IMPLATS
Distinctly Platinum

IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 1957/001979/06
Share code: IMP/IMPO ISIN: ZAE 000003554
LSE: IPLA ADR's IMPUY

("Implats" or "the company")

CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

R4.3 billion cash to be returned to shareholders through interim and special dividends

Key Features

SALES INCREASED BY 28% TO
R7.9 BILLION

GROUP PRODUCTION UP 7% TO
938,000 OUNCES OF PLATINUM

HEADLINE EARNINGS INCREASED BY 78%
TO R28.06 PER SHARE

INTERIM DIVIDEND OF R10 PER SHARE,
DOUBLED FROM THE PREVIOUS YEAR

SPECIAL DIVIDEND OF R55 PER SHARE
DECLARED

REVENUE PER PLATINUM OUNCE UP BY
24% IN RAND TERMS AND 18%
IN DOLLAR TERMS

MARGINS IMPROVE FROM 33% TO 42%

GROUP UNIT COSTS CONTAINED
TO A 4.2% INCREASE

ANNOUNCEMENT OF BEE TRANSACTION
WITH ROYAL BAFOKENG RESOURCES
AND IMPLATS EMPLOYEES

Income statement

(all amounts in Rand million unless otherwise stated)	**Six months to 31 December 2005 (Unaudited)**	Six months to 31 December 2004 (Unaudited)	% change	Year to 30 June 2005 (Audited)
Sales	**7,920.2**	6,188.4	28.0	12 540,8
On-mine operations	**(2,313.5)**	(2,024.3)	(14.3)	(4,109.5)
Concentrating and smelting operations	**(566.8)**	(526.3)	(7.7)	(1,043.3)
Refining operations	**(282.4)**	(247.2)	(14.2)	(502.1)
Amortisation of mining assets	**(334.0)**	(276.4)	(20.8)	(628.8)
Metals purchased	**(1,633.6)**	(1,157.9)	(41.1)	(2,488.9)
Increase in metal inventories	**514.8**	65.4	687.2	454.8
Cost of sales	**(4,615.5)**	(4,166.7)	(10.8)	(8,317.8)
Gross profit	**3,304.7**	2,021.7	63.5	4,223.0
Net foreign exchange transaction (losses)/gains	**(76.5)**	(316.2)	75.8	32.5
Other operating expenses	**(154.7)**	(154.3)	(0.3)	(318.9)
Other (expense)/income	**(125.1)**	73.2	(270.9)	292.2
Interest income and other gains – net	**168.6**	106.9	57.7	249.8
Finance costs	**(10.2)**	(37.0)	72.4	(54.3)
Share of profit of associates	**40.8**	204.2	(80.0)	203.7
Royalty expense	**(379.1)**	(231.2)	(64.0)	(414.9)
Profit from sale of investment in Lonplats*	**–**	3,156.2	–	3,155.0
Impairment of mining assets	**–**	(1,451.3)	–	(1,033.8)
Profit before tax	**2,768.5**	3,372.2	(17.9)	6,334.3
Income tax expense	**(942.8)**	(358.4)	(163.1)	(1,080.4)
Profit for the period	**1,825.7**	3,013.8	(39.4)	5,253.9
Profit attributable to:				
Equity holders of the company	**1,814.7**	3,009.8	(39.7)	5,237.6
Minority interest	**11.0**	4.0	175.0	16.3
	1,825.7	3,013.8	(39.4)	5,253.9
Earnings per share (expressed in cents per share)				
– basic	**2,764**	4,529	(39.0)	7,920
– diluted	**2,757**	4,524	(39.1)	7,914
Weighted average number of shares in issue (millions)	**65.7**	66.5	(1.3)	66.1

*Comprising Western Platinum Limited and Eastern Platinum Limited ("Lonplats")

Balance sheet

(all amounts in Rand million unless otherwise stated)	**As at 31 December 2005 (Unaudited)**	As at 31 December 2004 (Unaudited)	As at 30 June 2005 (Audited)
ASSETS			
Property, plant and equipment	**10,564.9**	8,571.6	10,035.0
Investments	**1,482.0**	1,101.9	1,276.9
Other non-current assets	**625.6**	629.5	609.2
Current assets	**9,393.4**	7,338.0	8,895.3
Total assets	**22,065.9**	17,641.0	20,816.4
EQUITY			
Capital and reserves	**14,886.0**	12,120.6	14,110.3
Minority interest	**160.2**	109.5	159.8
Total equity	**15,046.2**	12,230.1	14,270.1
Provision for long-term responsibilities	**341.6**	274.4	299.5
Borrowings	**14.9**	–	–
Deferred income tax liabilities	**2,546.7**	2,067.4	2,381.1
Current liabilities	**4,116.5**	3,069.1	3,865.7
Total equity and liabilities	**22,065.9**	17,641.0	20,816.4

Segment information

Summary of business segments for the half year ended **31 December 2005:**

(all amounts in Rand million unless otherwise stated)	**Impala segment**	**Marula segment**	**Zimbabwe segment**	**Refining Services segment**	**Inter segment adjustment**	**Total**
Sales	7,606.9	201.9	656.0	2,571.3	(3,115.9)	**7,920.2**
Cost of sales	4,925.7	203.3	402.5	2,179.6	(3,095.6)	**4,615.5**
Gross profit/(loss)	2,681.2	(1.4)	253.5	391.7	(20.3)	**3,304.7**
Summary of business segments for the half year ended **31 December 2004:**						
Sales	5,993.0	132.7	476.1	1,972.1	(2,385.5)	**6,188.4**
Cost of sales	4,336.4	194.4	362.2	1,688.8	(2,415.1)	**4,166.7**
Gross profit/(loss)	1,656.6	(61.7)	113.9	283.3	29.6	**2,021.7**

Statement of changes in shareholders' equity

(all amounts in Rand million unless otherwise stated)	Attributable to equity holders of the company: Share capital	Other reserves	Retained earnings	Minority interest	**Total equity**
Balance at 31 December 2004	187.6	(708.6)	12,641.6	109.5	**12,230.1**
Impact of adopting IFRS2 (Share-based Payments) on opening retained earnings	45.0		(45.0)		**–**
Restated balance at 31 December 2004	232.6	(708.6)	12,596.6	109.5	**12,230.1**
Fair value gains, net of tax:					
– Available-for-sale financial investments		88.2			**88.2**
Currency translation differences, net of tax		148.7		8.6	**157.3**
Net income recognised directly in equity		236.9		8.6	**245.5**
Profit for the half year			2,231.6	12.3	**2,243.9**
Total recognised income for the half year		236.9	2,231.6	20.9	**2,489.4**
Employee share option scheme:					
– Proceeds from shares issued	46.3				**46.3**
– Fair value of employee service	9.9				**9.9**
Purchase of treasury shares by subsidiary	(168.4)				**(168.4)**
Interim dividend relating to 2005			(332.2)		**(332.2)**
Transactions with minorities:					
– Purchase of additional shares in Zimplats Holdings Limited		(34.4)		29.4	**(5.0)**
	(112.2)	(34.4)	(332.2)	29.4	**(449.4)**
Balance at 30 June 2005	120.4	(506.1)	14,496.0	159.8	**14,270.1**
Fair value gains, net of tax:					
– Available-for-sale financial investments		100.2			**100.2**
Currency translation differences, net of tax		(100.0)		(9.5)	**(109.5)**
Net income recognised directly in equity		0.2		(9.5)	**(9.3)**
Profit for the half year			1,814.7	11.0	**1,825.7**
Total recognised income for the half year		0.2	1,814.7	1.5	**1,816.4**
Employee share option scheme:					
– Proceeds from shares issued	136.2				**136.2**
– Fair value of employee service	6.9				**6.9**
Final dividend relating to 2005			(1,181.9)		**(1,181.9)**
Transactions with minorities:					
– Purchase of additional shares in Zimplats Holdings Limited		(0.4)		(1.1)	**(1.5)**
	143.1	(0.4)	(1,181.9)	(1.1)	**(1,040.3)**
Balance at 31 December 2005	263.5	(506.3)	15,128.8	160.2	**15,046.2**

Cash flow statement

(all amounts in Rand million unless otherwise stated)	**Six months to 31 December 2005 (Unaudited)**	Six months to 31 December 2004 (Unaudited)	Year to 30 June 2005 (Audited)
Net cash from operating activities	**2,398.7**	958.5	2,787.0
Cash from the sale of Lonplats	**–**	4,919.8	4,919.8
Net cash used in other investing activities	**(845.1)**	(1,339.9)	(2,420.7)
Net cash used in financing activities	**(1,028.3)**	(2,039.4)	(2,502.7)
Increase in cash and cash equivalents	**525.3**	2,499.0	2,783.4
Cash and cash equivalents at beginning of the period	**3,984.3**	1,187.0	1,187.0
Effects of exchange rate changes on monetary assets	**(10.9)**	(14.5)	13.9
Cash and cash equivalents at end of period	**4,498.7**	3,671.5	3,984.3

Notes

The interim financial statements have been prepared using accounting policies consistent with those of the annual financial statements for the year ended 30 June 2005, except for the adoption of the standards as listed below, and conform with International Reporting Standards on Interim Financial Reporting.

The group has adopted the following accounting statements as at 1 July 2005:

- IAS 16 Property, plant and equipment (revised 2003)
- IAS 21 The effects of changes in foreign exchange rates (revised 2003)
- IFRS 4 Insurance contracts
- IFRS 5 Non-current assets held for sale and discontinued operations

The adoption of these statements had no material effect on the results of the group.

Other (expenses)/income includes the following:

- Pre tax profit on sale of the Spitzkop prospecting right for R111 million.
- On 30 November 2005 Implats advised that pursuant to its review of the Ambatovy Project, it has delivered a formal notice of withdrawal under the shareholders agreement. The total amount written off was R195 million (investment in the project of R127 million and bankable feasibility study cost of R68 million).

Headline earnings per share

	Six months to 31 Dec 2005 (Unaudited)	Six months to 31 Dec 2004 (Unaudited)	% change	Year to 30 June 2005 (Audited)
– basic (expressed in cents per share)	**2,806**	1,581	77.5	4,325
– diluted (expressed in cents per share)	**2,799**	1,580	77.1	4,322

Headline earnings per share reflects after tax adjustments for the profit on sale of the Spitzkop prospecting right of R95 million, a profit on the sale of the investment in Teba of R5 million and a write off of the investment in Ambatovy of R127 million (2004: impairment of assets of R1,198 million and profit on sale of Lonplats of R3,156 million).

Capital expenditure approved at 31 December 2005 amounted to R10,847 million (2004: R9,471 million), of which R2,231 million (2004: R2,596 million) is already committed. This expenditure, over a period of 5 years, will be funded internally and, if necessary, from borrowings.

During the period under review, the group acquired an additional shareholding in Zimbabwe Platinum Holdings Limited of approximately 0.09% for R1.5 million (AU$0.3 million), taking the group's holding to 87%.

The results for the comparable period have been restated for the effect of the adoption of IFRS 2 (Share-based Payments), which reduced the earnings by R12.4 million. Basic and diluted earnings per share consequently decreased by 19 cents per share from 1,600 cents per share and 1,599 cents per share respectively.

Interim dividend no. 76 of 1,000 cents per share, amounting to R658.3 million and a special dividend of 5,500 cents per share, amounting to R3,620.9 million, was approved by the board of directors on 16 February 2006; Secondary Tax on Companies (STC) on these dividends will amount to R534.9 million.

Contingent liabilities at 31 December 2005, arising mainly from collateral security for employee housing, amounted to R3,1 million (2004: R6,7 million).

Certain guarantees from which it is anticipated that no material liabilities will arise were in place as at 31 December 2005:

– The holding company has provided a political risk guarantee for a facility, made available by ABSA to Zimbabwe Platinum Mines (Private) Limited. As at 31 December 2005, the guarantee amounted to R19,9 million (2004: R2,8 million) [(US$ 3,1 million) (2004:US$ 0,5 million)]. The loan is payable bi-annually over two years which commenced in December 2005.

– The Department of Minerals and Energy for R313,3 million (2004: R103,7 million) with respect to future environmental rehabilitation costs.

– Eskom for the amount of R17,1 million (2004: R17,1 million) for the supply of electricity.

– Registrar of Medical Aid Schemes for R5,0 million (2004: R5,0 million) on behalf of the Impala Medical Plan.

Due to uncertainties regarding the timing and amount of the guarantees, potential outflows cannot be quantified.

Operating statistics

		Six months to 31 December 2005	Six months to 31 December 2004	% change	Year to 30 June 2005
Gross refined platinum production					
Impala	(000oz)	**591**	547	8.0	1,115
IRS	(000oz)	**347**	333	4.2	733
Total	(000oz)	**938**	880	6.6	1,848
IRS metal returned (toll refined)					
Platinum	(000oz)	**145**	101	43.6	246
Palladium	(000oz)	**104**	40	160.0	160
Rhodium	(000oz)	**23**	27	(14.8)	54
Sales volumes					
Platinum	(000oz)	**833**	803	3.7	1,562
Palladium	(000oz)	**440**	394	11.7	826
Rhodium	(000oz)	**93**	91	2.2	177
Nickel	(000t)	**6.7**	7.0	(4.3)	14.6
Prices achieved					
Platinum	($/oz)	**911**	829	9.9	840
Palladium	($/oz)	**207**	221	(6.3)	208
Rhodium	($/oz)	**2,260**	1,001	125.8	1,217
Nickel	($/t)	**14,218**	13,945	2.0	14,592
Consolidated statistics					
Average exchange rate achieved	(R/$)	**6.49**	6.21	4.5	6.20
Closing exchange rate	(R/$)	**6.31**	5.63	12.1	6.66
Revenue per platinum ounce sold	(R/oz)	**9,423**	7,620	23.7	7,930
	($/oz)	**1,452**	1,227	18.3	1,279
Tonnes milled ex-mine	(000t)	**10,394**	9,646	7.8	19,315
PGM refined production	(000oz)	**1,773**	1,677	5.7	3,549
Capital expenditure	(Rm)	**948**	771	23.0	1,992
Group unit cost per platinum ounce	(R/oz)	**4,749**	4,557	(4.2)	4,548
	($/oz)	**732**	734	0.3	735
Dividend (relating to reporting period earnings)	(cps)	**1,000**	500	100	2,300

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

Declaration of Interim Dividend

An interim dividend of 1,000 cents per share has been declared in respect of the half-year ended 31 December 2005. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 3 March 2006. The share will commence trading "ex" the dividend from the commencement of business on Monday, 6 March 2006 and the record date will be Friday, 10 March 2006.

The dividend is declared in the currency of the Republic of South Africa. Payment from the London transfer office will be made in United Kingdom currency at the rate of exchange ruling on 8 March 2006 or on the first day thereafter on which a rate of exchange is available.

The dividend will be paid on Monday, 13 March 2006. Share certificates may not be dematerialised/rematerialised during the period Monday, 6 March 2006 to Friday, 10 March 2006, both dates inclusive.

Declaration of Special Dividend

In light of the positive view of the market and the fact that Implats has sufficient cash to pursue its growth objectives while maintaining prudent cash management, the Board of Directors has declared a special dividend of 5,500 cents per share. The last day to trade ("cum" the dividend) in order to participate in the special dividend will be Friday, 3 March 2006. The share will commence trading "ex" the special dividend from the commencement of business on Monday, 6 March 2006 and the record date will be Friday, 10 March 2006.

The dividend is declared in the currency of the Republic of South Africa. Payment from the London transfer office will be made in United Kingdom currency at the rate of exchange ruling on 8 March 2006 or on the first day thereafter on which a rate of exchange is available.

The dividend will be paid on Monday, 13 March 2006. Share certificates may not be dematerialised/rematerialised during the period Monday, 6 March 2006 to Friday, 10 March 2006, both dates inclusive.

By order of the board

R Mahadevey
Group Secretary

Johannesburg
16 February 2006

Review of operations

Production at Implats was 938,000 ounces of platinum in the six months to end December 2005, an increase of 6.6% on the comparable 2004 period. This was largely a result of higher production at Impala Platinum's mining operations.

Although the emphasis on safety on a group-wide basis continues, regrettably there were five fatal accidents at Implats during the first six months of the financial year, all of them at Impala Platinum. (There were four fatal accidents in the previous period). The Implats Board and management extend their condolences to the families and colleagues of the deceased. There were no fatal accidents at Marula, Mimosa or Zimplats during the period. In spite of the worse performance in the first six months, the fatality frequency rate has improved by 41% over the past five years.

At a group level, the lost time injury frequency rate (LTIFR) deteriorated marginally, by 3%, compared to the six months to December 2004. The LTIFR has improved by more than 50% over the past five years.

Renewed emphasis has been placed on safety in the workplace and on the elimination of all fatal accidents at work, with an emphasis on training and leadership. The Tsiboga campaign (which means "on the look out" in Tswana) continues to play a pivotal role.

Impala Platinum Limited (Impala)

Production at Impala Platinum, Implats' flagship operation, reached another record level for the six months ended December 2005. Overall, platinum production rose by 8.0% to 591,000 ounces on the back of record tonnes milled of 8.555 million, an increase of 9.3%.

Overall grade declined by 4.2% as volumes from mechanised mining increased and as more difficult ground conditions at 11 shaft resulted in some dilution. A high-level team has been set up to investigate ways of improving the grade and to focus on quality mining.

Drill jigs (dynamic drilling technology) have been rolled out to approximately 30% of the Merensky panels. The primary benefits from the implementation of the drill jigs are improvements in safety, productivity/efficiencies and the reduction in physical effort required on the job. Overall, drill jigs have resulted in a 6% improvement in mining efficiencies on the Merensky reef since the start of their implementation.

Excellent progress has been made with the two major capital projects at Impala, namely 16 and 20 Shafts. Together these shafts will contribute 355,000 as replacement ounces to platinum production at Impala when they reach full production – during 2011 for 20 shaft and 2014 for 16 shaft. Sinking of the main shaft at 16 shaft reached 90 metres below surface at the end of January 2006, which is some five months ahead of schedule, while sinking of the main shaft at 20 shaft was 500 metres below surface, about four months ahead of schedule. Of the combined capital approved for these projects of R6.6 billion, R668 million has been spent to date, and a total of R1.71 billion has been committed.

Impala's processing and refining operations continued to excel, with throughput rising to record levels. Concentrator recoveries increased by 2.5% to 85.5% as a result of the tails scavenging facility and improvements achieved at the UG2 plant.

The unit cost per platinum ounce refined at Impala was well contained, increasing by 4.5% to R4,468 per ounce, despite the implementation of the first phase of the two-year wage agreement (6.5% increase).

Gross refined platinum production increased by 6.6% to 938,000 ounces with PGM production up by 5.7% to 1.8 million ounces.

The project to expand capacity to 2 million ounces at the Precious Metals Refinery (PMR) is on track and expected to be completed by end June 2006, with final environmental clearance anticipated by the end of 2006. The Base Metals Refinery (BMR) expansion to 2 million ounces was successfully completed within budget during the period. Additional capital expenditure has been approved to enlarge the PMR's nameplate capacity to 2.3 million ounces of platinum and further expansion options at the BMR are being evaluated.

Capital expenditure at Impala was R717 million during the period.

Marula Platinum (Proprietary) Limited (Marula)

For the six months to December 2005, tonnes mined at Marula improved by 28% with tonnes milled up marginally by 1.3%. The relatively low increase in the latter was due to the milling of stockpiled material in previous periods. There was a marked improvement in the grade mined of 38%. Platinum-in-concentrate production rose from 17,300 ounces to 18,900 ounces, while unit costs were 7.0% lower at R9,397/oz.

Cash breakeven has been achieved at Marula and good progress is being made with the implementation of the new mining plan, which has been adopted to suit the geological conditions prevailing at the mine. While the hybrid mining continues to make steady progress, development towards conventional mining operations is currently five months ahead of schedule.

The implementation of drill jigs is progressing well and currently stands at 70% completion. Although the transition to owner-mining has resulted in improved efficiencies, it has been hampered by sporadic industrial action.

The ramp-up to full production of 144,000 ounces per annum is expected to be completed by 2009. Capital expenditure for the period amounted to R137 million.

Zimbabwe Platinum Mines Limited (Zimplats)

Despite a decline of 2.8% in tonnes milled, production of platinum-in-matte rose by 2.6% to 43,400 ounces. The yield improved by 6% while unit costs increased by 9.0% to $1,037/oz per platinum ounce in matte. The large escalation (in dollar terms) of the opencast contract fee had a negative influence on costs.

The transition from opencast to underground mining is currently underway and 35% of tonnes mined are now being sourced from underground. This transition is expected to alleviate further cost increases associated with relatively higher-cost open cast mining operations.

Phased growth is being planned at Zimplats. A feasibility study on the expansion to 145,000 ounces of platinum annually is currently being reviewed and will be placed before the Zimplats and Implats boards for approval in May 2006. In the interim, infrastructural development; power supply, water weirs and surface earthworks, has been completed.

The Implats and Zimplats boards identified a number of risks associated with further expansions at Zimplats. Of the risks categorised as socio-political or economic in nature, a number have been satisfactorily addressed, including resolution of the foreign exchange arrangements and granting of the Ngezi Special Mining Lease. The Zimplats and Implats boards will continue to assess the remaining identified risks, to gain clarity on empowerment requirements and the granting of the second Special Mining Lease. At the same time they will closely monitor the completion of a comprehensive technical and mining assessment in order that a decision regarding the planned expansion programme can be taken soon.

Capital expenditure for the period totalled R73 million, an increase of 61%.

Mimosa Platinum (Private) Limited (Mimosa)

Tonnes milled improved by 13.5% to 764,000 tonnes, resulting in an increase of 16.6% in platinum production to 36,500 ounces of platinum-in-concentrate. Yield of 3.09g/t was 3.6% higher, while unit cost per platinum ounce in concentrate was 15,0% lower at $724/oz. Costs in rand terms decreased by 10.6% to R4,721/oz.

The project to expand production to 80,000 ounces of platinum is well underway and is on schedule and on budget. A substantial stockpile has been created in anticipation of the commissioning of the new plant in the middle of this year.

Capital expenditure for the period amounted to R44 million (R22 million attributable to Implats).

Two Rivers Platinum (Proprietary) Limited (Two Rivers)

Implats and African Rainbow Minerals are joint venture partners (45:55) in the Two Rivers Platinum project. Capital expenditure to commissioning is R1.2 billion, of which R1 billion has been spent to date (45% attributable to Implats). The project is ahead of schedule and start-up is planned for July 2006. Full production of 120,000 ounces is scheduled for late 2007.

Impala Refining Services Limited (IRS)

Refined platinum production at IRS increased by 4.2% to 347,300 ounces with gross profit improving by 38% to R392 million.

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

Implats holds a stake of 8% in the listed company Aquarius Platinum Limited and a 20% stake in the latter's subsidiary Aquarius Platinum (South Africa). AQPSA contributed R41 million to earnings for the period under review. In terms of operating performance, Aquarius' Kroondal performed well, a contractor dispute constrained improvements at Marikana, and the production ramp-up at Everest is on schedule, with the first concentrate delivered to IRS during the period.

Ambatovy Nickel Project

Following a feasibility study, Implats announced its withdrawal from the Ambatovy Nickel project in Madagascar as the project no longer met Implats' internal hurdle rates. Mining, capital and production costs had escalated significantly since the original feasibility study was concluded in February 2005. The cost to Implats of its participation in the project was R195 million, of which R127 million represents the investment and R68 million the cost of the feasibility study.

Market review

The platinum market remained tight throughout 2005 on the back of continuing strong demand from the automotive sector, primarily driven by diesel vehicles, as well as solid support from industrial applications. Jewellery displayed remarkable resilience in the face of prices that rose from a low of $844 in January, to finally exceed $1,000 by calendar year end with demand in this sector declining by only 10%.

The palladium market moved closer to balance in 2005, due to a combination of further substitution of platinum in gasoline engines and surging demand from the fledging Chinese jewellery sector. Prices remained remarkably steady for most of the year, but finally made a move towards $300 in the final quarter of the year, benefitting from a general run in commodities and improving fundamentals.

The rhodium market moved to a deficit in 2005 as a result of ongoing strong demand from the auto industry to meet more stringent NOX legislation and another banner year from the glass industry, which is moving to the production of wider TFT-LCD panels used in a variety of applications from television sets to handheld devices. As a result the price rose 50% during the year exceeding $3,000 per ounce at year end.

Corporate matters

BEE Transaction

During the interim period, Implats announced its proposals for a black economic empowerment (BEE) transaction which would see the Royal Bafokeng Nation (RBN) through Royal Bafokeng Resources (Pty) Ltd (RBR), acquire a stake of approximately 9% in Implats by 2016. Implats believes that, when taken at an Impala Platinum level, the stake acquired by the RBR will be equivalent to 12.3% of units of production. Together with an Employee Share Ownership Programme (ESOP) aimed at A, B and C level Paterson grade employees of its South African operations, also announced during the reporting period, and credits attributed from the sale to historically disadvantaged South Africans of a portion of Implats' stake in Lonmin's platinum interests, Impala Platinum will achieve the 26% BEE ownership required in terms of the Broad-Based Socio-Economic Empowerment Charter for the Mining Industry. These calculations are subject to confirmation by the Department of Minerals and Energy and ongoing discussions are being held in this regard.

The transactions with the RBR and the ESOP are expected to be concluded by June 2006.

Directorate

In November 2005, Mr Shadwick Bessit, the Operations Executive at Impala Platinum's mining and mineral processing operations was appointed as an executive director to the Implats board, bringing the number of executive directors on the board to five.

Financial review

The interim period of the 2006 financial year was characterised by continued strong growth in headline earnings, principally as a result of increases in sales volumes and metal prices. Dollar revenue per platinum ounce sold was up 18.3% with the corresponding rand revenue 23.7% higher.

Margins improved across the group with the gross margin rising to 42%. Headline earnings per share, on a restated basis, rose by 77.5% to 2,806 cents. Earnings per share were further enhanced as a result of the impact of the share buy-back programme. Basic earnings per share declined by 39% as earnings in the comparable period in 2005 had been boosted by profit from the sale of Implats' stake in Lonmin's platinum interests.

Sales for the period ending December 2005 increased by 28.0% to R7.92 billion from R6.19 billion for the six months ending December 2004. In dollar terms, sales were 22.5% higher at $1.22 billion. The main drivers of sales were as follows:

- **sales volumes** up by 3.4%, resulting in a positive volume of R213 million;
- **metal prices** of platinum and rhodium strengthened in both rand and dollar terms, exceeding expectations; with PGM prices and especially that of platinum reaching record levels, overall dollar prices improved by 19.0% contributing to a positive price variance of R1.2 billion;

- **the rand/dollar exchange rate** weakened during the period and closed at R6.31/$ on 31 December 2005 compared to a close of R5.63/$ on 31 December 2004. The average exchange rate achieved for the period under review was R6.49/$ versus R6.21/$ for the comparative period. The weaker exchange rate contributed 5.6% to higher sales, equivalent to R343 million. The strengthening of the rand towards the end of December 2005 from weaker levels recorded during the period, resulted in exchange losses of R77 million versus R316 million in December 2004.

Cost of sales was up by 10.8% to R4.62 billion largely as a result of a 7.8% increase in tonnes milled and an annual wage adjustment of 6.5% at Impala Platinum, which employs 90% of group employees. The group unit cost per platinum ounce produced rose by 4.2% in line with inflation, to R4,749 per platinum ounce.

The contribution to profit by associates was R41 million, down from R204 million in the previous comparative financial period, which included equity-accounted profit from Implats' stake in Lonmin's platinum interests.

Earnings contributions

As in previous years, Implats' income continued to be derived from three sources, with the bulk from the mine-to-market operations (89%). The other two sources of income being IRS and equity income from investments.

Contribution to headline earnings

R million	Six months to 31 Dec 2005	% contribution	Six months to 31 Dec 2004	% change
Impala Platinum	1 501	81.5	872	72.1
IRS	224	12.2	77	190.9
Marula	(9)	(0.5)	(34)	73.5
Zimplats	74	4.0	52	42.3
Mimosa	79	4.3	51	54.9
Aquarius	41	2.2	(3)	1 466.7
Ambatovy	(68)	(3.7)	–	–
Gazelle/Lonplats	–	–	36	–
Headline earnings	1 842	100.0	1,051	75.3

– ***Mine-to-market operations:*** The mine-to-market operations owned by the Implats group contributed R1.65 billion (89%) to headline earnings. These operations comprise Impala Platinum, Marula Platinum and Two Rivers (45%) in South Africa and Zimplats and Mimosa (50%) in Zimbabwe. Marula reported a negative contribution of R9 million which was a significant improvement on the loss reported previously of R34 million. The Zimbabwe operations reported significant increases in margins due to higher US dollar revenue and positive currency impacts.

Operating margins

Entity	**Six months to 31 Dec 2005**	Six months to 31 Dec 2004
Impala Platinum	**50**	40
Zimplats	**34**	22
Marula	**(1)**	(47)
Mimosa	**49**	28
IRS	**15**	14
Implats group	**42**	33

- ***IRS,*** housing Implats' third-party refining services, contributed R224 million to group headline profit, an increase of 190%. Given the lower risks and capital requirements of IRS, margins at this entity are lower than at other operations within the group. Margins for the 2006 interim period were 15%. Sales for the period rose by 30.4% to R2.6 billion with a 4.3% increase in platinum production to 347,300 ounces. This resulted in an increase in its contribution to group headline profit to 12.2% as compared to a contribution of 7.3% in the previous interim period.
- ***Equity income*** from investments of R41 million was from Implats' holding in Aquarius Platinum SA, largely due to the higher US dollar receipts.

Attributable earnings to equity holders declined by 39.7% to R1.81 billion as a result of the profit on the sale of Lonplats in the previous six months.

Balance sheet structure and cash flow

The emphasis on maintaining a strong balance sheet continues to ensure that there is sufficient funding for the group's planned future capital expenditure over the next five to ten years. Cash from operating activities during the interim period totalled R2,399 million and the net increase after accounting for investing and financing activities was R525.3 million. After funding of the capital expenditure programmes, dividends and investments to 31 December 2005, the net closing cash position was R4.5 billion, up 22.5% from the comparable period.

Consistent with previous statements in this regard, the Board has decided to return a significant amount of cash to shareholders, and to this extent has declared a special dividend of R55 per share on 16 February 2006. The special dividend combined with the interim dividend and STC payable will result in a total cash outflow of R4.8 billion. This will deplete the surplus cash on hand as at 31 December 2005.

Capital expenditure

Group capital expenditure for the 2006 interim period totalled R948 million as compared to R771 million in the previous interim period. The bulk of this capital expenditure, R717 million, was spent at Impala Platinum and mainly on the development of 16 and 20 Shafts. The Zimbabwean operations accounted for capital expenditure of R94 million, and Marula R137 million.

Prospects

The platinum market is expected to remain tight for the medium term, again led by the auto sector, which is striving to meet stricter emission legislation worldwide. The market is expected to be well supported by a resilient jewellery sector. The future direction of the palladium market depends on the extent of refined stocks, and the sustainability of its use in the jewellery trade. Automotive usage should ensure that the rhodium market remains firm in the short- to medium-term.

From an operational perspective Implats is on track to reach 2.3 million ounces of platinum production per annum by 2010, with the potential for further upside presented by its Zimbabwean operations. The company remains highly cash generative, and given its track record and continued focus on cost containment and efficiency improvements, margins are expected to remain at healthy levels.

Given the current exchange rate and prevailing metal prices, the headline earnings (excluding the impact of the recently announced BEE transaction but including the impact of STC relating to the special dividend) are expected to be 20 to 30% higher than the previous financial year.

FJP Roux
Chairman

K C Rumble
Chief Executive Officer

Johannesburg
16 February 2006

Impala Platinum Holdings Limited
(Incorporated in the Republic of South Africa)
Registration No. 1957/001979/06
Share code: IMP ISIN: ZAE 000003554
Issuer code: IMPO
LSE: IPLA ADR: IMPUY
("Implats" or "the company")

Registered Office
3rd Floor, Old Trafford 4, Isle of Houghton
Boundary Road, Houghton 2198
(P.O. Box 61386, Marshalltown 2107)

Transfer Secretaries
South Africa: Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001, (P.O. Box 61051, Marshalltown, 2107)
Facsimile +27 11 688-5200 Telephone +27 11 370-5000

United Kingdom: Computershare Investor Services plc
The Pavilons, Bridgewater Road, Bristol, BS13 8AE

Directors
FJP Roux (Chairman), KC Rumble (Chief Executive Officer), S Bessit, DH Brown, CE Markus, JM McMahon*, MV Mennell, TV Mokgatlha, K Mokhele, NDB Orleyn, LJ Paton, JV Roberts, LC van Vught

*British

A copy of this Report is available on the Internet web site:

http://www.implats.co.za

Alternatively please contact the Company Secretary,
via e-mail at alan.snashall@implats.co.za or by post at
P.O. Box 61386, Marshalltown 2107, South Africa. Telephone: (011) 481 3900