   

# results

IMPLATS
Distinctly Platinum

**Summarised consolidated annual results**
Year ended 30 June 2013

# Corporate information

## Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
Registration No. 1957/001979/06
Share code: JSE: IMP    ISIN: ZAE000083648    ADRs: IMPUY
("Implats" or "the Company" or "the Group")

## Registered office

2 Fricker Road, Illovo, 2196
(Private Bag X18, Northlands 2116)

## Transfer secretaries

*South Africa:* Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

*United Kingdom:* Computershare Investor Services Plc
The Pavilions, Bridgwater Road, Bristol, BS13 8AE

## Sponsor

Deutsche Securities SA Proprietary Limited

## Directors

KDK Mokhele (chairman), TP Goodlace (chief executive officer), B Berlin (chief financial officer), HC Cameron, PW Davey*, PA Dunne, MSV Gantsho, A Kekana (alternate: OM Pooe), AS Macfarlane*, AA Maule, TV Mokgatlha, BT Nagle, B Ngonyama, NDB Orleyn

**British*

# 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.

# Commentary continued

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.

Impala's 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. Mimosa's 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 Group's 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 Group's 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 Impala's 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 Company's 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**
*Chairman*

**TP Goodlace**
*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 on pages 12 to 16 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 on pages 12 to 16 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 |
|---|---|---|---|---|
| **Balance at 30 June 2012** | **606.57** | **16** | **13 099** | **2 072** |
| Shares issued | | | | |
| Implats Share Incentive Scheme | **0.18** | **–** | **12** | **–** |
| Employee Share Ownership Programme | **0.16** | **–** | **24** | **–** |
| Convertible bonds | **–** | **–** | **228** | **–** |
| Share-based compensation | | | | |
| Long-term Incentive Plan | **–** | **–** | **–** | **42** |
| Profit for the year | **–** | **–** | **–** | **–** |
| Other comprehensive income | **–** | **–** | **–** | **–** |
| Transaction with non-controlling shareholders | **–** | **–** | **–** | **–** |
| Dividends (note 12) | **–** | **–** | **–** | **–** |
| **Balance at 30 June 2013** | **606.91** | **16** | **13 363** | **2 114** |
| **Balance at 30 June 2011** | 600.99 | 15 | 12 223 | 1 990 |
| Shares issued | | | | |
| Implats Share Incentive Scheme | 0.13 | – | 8 | – |
| Employee Share Ownership Programme | 5.45 | 1 | 868 | 82 |
| Profit for the year | – | – | – | – |
| Other comprehensive income | – | – | – | – |
| Dividends (note 12) | – | – | – | – |
| **Balance at 30 June 2012** | 606.57 | 16 | 13 099 | 2 072 |

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

The notes on pages 12 to 16 are an integral part of these summarised financial statements.

| | Total share capital Rm | Retained earnings Rm | 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 |
|---|---|---|---|---|---|---|---|---|
| | **15 187** | **34 949** | **(12)** | **44** | **32** | **50 168** | **2 307** | **52 475** |
| | **12** | **–** | **–** | **–** | **–** | **12** | **–** | **12** |
| | **24** | **–** | **–** | **–** | **–** | **24** | **–** | **24** |
| | **228** | **–** | **–** | **–** | **–** | **228** | **–** | **228** |
| | **42** | **–** | **–** | **–** | **–** | **42** | **–** | **42** |
| | **–** | **1 022** | **–** | **–** | **–** | **1 022** | **53** | **1 075** |
| | **–** | **(4)** | **12** | **1 113** | **1 125** | **1 121** | **196** | **1 317** |
| | **–** | **–** | **–** | **–** | **–** | **–** | **23** | **23** |
| | **–** | **(580)** | **–** | **–** | **–** | **(580)** | **–** | **(580)** |
| | **15 493** | **35 387** | **–** | **1 157** | **1 157** | **52 037** | **2 579** | **54 616** |
| | 14 228 | 34 136 | (9) | (792) | (801) | 47 563 | 2 047 | 49 610 |
| | 8 | – | – | – | – | 8 | – | 8 |
| | 951 | – | – | – | – | 951 | – | 951 |
| | – | 4 180 | – | – | – | 4 180 | 119 | 4 299 |
| | – | (3) | (3) | 836 | 833 | 830 | 141 | 971 |
| | – | (3 364) | – | – | – | (3 364) | – | (3 364) |
| | 15 187 | 34 949 | (12) | 44 | 32 | 50 168 | 2 307 | 52 475 |

# 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 Company's 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 on pages 12 to 16 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 commitment**

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.

| | | 2013 Rm | 2012 Rm |
|---|---|---|---|
| **6.** | **Loans** | | |
| | **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** | | |
| | **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 instrument's 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).

# Notes to the financial information continued

**for the year ended 30 June 2013**

| | | 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.

# Notes to the financial information continued

**for the year ended 30 June 2013**

## 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 arm's length basis at prevailing market rates.

**Key management compensation (fixed and variable):**

| | 2013 R'000 | 2012 R'000 |
|---|---|---|
| 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

| | 2013 R'000 | 2012 R'000 |
|---|---|---|
| **Financial assets – carrying amount** | | |
| Loans and receivables | **7 785** | 6 218 |
| Financial instruments at fair value through profit and loss | **90**[2] | 24[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 30 June 2013 | Year ended 30 June 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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