIMRA has thus proceeded to issue an amended APT assessment in which they disallowed the deduction of income tax assessed losses. The effect of the disallowance is to increase the APT liability to \$50.4 million, an increase of \$26.9 million.

Management and the company's tax advisers strongly believe that the ZIMRA interpretation of the deduction provisions of the 22nd and 23rd Schedules of the Income Tax Act is incorrect and accordingly, an objection to the amended assessment has been lodged. A response to the objection is yet to be received.

In the event that the response to the objection is negative, it is the board's intention to seek legal redress.

Dated at Harare, Zimbabwe, this 4<sup>th</sup> day of February 2011 and signed in accordance with a resolution of Directors:



**A Mhembere**  
Chief Executive Officer

**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 6 to 14, have been prepared in accordance with The Companies (Guernsey) Law 2008, including:
  - giving a true and fair view of the financial position of the Company and Group as at 31 December 2010 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**  
Harare  
Zimbabwe  
4 February 2011



**P. Maseva-Shaywabaya**  
**Chief Finance Officer**



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

**Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Zimplats Holdings Limited and its subsidiaries (the 'Group') as of 31 December 2010 and the related consolidated condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The company's directors are responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" and a manner required by the Companies (Guernsey) Law 2008. Our responsibility is to express a conclusion on this consolidated condensed 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 consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and a manner required by the Companies (Guernsey) Law 2008.

**CHARTERED ACCOUNTANTS**

**14 February 2011**

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P O Box 453, Harare, Zimbabwe  
T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com*

T I Rwodzi – Senior Partner  
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

**ZIMPLATS HOLDINGS LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
as at 31 December 2010

		<b>Group</b>		
	Notes	<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		597 308	538 562	562 598
Available-for-sale financial assets		61	54	63
Other receivables	1	31 767	31 514	29 403
<b>Total non-current assets</b>		<u>629 136</u>	<u>570 130</u>	<u>592 064</u>
<b>Current assets</b>				
Inventories		48 959	44 370	45 380
Trade and other receivables	1	115 779	83 735	94 148
Cash and cash equivalents		64 052	14 122	81 179
<b>Total current assets</b>		<u>228 790</u>	<u>142 227</u>	<u>220 707</u>
<b>Total assets</b>		<u><u>857 926</u></u>	<u><u>712 357</u></u>	<u><u>812 771</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital and share premium	2	99 929	99 929	99 929
Reserves	3	524 501	344 430	439 030
		<u>624 430</u>	<u>444 359</u>	<u>538 959</u>
<b>Non-current liabilities</b>				
Deferred taxation		79 480	49 840	63 828
Mine rehabilitation provision		15 133	13 100	14 434
Borrowings	4	35 268	102 086	105 531
<b>Total non-current liabilities</b>		<u>129 881</u>	<u>165 026</u>	<u>183 793</u>
<b>Current liabilities</b>				
Borrowings	4	40 041	32 661	26 811
Trade and other payables		63 574	60 208	63 208
Taxation		-	10 103	-
<b>Total current liabilities</b>		<u>103 615</u>	<u>102 972</u>	<u>90 019</u>
<b>Total equity and liabilities</b>		<u><u>857 926</u></u>	<u><u>712 357</u></u>	<u><u>812 771</u></u>

**ZIMPLATS HOLDINGS LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
for the half year ended 31 December 2010

	<b>Group</b>		
	<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>
Revenue	249 967	172 027	403 953
Cost of sales	<u>( 98 281)</u>	<u>( 83 196)</u>	<u>( 171 949)</u>
<b>Gross profit</b>	151 686	88 831	232 004
Other net expenses	( 8 715)	( 8 330)	( 7 838)
Operating expenses	<u>( 35 262)</u>	<u>( 19 183)</u>	<u>( 51 239)</u>
<b>Profit from operations</b>	107 709	61 318	172 927
Net finance expense	( 6 585)	( 2 793)	( 6 356)
Interest expense	<u>( 9 040)</u>	<u>( 2 903)</u>	<u>( 7 783)</u>
Interest income	<u>2 455</u>	<u>110</u>	<u>1 427</u>
<b>Profit before taxation</b>	<u>101 124</u>	<u>58 525</u>	<u>166 571</u>
Taxation	<u>( 15 653)</u>	<u>( 30 596)</u>	<u>( 44 501)</u>
<b>Net profit for the period</b>	85 471	27 929	122 070
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	-	-	( 9)
Available-for-sale-financial assets:			
Gains arising during the period	-	1 363	408
Reclassification of adjustments for losses included in profit/loss	-	-	1 676
Income tax relating to components of other comprehensive income	<u>-</u>	<u>( 100)</u>	<u>( 353)</u>
Other comprehensive income, net of tax	<u>-</u>	<u>1 263</u>	<u>1 722</u>
<b>Total comprehensive income for the period</b>	<u><u>85 471</u></u>	<u><u>29 192</u></u>	<u><u>123 792</u></u>
Basic earnings per share (cents)	79.41	25.95	113.41
Diluted earnings per share (cents)	70.62	23.08	100.86

**ZIMPLATS HOLDINGS LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
for the half year ended 31 December 2010

	Share capital US\$ 000	Share premium US\$ 000	Foreign currency translation reserve US\$ 000	Acquisition equity reserve US\$ 000	Revaluation reserve US\$ 000	Available-for- sale- investments reserve US\$ 000	Accumulated profit US\$ 000	Total US\$ 000
<b>GROUP</b>								
<b>Balances at 30 June 2009</b>	10 763	89 166	( 18 210)	( 10 045)	26 026	( 1 731)	319 198	415 167
Capital reserve release	-	-	-	-	( 1 491)	-	1 491	-
Total comprehensive income/(loss) for the year	-	-	( 9)	-	-	1 731	122 070	123 792
Profit for the year	-	-	-	-	-	-	122 070	122 070
Other comprehensive income	-	-	( 9)	-	-	1 731	-	1 722
<b>Balances at 30 June 2010</b>	10 763	89 166	( 18 219)	( 10 045)	24 535	-	442 759	538 959
Capital reserve release	-	-	-	-	( 831)	-	831	-
Total comprehensive income for the year	-	-	-	-	-	-	85 471	85 471
Profit for the year	-	-	-	-	-	-	85 471	85 471
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Balances at 31 December 2010</b>	10 763	89 166	( 18 219)	( 10 045)	23 704	-	529 061	624 430

**ZIMPLATS HOLDINGS LIMITED**  
**STATEMENTS OF CASH FLOWS**  
for the half year ended 31 December 2010

	<b>Group</b>		
	<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>
<b>Operating activities</b>			
Cash generated from operations	96 717	37 938	168 946
Interest received	2 455	110	1 427
Interest paid	( 9 040)	( 2 903)	( 7 662)
Income tax and withholding taxation paid	-	-	( 23 485)
<b>Cash inflow from operating activities</b>	<u>90 132</u>	<u>35 145</u>	<u>139 226</u>
<b>Investing activities</b>			
Proceeds from disposal of assets	114	33	336
Proceeds from disposal of available-for-sale financial assets	-	1 337	1 337
Acquisition of property, plant and equipment excluding movement in the rehabilitation asset	( 50 340)	( 54 127)	( 90 704)
<b>Cash out flows from investing activities</b>	<u>( 50 226)</u>	<u>( 52 757)</u>	<u>( 89 031)</u>
<b>Financing activities</b>			
Finance lease liability repayments	( 750)	( 665)	( 1 379)
Repayment of interest bearing loans and borrowings	( 56 283)	( 6 316)	( 12 632)
Proceeds of interest bearing loans and borrowings	-	22 309	28 589
<b>Cash (out)/in flows from financing activities</b>	<u>( 57 033)</u>	<u>15 328</u>	<u>14 578</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<u>( 17 127)</u>	<u>( 2 284)</u>	<u>64 773</u>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year	81 179	16 406	16 406
(Decrease)/increase in cash and cash equivalents	( 17 127)	( 2 284)	64 773
<b>Cash and cash equivalents at end of the year</b>	<u>64 052</u>	<u>14 122</u>	<u>81 179</u>

**ZIMPLATS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2010

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**ACCOUNTING POLICIES**

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 2010 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 2010 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 available-for-sale value through other comprehensive income. 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 2010

	<b>Group</b>		
	<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>
<b>1 TRADE AND OTHER RECEIVABLES</b>			
<b>Non-current</b>			
Amount due	29 403	34 130	34 130
Unwinding of interest	2 364	-	1 308
Fair value loss	-	( 2 616)	( 6 035)
Other receivables	31 767	31 514	29 403
	a)		
<b>Current</b>			
Trade receivables due from related parties	78 529	59 461	54 660
Other receivables	9 884	5 799	8 200
Prepayments	19 086	18 475	19 314
Zimbabwe Revenue Authority	8 280	-	11 974
	<u>115 779</u>	<u>83 735</u>	<u>94 148</u>

- a) Prior to the "dollarisation of" the Zimbabwe economy in February 2009, the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited brought funds into the country to fund Zimbabwe dollar expenses, ahead of time. The funds were placed with the Reserve Bank of Zimbabwe until such time that they were required and drawings were then made in Zimbabwe dollars. In February 2009, the Zimbabwe dollar ceased to be a functional currency and at that time the outstanding balance of funds placed with the Reserve Bank of Zimbabwe amounted to \$34 130 000 (\$29 403 288 after fair value adjustment). The fair value has been based on a risk free rate of 10% plus a risk premium of 5% per annum. The Reserve Bank of Zimbabwe has acknowledged the full indebtedness and recommended to the Government of Zimbabwe that it assumes the debt. The assumption of the debt and the terms thereof have not yet been agreed with the Government of Zimbabwe.

**2 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. 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.

**ZIMPLATS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2010

		<b>Group</b>		
		<b>6 mths to</b>	<b>6 mths to</b>	<b>Year to</b>
		<b>31-Dec-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>
		<b>(reviewed)</b>	<b>(reviewed)</b>	<b>(audited)</b>
		US\$ 000	US\$ 000	US\$ 000
<b>3</b>	<b>RESERVES</b>			
	Foreign currency translation reserve	a) (18 219)	(18 210)	(18 219)
	Asset revaluation reserve	b) 23 704	25 314	24 535
	Acquisition equity reserve	c) (10 045)	(10 045)	(10 045)
	Available-for-sale investments reserve	d) -	( 468)	-
	Retained earnings	e) 529 061	347 839	442 759
		<u>524 501</u>	<u>344 430</u>	<u>439 030</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.
- c) On 5 November 2004, shareholders approved the acquisition of Impala Platinum Holdings Limited's 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 available-for-sale financial assets held.
- e) Represents accumulated profits to 31 December 2010.

**4 INTEREST BEARING LOANS AND BORROWINGS**

**Non-current**

Standard Bank of South Africa	a)	32 307	97 865	101 739
Finance lease liability	b)	2 961	4 221	3 792
		<u>35 268</u>	<u>102 086</u>	<u>105 531</u>

**Current**

Standard Bank of South Africa	a)	38 409	31 263	25 260
Finance lease liability	b)	1 632	1 398	1 551
		<u>40 041</u>	<u>32 661</u>	<u>26 811</u>

Total borrowings		<u>75 309</u>	<u>134 747</u>	<u>132 342</u>
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- a) Zimbabwe Platinum Mines (Private) Limited has secured two loan facilities from the Standard Bank of South Africa Limited to finance the completion of the Ngezi Phase 1 Expansion Project. Loan # 1 is denominated in US\$ for \$80 million and bears interest at LIBOR plus 700 basis points. The loan is repayable in twelve equal quarterly instalments commencing in December 2009 and will be fully repaid by December 2012.

Loan # 2 is denominated in ZAR for ZAR500 million and bears interest at JIBAR plus 700 basis points. This loan is repayable in ten equal half yearly instalments commencing in December 2010 and will be fully repaid by June 2015.

Both loans are secured by cessions over cash, debtors and revenues. Impala Platinum Holdings Limited has provided political and commercial guarantees in favour of the Standard Bank of South Africa for both loan facilities.

Over and above the scheduled loan repayments a \$40 million early repayment of the two loans was made in December 2010.

- b) This liability is secured by two finance lease agreement in respect of ore haulage vehicles. On the first agreement, the effective interest rate is 12% per annum with annual instalments of \$2 081 676 which 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 second lease is subject to interest at 8% per annum with a minimum annual instalment of \$94 362 which commenced on 1 July 2009 with the final payment on 30 June 2014.

**ZIMPLATS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2010

	<b>Group</b>		
	<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>
<b>5 TAXATION</b>			
Current income tax	-	23 485	23 485
Current year	-	-	-
Prior years	-	23 485	23 485
Deferred tax	15 653	7 111	21 016
Taxation provided	<u>15 653</u>	<u>30 596</u>	<u>44 501</u>

In 2009 it was reported that an objection had been lodged against an Additional Profits Tax (APT) assessment for \$28 182 032 including penalty raised against the operating subsidiary by the Zimbabwe Revenue Authority (Zimra) for the 2007 year. Despite the written undertakings given to the company by the Government of Zimbabwe in 2001 that the company would be exempt from the tax, the responsible Minister ruled that the tax is payable. The board accepted the ruling and the principal tax liability of \$ 23 485 027 was paid. Due to significant capital allowances from 2008 to 2010, APT did not arise in those years.

In December 2010, Zimra issued an amended APT assessment in respect of the 2001 to 2007 years in which they disallowed the deduction of income tax assessed losses in the derivation of net cash receipts. APT is payable when net cash receipts as defined, is positive. The effect of the disallowance was to increase the previously assessed APT liability by \$26.9 million to \$50.4 million.

It is the board view that the amendment of the APT assessment is based on incorrect interpretation of the provisions of the Income Tax Act. An objection to the amended assessment has been lodged and in the event that the response to the objection is negative, it is the board's intention to seek legal redress.

**6 CASH GENERATED FROM OPERATIONS**

Reconciliation of profit before taxation to cash generated from operations:

Profit before taxation	101 124	58 525	166 571
Adjustments for:	22 801	11 177	38 892
Depreciation of property, plant and equipment	16 238	10 996	24 303
Net finance expense	6 585	2 793	6 356
Fair value gain/(loss)of available-for-sale financial assets	-	(2 616)	1 731
Fair value loss	-	-	6 575
Foreign currency translation reserve	-	-	(9)
(Gain)/loss on disposal of property, plant and equipment	( 22)	4	( 64)
Changes in working capital:	(27 208)	(31 764)	(36 517)
Trade and other receivables	(23 995)	(23 319)	(38 964)
Inventories	(3 579)	(4 451)	3 441
Trade and other payables	366	(3 994)	( 994)
Cash generated from operations	<u>96 717</u>	<u>37 938</u>	<u>168 946</u>

**7 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.

Profit attributable to equity holders of the company	85 471	27 929	122 070
Weighted average number of ordinary shares in issue	107 638	107 638	107 638
Basic earnings per share US\$(cents)	<u>79.41</u>	<u>25.95</u>	<u>113.41</u>

**ZIMPLATS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2010

<b>Group</b>		
<b>6 mths to 31-Dec-10 (reviewed) US\$ 000</b>	<b>6 mths to 31-Dec-09 (reviewed) US\$ 000</b>	<b>Year to 30-Jun-10 (audited) US\$ 000</b>

**7 EARNINGS PER SHARE (Continued)**

**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 13 390 423 ordinary shares once the requisite funding is available.

Profit attributable to equity holders of the company	85 471	27 929	122 070
Weighted average number of ordinary shares in issue	107 638	107 638	107 638
Adjustment for empowerment shares	13 390	13 390	13 390
Weighted average number of ordinary shares for diluted earnings per share	121 028	121 028	121 028
Diluted earnings per share US\$(cents)	<u>70.62</u>	<u>23.08</u>	<u>100.86</u>

**8 CAPITAL COMMITMENTS**

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

General capital replacement	19 097	13 757	18 915
Ngezi expansion Phase 1	2 033	8 287	41 088
Ngezi expansion Phase II	71 507	-	-
Ngezi Phase III feasibility study	934	-	13 430
	<u>93 571</u>	<u>22 044</u>	<u>73 433</u>

In May 2010 the board authorised a total of \$450 million to be incurred on the Ngezi Expansion Phase II project over the period to 2014, funding arrangements for which are in place.

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

**9 RELATED PARTY TRANSACTIONS AND BALANCES**

**Revenue**

Sales of matte to Impala Refining Services Limited	<u>249 967</u>	<u>172 027</u>	<u>403 953</u>
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The Group's only customer is Impala Refining Services Limited, which is a fellow wholly owned subsidiary of Impala Platinum Holdings Limited. Sales thereto are based on a long term agreement.

The Group had an outstanding trade receivable balance as at 31 December 2010 amounting to \$78 529 088 (2009: \$59 461 315) with one of its fellow subsidiary companies.