

IMPALA PLATINUM HOLDINGS LIMITED - Summarised consolidated annual results year ended 30 June 2013

IMP 201308290008A
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Impala Platinum Holdings Limited
(Incorporated in the Republic of South Africa)
Registration No. 1957/001979/06
Share code: JSE: IMP
ISIN: ZAE00083648
ADRs: IMPUY
(Implats or the Company or the Group)
Summarised consolidated annual results year ended 30 June 2013

Commentary

Introduction

The platinum industry is facing extremely tough times with static platinum group metal (PGM) basket prices, low productivity, cost pressures and industrial relations challenges. The Impala team has, during the course of the year, come to grips with its particular operational and industrial relations challenges and has reviewed its plans to focus and deliver on, among other things, safety, health and production. We aim to do this with the necessary respect and care, deserving of our stakeholders.

Market review

Global economic conditions continued to impact on the PGM markets, with US\$ prices for all our major metals lower than the prior year. This was impacted by higher than anticipated global above-ground inventories. For calendar year 2012, the platinum market moved into a deficit of half-a-million ounces on the back of reduced primary supply from South Africa and a marginal increase in demand from the automotive sector. Non-automotive industrial demand was lower reflecting weak economic conditions but an uptick in jewellery offtake helped support the market. The anaemic pricing environment stunted any growth from the recycle sector.

On a more positive development, the recent launch of the local Absa Platinum ETF has seen the uptake of nearly 600 000 ounces of metal thereby removing some of the surplus above-ground inventories from the market, although this could ultimately become a future source of supply.

Palladium demand continued to grow on the back of stronger US and Chinese automotive sales combined with positive investor sentiment. This drove the market towards a sizable deficit of nearly 900 000 ounces. The deficit was compounded by a reduction in Russian stock deliveries adding to the belief that future liquidation from this source will be limited.

We anticipate further growth in global vehicle sales of 3- 4% per annum, which when combined with tightening emission standards, should provide a solid foundation for increased demand for our metals. This will result in deficit markets for platinum and palladium which will not easily be met from increases in primary supply, particularly from South Africa where operational challenges and the lack of capital investment by the industry will continue to suppress supply into the foreseeable future. This should prove positive for prices in the medium to long term.

Safety review

Safety improved across all leading and lagging indicators for the Group. The fatal injury frequency rate improved by 25.3% to 0.065 per million man-hours worked and there were no fall-of-ground fatal accidents, which is a considerable achievement. The lost-time injury frequency rate improved by 15.1% to 4.21 per million man-hours worked. Regrettably, we had nine fatalities during the year. The board, management and all of the Implats team extend their sincere condolences to the families and friends of the deceased.

Our safety strategy is directed at implementing the cultural transformation framework, closing the supervision gap and implementing best practice technical initiatives.

Employee relations review

During the year under review, significant progress was made towards advancing our employee relations (ER) strategy. Most significantly for the Company, in July 2013, a new recognition agreement was concluded with the Association of Mineworkers and Construction Union (AMCU) for our Rustenburg operations. The principles of the recognition agreement provide a clear framework to effectively advance the election of shop stewards. The agreement also sets the tone for the negotiation and conclusion of other critical labour arrangements and issues. Following on from this, wage negotiations have commenced.

With the signing of the new recognition agreement, the opportunity now exists to advance our ER strategy, specifically to foster a collaborative employee relations environment in the Company, and within the broader industry. This environment will afford us the opportunity to inculcate a stronger and more direct relationship with our employees while, at the same time, fostering significantly better relationships with our unions and other stakeholders.

Operational review

Gross refined platinum increased by 9% to 1.58 million ounces compared to the prior year. Mine to market output decreased by 2% to 1.21 million ounces primarily due to lower volumes from Impala. Non-managed production increased by 80% to 368 000 ounces as a result of once-off treatment for third parties. The lower volumes at Impala negatively impacted on Group unit costs, which increased by 23% to R16 570 per platinum ounce.

Impala

Ore milled increased by 2.3% to 10.9 million tonnes while refined platinum decreased by 5.5% to 709 200 ounces. Key to this performance was the milled head grades (6E) which were marginally lower at 4.32 (2012: 4.38) grams per tonne. Recoveries improved slightly to 85.3% (2012: 84.7%) as a result of better efficiency at the tails scavenging plant and lower opencast volumes milled.

Total development activity at 97.4 (2012: 96.8) kilometres increased as did on-reef development which increased by 13.6% to 29.7 kilometres. Key to optimal performance at Impala, or at any mine for that matter, is having sufficient ore reserve flexibility. The mine is currently face length constrained and only mined an average of 17.4 kilometres of face at an average panel length of 21.7 metres and a face advance of 10.3 metres per month. The key to reversing this situation is to optimise development, equipping, construction and ledging activities on existing shafts and at the newly commissioned 20 and 16 shaft complexes.

The team at Rustenburg are implementing a number of key initiatives to improve the overall performance of the mine. These initiatives are focused on planning and executing on optimal mine designs, increasing on-mine motivation and increasing the skills and knowledge of the teams. In addition, an improved mineral resource management approach has been adopted.

Impalas unit cost increased by 23.9% to R17 241 per refined platinum ounce. Above inflation wage and power cost increases, combined with lower production (resulting in lower volumes) affected unit cost.

Marula

Ore milled increased by 3.1% to 1.6 million tonnes while platinum in concentrate increased by 3.8% to 71 700 ounces. Costs per platinum ounce in concentrate increased by 19.3% mainly due to inflation of 11.5%, the employment of an additional 290 employees, unforeseen conveyor belt maintenance, trackless machinery repairs and external consulting costs. As a result of the external intervention during the first half of the year, in-stope productivities increased by 8.5%.

Zimplats

Ore milled increased by 6.6% to 4.7 million tonnes while platinum in matte increased by 5.9% to 198 100 ounces despite the smelter fire in December 2012 which necessitated a shutdown of 21 days. Platinum unit costs in matte increased by 5.5% mainly due to US\$ inflation of 6.2% offset by the increase in platinum production. The unit costs for the year were US\$1 307 (2012: US\$1 239) per platinum ounce in matte.

Mimosa

Tonnes milled at 2.4 million for the year increased by 2.5% and platinum in concentrate reduced by 5.4% to 100 300 ounces. Mimosas unit costs increased by 22.6% to US\$1 782 per platinum ounce in concentrate mainly due to the lower production, Zimbabwean inflation, the impact of a stock rebuild exercise post the 2012 fire and the higher usage of plant chemicals and reagents.

Two Rivers

Tonnes milled were 2.2% higher at 3.2 million for the year. Platinum in concentrate increased by 8.2% to 162 200 ounces. Costs per platinum ounce in concentrate increased by 8% to R11 683.

Capital expenditure and progress on major capital projects

Total capital expenditure for the year amounted to R6.4 billion (2012: R8.1 billion) with spend primarily focused on the

Impala 20 Shaft project now in build-up (R0.9 billion), the recently commissioned Impala 16 Shaft project (R1.2 billion), the Impala 17 Shaft sinking project (R0.6 billion) and the Phase 2 expansion project at Zimplats (R1.1 billion). These projects will position Implats to regain its competitive cost position and benefit from the long-term PGM market fundamentals.

The 20 Shaft project achieved 352 000 ore tonnes in 2013 and the build-up to full production of 125 000 ounces of platinum is still planned for 2018. A focus on incline and decline development to open up access levels will secure the build-up of mineable face. A total of 2 100 people (including contractors) are now employed at the complex. The shaft is currently exploiting the Merensky Reef horizon.

The 16 Shaft project was successfully and safely commissioned during June 2013. Preparations for mining operations have commenced and first stoping is expected to start in the second quarter of 2014. This shaft secures jobs for 6 500 people that are currently employed at the older generation Rustenburg shafts. Full production of 2.7 million tonnes per annum and 185 000 ounces of platinum per annum is planned for 2018. The shaft will exploit both the Merensky and UG2 Reef horizons.

The 17 Shaft project was slowed down during the year as a result of our cash preservation measures. The shaft will exploit both the Merensky and UG2 Reef horizons and production build-up is now planned to commence in 2018, some two years later than previously envisaged. Full production of 180 000 ounces of platinum should be reached in 2023.

At Zimplats, the new Phase 2 concentrator plant was successfully commissioned in April 2013. The rated throughput of the plant has been achieved and the build-up of ore reserves through the new Mupfuti portal (Portal 3) is progressing on target. Construction of the underground crusher at the portal is scheduled for commencement in January 2014 with anticipated completion by August 2014. Full production from this project of 90 000 ounces of platinum per annum is planned to be achieved in 2015, which will take total production to 270 000 ounces of platinum per annum.

Mineral resources and mineral reserves

There has been no material change to the technical information or legal title relating to the Groups mineral reserves and resources, as at 30 June 2013.

Financial performance

Revenues, at R30.0 billion, were R2.4 billion higher than those achieved in the previous period to June 2012:

- Higher sales volumes accounted for R351 million.
- Lower dollar metal prices reduced revenues by R1.7 billion.
- A weaker exchange rate of R8.80/US\$ (2012: R7.71/US\$) gave rise to a positive R3.8 billion in revenues.

Group unit costs increased from R13 450 per platinum ounce to R16 570 per ounce and were affected by:

- A R418 million cost saving during 2012 as a result of the strike and a loss of 150 000 ounces platinum.
- Mining inflation of 13.0% comprising South African operations of 11.6% and Zimbabwe operations of 20.3% including dollar inflation of 5.7% compounded by a weaker rand.
- The lower production volumes from Impala, additional costs at Zimplats due to the start of mining at the new Mupfuti mine and additional costs at Mimosa.

Headline earnings per share decreased by 52% from 685 to 330 cents per share due to operational performance at Impala, above inflation cost increases and impairments of R1.3 billion of long-term receivables (excluding the goodwill impairment for the Afplats transaction). Basic earnings per share were 168 cents which is 76% lower than the previous comparable period as a result of the impact of the write-down of approximately R1 billion of goodwill resulting from the Afplats acquisition concluded in the 2007 financial year.

Capital expenditure of R6.4 billion was mainly funded by cash generated from operations which amounted to R5.9 billion (2012: R5.0 billion) which was enhanced by the following two items not in the normal course of operations, namely:

- Debtor receipts from sale of houses R677 million; and
- Realisation of the metal received as part repayment of loans due by a recycling customer of R482 million.

The raising of the convertible bond increased cash from R0.6 billion (June 2012) to R4.5 billion at year-end. Total borrowings in the Group (excluding finance leases) increased by R4.5 billion to R6.1 billion, increasing the Groups net borrowed position from R995 million at June 2012 to R1.6 billion at year-end.

The board has decided to declare a dividend for the year of 95 cents per share which comprises an interim dividend of 35 cents per share and a final dividend of 60 cents per share. This is in line with the Implats dividend policy of 3.5 times cover.

Zimbabwean indigenisation

The termsheets setting the conditions for the proposed Indigenisation Plans for both Mimosa and Zimplats were submitted in December 2012 and January 2013 respectively. We have been notified that these termsheets need to be revisited. Discussions are ongoing. Zimplats has lodged a formal objection and a compensation claim for the compulsory land acquisition gazetted on 1 March 2013.

Prospects

We firmly believe that the demand for our metals will increase in the medium to long term driven primarily by the growth in global vehicle sales. However, future primary supply growth will remain constrained which will result in tighter market conditions leading to higher prices for our metals.

We continue to invest in our replacement projects, which are essential to restore Impalas production profile. We will maintain production in 2014 at current levels and thereafter progressively grow output to 850 000 ounces of platinum per annum by 2018. This, coupled with the completion of the Phase 2 expansion project at Zimplats, will ensure the sustainability of the Group. In this regard, capital expenditure of R5.5 billion is planned for 2014.

Declaration of final cash dividend

Notice is hereby given that a gross final dividend of 60 cents per share for the year ended 30 June 2013 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves. The number of ordinary shares in issue at the date of this declaration is 632 214 276. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend, to those shareholders who are not exempt from paying dividend tax, of 51 cents per share. There are no secondary tax on companies (STC) credits to be set off against the dividend tax. The Companies tax reference number is 9700/178/71/9. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Friday, 13 September 2013
First trading day ex dividend on the JSE	Monday, 16 September 2013
Record date	Friday, 20 September 2013
Payment date	Monday, 23 September 2013

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 a spot rate of exchange ruling on Thursday, 19 September 2013, or on the first day thereafter on which a rate of exchange is available.

A further announcement stating the Rand/GBP conversion will be released through the relevant South African and United Kingdom news services on Friday, 20 September 2013.

No share certificates may be dematerialised or rematerialised between Monday, 16 September 2013 and Friday, 20 September 2013, both days inclusive. Dividends in respect of certificated shareholders will be transferred electronically to shareholders bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on 23 September 2013.

A Parboosing
Company Secretary

Johannesburg
29 August 2013

Approval of the financial statements

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

The financial statements have been prepared under the supervision of the chief financial officer Ms B Berlin, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the

reliability of the financial statements, and to prevent and detect material misstatement and loss.

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

The financial statements have been approved by the board of directors and are signed on their behalf by:

KDK Mokhele TP Goodlace
Chairman Chief executive officer

Johannesburg
29 August 2013

Consolidated statement of financial position
as at 30 June 2013

	Notes	2013 Rm	2012 Rm
Assets			
Non-current assets			
Property, plant and equipment	5	45 969	40 169
Exploration and evaluation assets		4 294	4 294
Intangible assets		-	1 018
Investment in associates		1 136	1 021
Deferred tax		118	-
Available-for-sale financial assets		49	32
Held-to-maturity financial assets		32	49
Loans	6	287	1 227
Prepayments		10 855	11 129
		62 740	58 939
Current assets			
Inventories		8 684	7 081
Trade and other receivables		3 459	4 305
Loans	6	21	538
Prepayments		507	571
Cash and cash equivalents		5 308	1 193
		17 979	13 688
Total assets		80 719	72 627
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		15 493	15 187
Retained earnings		35 387	34 949
Other components of equity		1 157	32
		52 037	50 168
Non-controlling interest		2 579	2 307
Total equity		54 616	52 475
Liabilities			
Non-current liabilities			
Deferred tax		10 917	9 625
Borrowings	7	7 259	2 882
Liabilities		689	812
Provisions		791	757
		19 656	14 076
Current liabilities			
Trade and other payables		4 544	4 858
Current tax payable		508	176
Borrowings	7	252	121
Liabilities		332	315
Bank overdraft		811	606
		6 447	6 076
Total liabilities		26 103	20 152
Total equity and liabilities		80 719	72 627

The notes below are an integral part of these summarised financial statements.

Consolidated statement of comprehensive income
for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Revenue		30 032	27 593
Cost of sales	8	(24 980)	(21 337)
Gross profit		5 052	6 256
Other operating (expenses)/income	9	(1 912)	111
Royalty expense		(764)	(664)
Profit from operations		2 376	5 703
Finance income		223	314
Finance cost		(453)	(305)
Net foreign exchange transaction gains		207	520
Other income/(expenses)	10	35	(99)
Share of profit of associates		163	117
Profit before tax		2 551	6 250
Income tax expense		(1 476)	(1 951)
Profit for the period		1 075	4 299
Other comprehensive income, comprising items subsequently reclassified to profit or loss:			
Available-for-sale financial assets		12	(3)
Deferred tax thereon		-	-
Exchange differences on translating foreign operations		1 818	1 356
Deferred tax thereon		(509)	(379)
Other comprehensive income, comprising of items not subsequently reclassified to profit or loss:			
Actuarial loss on post-employment medical benefit		(6)	(4)
Deferred tax thereon		2	1
Total comprehensive income		2 392	5 270
Profit attributable to:			
Owners of the Company		1 022	4 180
Non-controlling interest		53	119
		1 075	4 299
Total comprehensive income attributable to:			
Owners of the Company		2 143	5 010
Non-controlling interest		249	260
		2 392	5 270
Earnings per share (cents per share):			
Basic		168	690
Diluted		168	689

For headline earnings per share and dividend per share refer notes 11 and 12. The notes below are an integral part of these summarised financial statements.

Consolidated statement of cash flows
for the year ended 30 June 2013

	2013 Rm	2012 Rm
Cash flows from operating activities		
Profit before tax	2 551	6 250
Adjustments to profit before tax	5 164	1 499
Cash from changes in working capital	(487)	(1 133)
Exploration cost	(47)	(63)
Finance cost	(150)	(150)

Income tax paid	(1 093)	(1 425)
Net cash from operating activities	5 938	4 978
Cash flows from investing activities		
Purchase of property, plant and equipment	(6 360)	(7 284)
Proceeds from sale of property, plant and equipment	102	52
Purchase of investment in subsidiary	(57)	-
Purchase of investment in associate	-	(5)
Payment received from associate on shareholders loan	49	22
Proceed from sale of held-to-maturity investment	21	-
Loans granted	(7)	(120)
Loan repayments received	30	509
Prepayments made	-	(233)
Prepayments refunded	-	11
Finance income	218	281
Dividends received	6	9
Net cash used in investing activities	(5 998)	(6 758)
Cash flows from financing activities		
Issue of ordinary shares	36	877
Repayments of borrowings	(172)	(241)
Proceeds from borrowings	4 638	464
Dividends paid to Companies shareholders	(580)	(3 364)
Net cash used in financing activities	3 922	(2 264)
Net increase/(decrease) in cash and cash equivalents	3 862	(4 044)
Cash and cash equivalents at beginning of year	587	4 542
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	48	89
Cash and cash equivalents at end of year*	4 497	587

* Net of bank overdraft.

The notes below are an integral part of these summarised financial statements.

Consolidated statement of changes in equity
for the year ended 30 June
2013

	Number of shares issued (million)*	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Total share capital Rm	Retained earnings Rm
Balance at 30 June 2012	606.57	16	13 099	2 072	15 187	34 949
Shares issued						
Implats Share Incentive Scheme	0.18	-	12	-	12	-
Employee Share Ownership Programme	0.16	-	24	-	24	-
Convertible bonds	-	-	228	-	228	-
Share-based compensation						
Long-term Incentive Plan	-	-	-	42	42	-
Profit for the year	-	-	-	-	-	1 022
Other comprehensive income	-	-	-	-	-	(4)
Transaction with non-controlling shareholders	-	-	-	-	-	-
Dividends (note 12)	-	-	-	-	-	(580)
Balance at 30 June 2013	606.91	16	13 363	2 114	15 493	35 387
Balance at 30 June 2011	600.99	15	12 223	1 990	14 228	34 136
Shares issued						
Implats Share Incentive Scheme	0.13	-	8	-	8	-
Employee Share Ownership Programme	5.45	1	868	82	951	-
Profit for the year	-	-	-	-	-	4 180
Other comprehensive income	-	-	-	-	-	(3)
Dividends (note 12)	-	-	-	-	-	(3 364)
Balance at 30 June 2012	606.57	16	13 099	2 072	15 187	34 949

* The table above excludes the treasury shares, Morokotso Trust and the Implats Share Incentive Scheme as these special-purpose vehicles are consolidated.

The notes below are an integral part of these summarised financial statements.

Consolidated statement of changes in equity (continued)
for the year ended 30 June
2013

	Fair value reserve Rm	Foreign currency translation reserve Rm	Total other components of equity Rm	Attributable to: Owners of the Company Rm	Non- controlling interest Rm	Total equity Rm
Balance at 30 June 2012	(12)	44	32	50 168	2 307	52 475
Shares issued						
Implats Share Incentive Scheme	-	-	-	12	-	12
Employee Share Ownership Programme	-	-	-	24	-	24
Convertible bonds	-	-	-	228	-	228
Share-based compensation						
Long-term Incentive Plan	-	-	-	42	-	42
Profit for the year	-	-	-	1 022	53	1 075
Other comprehensive income	12	1 113	1 125	1 121	196	1 317
Transaction with non-controlling shareholders	-	-	-	-	23	23
Dividends (note 12)	-	-	-	(580)	-	(580)
Balance at 30 June 2013	-	1 157	1 157	52 037	2 579	54 616
Balance at 30 June 2011	(9)	(792)	(801)	47 563	2 047	49 610
Shares issued						
Implats Share Incentive Scheme	-	-	-	8	-	8
Employee Share Ownership Programme	-	-	-	951	-	951
Profit for the year	-	-	-	4 180	119	4 299
Other comprehensive income	(3)	836	833	830	141	971
Dividends (note 12)	-	-	-	(3 364)	-	(3 364)
Balance at 30 June 2012	(12)	44	32	50 168	2 307	52 475

* The table above excludes the treasury shares, Morokotso Trust and the Implats Share Incentive Scheme as these special-purpose vehicles are consolidated.

The notes below are an integral part of these summarised financial statements.

Segment information
for the year ended 30 June 2013

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

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

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

Sales to the two largest customers in the Impala mining segment comprised 13% each (2012: 10% and 12%) of total sales. The statement of comprehensive income shows the movement from gross profit to total profit before income tax.

Summary of business segments:

2013		2012	
Revenue Rm	Gross profit Rm	Revenue Rm	Gross profit Rm

Mining				
Impala	29 110	2 315	27 029	2 894
Mining	14 588	2 097	13 009	2 889
Metals purchased	14 522	218	14 020	5
Zimplats	4 159	1 451	3 665	1 589
Marula	1 404	(216)	1 197	(80)
Mimosa	1 290	314	1 201	449
Afplats	-	(2)	-	(1)
Inter-segment adjustment	(6 581)	(157)	(5 796)	140
External parties	29 382	3 705	27 296	4 991
Refining services	14 696	1 397	14 069	1 335
Inter-segment adjustment	(14 227)	(88)	(13 772)	(70)
External parties	469	1 309	297	1 265
Chrome processing	181	38		
Total external parties	30 032	5 052	27 593	6 256

	2013		2012	
	Capital expenditure Rm	Total assets Rm	Capital expenditure Rm	Total assets Rm
Mining				
Impala	4 390	52 231	5 269	45 149
Zimplats	1 449	10 971	2 137	8 394
Marula	125	3 115	223	3 268
Mimosa	133	2 345	248	1 979
Afplats	215	6 677	265	7 514
Total mining	6 312	75 339	8 142	66 304
Refining services	-	3 759	-	4 972
Chrome processing	79	159	-	-
Other	-	1 462	-	1 351
Total	6 391	80 719	8 142	72 627

Notes to the financial information
for the year ended 30 June 2013

1. General information

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

The Company has its listing on the Johannesburg Stock Exchange.

The summarised consolidated financial information was approved for issue on 29 August 2013 by the Board of directors.

2. Audit opinion

The consolidated financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2013 from which these summarised consolidated financial statements have been derived have been audited by PricewaterhouseCoopers Inc. Their unqualified audit opinion is available for inspection at the Company's registered office. These summarised consolidated financial statements have themselves not been audited.

3. Basis of preparation

The summarised consolidated financial statements for the year ended 30 June 2013 have been prepared in accordance with the JSE Limited's requirements for summarised financial statements, and the requirements of the Companies Act applicable to summarised financial statements. The JSE Limited requires summarised financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The summarised consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 30 June 2013, which have been prepared in accordance with IFRS. The summarised consolidated financial information has been prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which are measured at fair value and liabilities for cash-settled share-based payment arrangements which are measured with a binomial option model.

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

4. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the consolidated financial statements for the year ended 30 June 2012. No revised and new standards were adopted during the year.

5. Property, plant and equipment

	2013 Rm	2012 Rm
Opening net book amount	40 169	33 137
Additions	6 248	8 104
Additions through business combination	79	-
Interest capitalised	64	38
Disposals	(48)	(579)
Depreciation (note 8)	(2 424)	(1 708)
Exchange adjustment on translation	1 881	1 177
Closing net book amount	45 969	40 169

Capital expenditure approved at 30 June 2013 amounted to R20.1 billion (2012: R23.3 billion), of which R2.8 billion (2012: R4.3 billion) is already committed. This expenditure will be funded internally and, if necessary, from borrowings.

6. Loans

	2013 Rm	2012 Rm
Summary- Balances		
Employee housing	44	39
Advances	-	1 402
Reserve Bank of Zimbabwe	248	308
Contractors	16	16
	308	1 765
Short-term portion	(21)	(538)
Long-term portion	287	1 227
Summary- Movement		
Beginning of the year	1 765	2 469
Loans granted during the year	7	123
Interest accrued	37	76
Impairment	(1 149)	(378)
Repayment received	(364)	(963)
Exchange adjustment	12	438
End of the year	308	1 765

7. Borrowings

	2013 Rm	2012 Rm
Summary- Balances		
Standard Bank Limited- BEE partners Marula	876	882
Standard Bank Limited- Zimplats Loan 2	1 037	637
Stanbic	33	63
Convertible bonds- ZAR	2 365	-
Convertible bonds- US\$	1 803	-
Finance leases	1 397	1 421
	7 511	3 003
Short-term portion	(252)	(121)
Long-term portion	7 259	2 882
Summary- Movement		
Beginning of the year	3 003	1 842
Proceeds	4 146	464

Leases capitalised	(20)	769
Interest accrued	344	210
Repayments	(314)	(372)
Exchange adjustment	352	90
End of the year	7 511	3 003

During the financial year, ZAR and US\$ denominated bonds were issued

- The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of R214.90. The value of this compound instruments equity portion relating to conversion is R319 million (before tax). Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 8.5% (2012: nil).

- The US\$ denominated bonds have a par value of US\$200 million and carry a coupon of 1% (US\$2 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of \$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 3.1% (2012: nil).

	2013 Rm	2012 Rm
8. Cost of sales		
Included in cost of sales:		
On-mine operations	12 566	10 213
Wages and salaries	7 301	5 811
Materials and consumables	4 453	3 697
Utilities	812	705
Concentrating and smelting operations	3 200	2 777
Wages and salaries	655	561
Materials and consumables	1 614	1 375
Utilities	931	841
Refining operations	941	883
Wages and salaries	413	390
Materials and consumables	414	392
Utilities	114	101
Other cost	732	734
Corporate costs	397	415
Selling and promotional expenses	335	319
Share-based compensation	(98)	(373)
Chrome operation	137	-
Depreciation of operating assets (note 5)	2 424	1 708
Metals purchased	6 571	6 855
Change in metal inventories	(1 493)	(1 460)
	24 980	21 337
The following disclosure items are included in cost of sales:		
Audit remuneration	17	14
Audit services	6	2
Other services	11	12
Repairs and maintenance expenditure on property, plant and equipment	1 340	1 119
Operating lease rentals	38	49
9. Other operating expenses/(income)		
Other operating expenses comprise the following principal categories:		
Profit on disposal of property, plant and equipment	(86)	(40)
Rehabilitation provision- change in estimate	(32)	(1)
Impairment	2 330	378
Trade payables- commodity price adjustment	(331)	(511)
Community development expense	38	63
Other	(7)	-
	1 912	(111)

Impairment mainly consists of goodwill R1 018 million (2012: R nil) and loans and advances to a toll refining customer R1 201 million (2012: R266 million).

During the year, items amounting to R111 million in the previous year, previously classified as other income was reclassified to other operating expenses. Corporate cost and selling and promotional expenses amounting to R377 million and R319 million respectively in the previous year, previously classified as other operating expenses was reclassified to cost of sales. This was done to better reflect the nature of these items.

	2013 Rm	2012 Rm
10. Other (income)/expense		
Exploration expenditure	47	63
Guarantee fees	(40)	(19)
Tax penalties and interest	136	-
Derivative financial instruments- Fair value movements		
- Cross currency interest rate swap	(90)	-
- US\$ bond conversion option	(106)	-
Other	18	55
	(35)	99
11. Headline earnings		
Headline earnings attributable to equity holders of the Company arises from operations as follows:		
Profit attributable to owners of the Company	1 022	4 180
Adjustments:		
Profit on disposal of property, plant and equipment	(54)	(40)
Goodwill impairment	1 018	-
Total tax effects of adjustments	15	11
Headline earnings	2 001	4 151
Weighted average number of ordinary shares in issue for basic earnings per share	606.76	606.21
Weighted average number of ordinary shares for diluted earnings per share	607.06	606.34
Headline earnings per share (cents)		
Basic	330	685
Diluted	330	685

12. Dividends

On 29 August 2013, a sub-committee of the board declared a final dividend of 60 cents per share amounting to R364.1 million for distribution in financial year 2014 in respect of financial year 2013. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend, to those shareholders who are not exempt from paying dividend tax, of 51 cents per share.

Dividends paid

Final dividend No 89 for 2012 of 60 (2011: 420) cents per share	366	2 546
Interim dividend No 90 for 2013 of 35 (2012: 135) cents per share	214	818
	580	3 364

13. Contingent liabilities and guarantees

As at the end of June 2013 the Group had bank and other guarantees of R1 112 million (2012: R965 million) from which it is anticipated that no material liabilities will arise.

14. Related party transactions

- The Group entered into PGM purchase transactions of R2 990 million (2012: R2 469 million) with Two Rivers Platinum, an associate company, resulting in an amount payable of R759 million (2012: R607 million). It also received refining fees and interest to the value of R20 million (2012: R22 million). The shareholders loan was repaid during the year (2012: R49 million).

- The Group entered into sale and leaseback transactions with Friedshelf, an associate company. At the end of the period an amount of R1 224 million (2012: R1 202 million) was outstanding in terms of the lease liability. During the year interest of R123 million (2012: R80 million) was charged and a R100 million (2012: R20 million) repayment was made. The lease has an effective interest

rate of 10.1% and 10.8%.

- The Group entered into PGM purchase transactions of R2 034 million (2012: R1 866 million) with Mimosa Investments, a joint venture, resulting in an amount payable of R572 million (2012: R503 million). It also received refining fees and interest to the value of R167 million (2012: R134 million).

These transactions are entered into on an arms length basis at prevailing market rates.

Key management compensation (fixed and variable):

	2013	2012
	R000	R000
Non-executive directors remuneration	6 969	7 435
Executive directors remuneration	35 916	25 532
Prescribed officers	20 528	13 947
Senior executives and company secretary	22 303	24 325
Total	85 716	71 239
15. Financial instruments		
Financial assets- carrying amount		
Loans and receivables	7 785	6 218
Financial instruments at fair value through profit and loss	902 (2)	241 (1)
Held-to-maturity financial assets	32	49
Available-for-sale financial assets	49 (1)	32 (1)
	7 956	6 323
Financial liabilities- carrying amount		
Financial liabilities at amortised cost	11 922	7 777
Financial instruments at fair value through profit and loss	30 (2)	24 (1)
	11 952	7 801

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

(1) Level 1 of the fair value hierarchy- Quoted prices in active markets for the same instrument

(2) Level 2 of the fair value hierarchy- Significant inputs are based on observable market data

16. Zimbabwe indigenisation

On 14 December 2012 Implats announced that its 50% held joint venture Mimosa had concluded a non-binding termsheet in respect of a proposed indigenisation implementation plan (IIP) with the Government of Zimbabwe (as represented by the Minister of Youth Development, Indigenisation and Empowerment). On 11 January 2013 Implats further announced that its 87% held subsidiary, Zimplats, had similarly concluded a non-binding termsheet in respect of a proposed IIP. The respective termsheets referred to above stipulate the key terms, subject to certain conditions precedent, for the sale by Mimosa and Zimplats of an aggregate 51% equity ownership of Mimosa Pvt and Zimbabwe Pvt respectively to select indigenous entities. At the date of this report the definitive transaction agreements have not yet been negotiated and concluded, but could critically affect the accounting treatment of these investments in future. The effective date of these transactions will be the date on which the conditions precedent are fulfilled. The Company has subsequently been informed that the Government of Zimbabwe wishes to review the termsheet and discussions in this regard are ongoing.

Operating statistics

		Year ended	Year ended
		30 June	30 June
		2013	2012
Gross refined production			
Platinum	(000oz)	1 582	1 448
Palladium	(000oz)	1 020	950
Rhodium	(000oz)	220	210
Nickel	(t)	16 018	15 339
IRS metal returned (toll refined)			
Platinum	(000oz)	189	121
Palladium	(000oz)	190	148
Rhodium	(000oz)	36	25
Nickel	(t)	3 193	3 093
Sales volumes			
Platinum	(000oz)	1 333	1 368
Palladium	(000oz)	859	765
Rhodium	(000oz)	176	183
Nickel	(t)	14 673	13 916
Prices achieved			
Platinum	(US\$/oz)	1 551	1 614
Palladium	(US\$/oz)	676	687
Rhodium	(US\$/oz)	1 143	1 601
Nickel	(US\$/t)	16 437	19 513
Consolidated statistics			
Average exchange rate achieved	(R/US\$)	8.80	7.71
Closing exchange rate for the period	(R/US\$)	9.88	8.17
Revenue per platinum ounce sold	(US\$/oz)	2 528	2 601
	(R/oz)	22 246	20 054
Tonnes milled ex mine	(000t)	18 399	17 788
PGM refined production	(000oz)	3 233	3 016
Capital expenditure	(Rm)	6 391	8 142
Group unit cost per platinum ounce	(US\$/oz)	1 879	1 737
	(R/oz)	16 570	13 450

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