

ZIMPLATS HOLDINGS LIMITED

ARBN: 083 463 058

Annual Financial Report

30 June 2005

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DIRECTORS' DECLARATION

In the opinion of the Directors of Zimplats Holdings Limited:

1. the financial statements and notes, set out on pages 3 to 21, have been prepared in accordance with The Companies (Guernsey) Law 1994, including:
 - giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - complying with International Financial Reporting Standards; and
2. there are reasonable grounds to believe that the Company and its subsidiaries will be able to meet any obligations or liabilities to which they are or may become subject.

Signed in accordance with a resolution of the Directors:



G Sebborn
Chief Executive Officer



P Maseva-Shayawabaya
Chief Financial Officer

Harare,
Zimbabwe
2 August 2005



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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZIMPLATS HOLDINGS LIMITED

We have audited the consolidated and company financial statements of Zimplats Holdings Limited for the year ended 30 June 2005, set out on pages 3 to 21

Respective responsibilities of directors and auditors

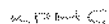
These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on them based on our audit

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of The Companies (Guernsey) Law 1994 and in conformity with International Financial Reporting Standards promulgated by the International Accounting Standards Board, so as to give a true and fair view of the financial position of the group and company as at 30 June 2005, and of the results of its operations and its cash flows for the year then ended



KPMG Chartered Accountants (Zimbabwe)
Harare
2 August 2005

KPMG is a Zimbabwean partnership and
a member of KPMG International,
a Swiss cooperative.

ZIMPLATS HOLDINGS LIMITED
BALANCE SHEETS
30 June 2005

	Notes	Group		Company	
		Year to	Year to	Year to	Year to
		Jun-05	Jun-04	Jun-05	Jun-04
		US\$ 000	US\$ 000	US\$ 000	US\$ 000
ASSETS					
Non-current assets					
Property, plant and equipment	1	130 263	112 406	163	203
Mining assets	2	25 273	24 230	6 138	5 380
Investments	3	-	-	72 023	28 513
Long term receivables	4	-	-	28 681	28 285
Total non-current assets		155 536	136 636	107 005	62 381
Current assets					
Inventories	5	13 049	10 053	-	-
Trade debtors	6	17 266	13 716	-	-
Other receivables	7	11 537	9 476	1 424	631
Cash and cash equivalents	8	20 408	24 020	4 062	8 439
Total current assets		62 260	57 265	5 486	9 070
Total assets		217 796	193 901	112 491	71 451
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and share premium	9	99 929	56 420	99 929	56 420
Reserves	10	84 005	75 333	11 508	14 024
		183 934	131 753	111 437	70 444
Minority interest	11	-	31 037	-	-
Total equity		183 934	162 790	111 437	70 444
Non-current liabilities					
Deferred taxation	12	10 529	6 950	-	-
Mine rehabilitation provision	13	3 626	600	-	-
Total non-current liabilities		14 155	7 550	-	-
Current liabilities					
Interest bearing loans and borrowings	14	500	8 320	-	-
Payables	15	18 231	14 357	1 054	1 007
Taxation		976	884	-	-
Total current liabilities		19 707	23 561	1 054	1 007
Total equity and liabilities		217 796	193 901	112 491	71 451



G Sebborn
Chief Executive Officer



P Maseva-Shayawabaya
Chief Financial Officer

Harare,
Zimbabwe
2 August 2005

ZIMPLATS HOLDINGS LIMITED
INCOME STATEMENTS
for the year ended 30 June 2005

	Notes	Group		Company	
		Year to	Year to	Year to	Year to
		Jun-05	Jun-04	Jun-05	Jun-04
		US\$ 000	US\$ 000	US\$ 000	US\$ 000
Sales	16	112 484	99 867	-	-
Cost of sales	17	(80 742)	(56 955)	-	-
Gross profit		31 742	42 912	-	-
Other net income	18	9 720	892	371	7 286
Operating costs	19	(15 893)	(12 419)	(2 964)	(1 941)
Profit/(loss) from operations		25 569	31 385	(2 593)	5 345
Net finance (costs)/income		(121)	(1 282)	77	99
Interest expense		(934)	(1 875)	-	-
Interest income		813	593	77	99
Profit/(loss) before taxation		25 448	30 103	(2 516)	5 444
Taxation	20	(4 221)	(2 746)	-	-
Net profit/(loss) for the period		21 227	27 357	(2 516)	5 444
Attributable to :					
Equity holders of the company		18 799	18 587	-	-
Minority interests	11	2 428	8 770	-	-
Net profit/(loss) for the period		21 227	27 357	(2 516)	5 444
Basic earnings per share (cents)	25	20.23	20.83		
Diluted earnings per share (cents)	25	18.06	18.18		

ZIMPLATS HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2005

	Share capital	Share premium	Foreign currency translation reserve	Acquisition equity reserve	Revaluation reserve	Accumulated profit	Minority interests	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
GROUP								
Balances at 30 June 2003	8 929	45 081	(15 750)	-	55 901	16 935	25 267	136 363
Issue of share capital	347	2 063	-	-	-	-	-	2 410
Foreign currency translation reserve	-	-	(340)	-	-	-	-	(340)
Capital reserve release through depreciation	-	-	-	-	(3 864)	3 864	-	-
Disposal of subsidiaries	-	-	(41)	-	(25)	66	-	-
Dividends paid by subsidiaries	-	-	-	-	-	-	(3 000)	(3 000)
Net profit for the year	-	-	-	-	-	18 587	8 770	27 357
Balances at 30 June 2004	9 276	47 144	(16 131)	-	52 012	39 452	31 037	162 790
Issue of share capital	1 487	42 022	-	-	-	-	-	43 509
Foreign currency translation reserve	-	-	(82)	-	-	-	-	(82)
Capital reserve release through depreciation	-	-	-	-	(3 863)	3 863	-	-
Acquisition of minority interests	-	-	-	(10 045)	-	-	(33 465)	(43 510)
Net profit for the year	-	-	-	-	-	18 799	2 428	21 227
Balances at 30 June 2005	10 763	89 166	(16 213)	(10 045)	48 149	62 114	-	183 934
COMPANY								
Balances at 30 June 2003	8 929	45 081	-	-	-	8 580	-	62 590
Issue of share capital	347	2 063	-	-	-	-	-	2 410
Net profit for the year	-	-	-	-	-	5 444	-	5 444
Balances at 30 June 2004	9 276	47 144	-	-	-	14 024	-	70 444
Issue of share capital	1 487	42 022	-	-	-	-	-	43 509
Net loss for the year	-	-	-	-	-	(2 516)	-	(2 516)
Balances at 30 June 2005	10 763	89 166	-	-	-	11 508	-	111 437

ZIMPLATS HOLDINGS LIMITED
CASH FLOW STATEMENTS
for the year ended 30 June 2005

	Notes	Group		Company	
		Year to	Year to	Year to	Year to
		Jun-05	Jun-04	Jun-05	Jun-04
		US\$ 000	US\$ 000	US\$ 000	US\$ 000
Operating activities					
Cash generated from/(used in) operations	22	31 647	34 697	(3 883)	(4 178)
Interest received		813	593	77	99
Dividends received		-	-	-	7 000
Exchange gains realised	18	188	(35)	188	(35)
Dividend paid to minority shareholders	11	-	(3 000)	-	-
Interest paid		(934)	(1 875)	-	-
Income tax & withholding taxation paid		(550)	(56)	-	-
Cash in/(out) flows from operating activities		31 164	30 324	(3 618)	2 886
Investing activities					
Proceeds from sale of property, plant and equipment		5	22	-	17
Acquisition of property, plant and equipment	1	(25 918)	(10 240)	(1)	(186)
Acquisition of mining assets	2	(1 043)	(1 395)	(758)	(1 285)
Proceeds on disposal of subsidiaries		-	14	-	14
Expenditure on timber plantation assets		-	(13)	-	-
Cash out flows from investing activities		(26 956)	(11 612)	(759)	(1 440)
Financing activities					
Proceeds of share issue		-	2 410	-	2 410
Repayments of short term borrowings		(7 820)	(15 819)	-	-
Cash (out)/in flows from financing activities		(7 820)	(13 409)	-	2 410
(Decrease)/increase in cash and cash equivalents		(3 612)	5 303	(4 377)	3 856
Movement in cash and cash equivalents					
Cash on hand at beginning of the year		24 020	18 717	8 439	4 583
(Decrease)/increase in cash and cash equivalents		(3 612)	5 303	(4 377)	3 856
Cash on hand at end of the year	8	20 408	24 020	4 062	8 439

Zimplats Holdings Limited is a company domiciled in Guernsey, Channel Islands. The consolidated financial statements of the Group for the year ended 30 June 2005 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements were authorised for issue by the Directors on 2 August 2005.

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB). International Financial Reporting Standards (IFRS's) include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS's) and SIC interpretations issued under previous constitutions.

B) BASIS OF PREPARATION

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

C) BASIS OF CONSOLIDATION

The consolidated financial statements include those of Zimplats Holdings Limited, its subsidiaries and special purpose entities.

Subsidiaries

Subsidiary undertakings are those companies (including special purpose entities) in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Subsidiary undertakings are accounted for at cost in the company.

D) REPORTING CURRENCY

IAS 21 (The Effects of Changes in Foreign Exchange Rates) requires companies to report in the currency of the country they are incorporated and operating in unless their functional currency, in terms of IAS 21, is not that currency.

The Group's and Company's functional currency, in terms of IAS 21, is United States dollars. There are immaterial transactions in Zimbabwe dollars, relating to the Zimbabwe subsidiary companies, which have not been inflation-adjusted before converting to United States dollars.

E) FUNCTIONAL CURRENCY

i) Foreign currency transactions

Transactions in foreign currencies are translated to United States dollars at the foreign exchange rate ruling at the date of the transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to United States dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

ii) Financial statements of foreign operations

The revenues and expenses of foreign operations are translated to United States dollars at the average rates ruling during the period. Foreign exchange differences arising on translation are recognised directly in equity.

F) PROPERTY, PLANT AND EQUIPMENT

i) Mining assets

Exploration, evaluation and development expenditure, including related administrative expenditure, is accumulated for each separate area of interest. An area of interest comprises a project area which consists of one or more related mine tenements or claims on an individual geological area.

Mining exploration

Expenditure on mining exploration in new areas of interest is charged against income as incurred. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated amortisation and less any accumulated impairment losses.

Care and maintenance

Projects transferred to care and maintenance are carried forward to the extent to which recoupment out of future revenue following the return to production or sale of the mine is reasonably assured. Amortisation is provided in respect of properties in accordance with the policy stated below.

Deferred mine stripping expenditure

Open-cast mine stripping expenditure is charged against revenue in the year it is incurred. Where the waste to ore ratio exceeds the estimated ratio for the life of the mine, a pro rata portion of the stripping expenditure is capitalised. The deferred stripping expenditure is amortised over the life of the mine whenever the waste to ore ratio falls below the average expected ratio for the life of the mine.

Amortisation of mining assets

Amortisation of mining assets in the production phase is provided on the production output basis so as to write off each area of interest over the assessed production life of that area. The directors regularly review the assessed production life of each area of interest and after considering the physical and economic factors relating to reserves, adjustments will be made to amortisation rates as necessary.

ii) Other assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (refer accounting policy (I)). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where items of property, plant and equipment comprise major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

iii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense when incurred.

iv) Depreciation

Land is not depreciated. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

• Buildings	20-67 years
• Roads	20 years
• Crusher station	20 years
• SMC surface plant	20 years
• Plant and equipment	10 years
• Fixtures and fittings	10 years
• Motor vehicles	5 years
• Computer equipment	3 years

G) INTANGIBLE ASSETS

i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses (refer accounting policy (I)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Any amounts arising from further acquisitions after control is already obtained representing the excess of the cost of acquisition over the fair value of the net identifiable assets acquired, is debited directly to equity.

ii) Negative goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition. Negative goodwill is taken to the income statement on recognition.

H) INVENTORIES

i) Consumable inventories

Consumable inventories are stated at the lower of cost and net realisable value. The cost of consumable inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

ii) Ore, concentrate and matte inventories

Platinum and palladium are considered as the main products and other platinum group and base metals produced are by-products. Ore, concentrate and matte inventories are valued at the lower of average cost of production and estimated net realisable value. The average cost of production is taken as the total costs incurred on mining, transportation of ore and processing of concentrate and matte. Net realisable value is based on the estimated value of platinum and palladium in the inventories.

I) IMPAIRMENT

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are considered to be impaired when the higher of the asset's fair value, less cost to sell, and its fair value in use is less than the carrying amount.

The recoverability of the long-lived assets is reviewed by management on a regular basis, based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. It is therefore possible that changes could occur which may affect the recoverability of the mining assets. The recoverable amounts of the non-mining assets are determined by reference to market values. Where the recoverable amount is less than the carrying value, the impairment is charged against income to reduce the carrying value to the recoverable amount of the asset. The revised carrying amounts are amortised over the remaining lives of such affected assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units)

J) EMPLOYEE BENEFITS

i) Defined contribution retirement plans

The group participates in defined contribution retirement plans for certain of its employees. The pension plans are funded by payments from the employees and by the relevant group companies and contributions to these are expensed as incurred. The assets of the funds are held by independently managed funds and are governed by Zimbabwe law.

The deemed benefit plans are multi employer plans, where sufficient information is not available to account for them as benefit plans, and they are in substance accounted for as defined contribution plans. Defined benefit plans are subject to actuarial valuations at intervals of no more than three years.

ii) Long term service benefits

The Group net obligation in respect of long term service leave is the present value of expected payments to be made in respect of services provided by employees up to the reporting date.

iii) Equity and equity-related compensation benefits

The share option programme allows Group directors and employees to acquire shares of the Company. The option exercise price equals the market price of the underlying shares at the date of the grant and no compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

K) PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

L) SITE RESTORATION

In accordance with the Group environmental policy and applicable legal requirements, a provision for site is recognised when the land is disturbed as a result of mining activities.

i) Future restoration costs

The net present value of future restoration cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually to take into account the effects of inflation and changes in the estimates are discounted using rates that reflect the time value of money.

ii) Ongoing restoration costs

The cost of the ongoing current programmes to prevent and control pollution is charged against income as incurred.

M) REVENUE AND EXPENSES

i) Sale of matte

Sales are recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Sales is determined as the gross invoiced price of the product.

ii) Government assistance

Government assistance is accounted for applying the income approach and recognised through profit and loss on an accrual basis in as far as conditions attached to such assistance have been or are expected to be met.

iii) Interest and dividend income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised when the shareholders' right to receive payment is established, at the accrual date.

iv) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income. All interest and other costs incurred in connection with borrowings are expensed when incurred as part of net financing costs.

N) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the

O) FINANCIAL INSTRUMENTS

The Group's financial instruments consist primarily of cash and cash equivalents, trade and other receivables, borrowings and trade and other payables. The Group does not hold or issue derivative financial instruments for trading purposes.

Financial instruments are recognised initially at cost. Subsequent to initial recognition these instruments are measured as set out below.

i) Trade and other receivables

Trade receivables are carried at anticipated realisable value taking into account metal prices at the balance sheet date. Other receivables are stated at their cost less allowances for doubtful debts.

ii) Cash and cash equivalents

Cash and cash equivalents comprises bank and cash balances and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts. The carrying amounts of cash and cash equivalents approximates their fair value.

iii) Borrowings

Long-term borrowings are recorded at cost less payments made to reflect the value of the anticipated economic outflow of resources. Any subsequent change in value is included in the determination of net profit or loss for the period.

iv) Trade and other payables

Accounts payable are stated at cost adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

v) Financial assets

Financial assets are recognised when the Group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

vi) Derivative financial instruments

The Group does not use derivative financial instruments to manage its exposure to foreign exchange risk.

P) SEGMENT REPORTING

The Group operates within the mining industry. The activities of the Group are entirely related to the development and mining of platinum group metals in Zimbabwe.

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1 Property, plant and equipment

	Land and buildings	Roads	SMC surface plant	Plant and equipment	Computer and office equipment	Motor vehicles	Capitalised pre-production expenditure	Deferred stripping expenditure	Mine rehab- ilitation	Work in progress	Total
GROUP	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Cost/Valuation											
Opening balances											
1 July 2004	6 210	18 810	73 453	3 099	867	2 400	6 781	8 223	600	7 404	127 847
Additions	2 620	-	-	6 804	20	944	896	-	3 025	11 609	25 918
Foreign currency translation	611	-	-	(1)	(1)	(8)	-	-	-	-	601
Disposals	-	-	-	-	(2)	(32)	-	-	-	-	(34)
Balances at 30 June 2005	9 441	18 810	73 453	9 902	884	3 304	7 677	8 223	3 625	19 013	154 332
Accumulated depreciation											
Opening balances											
1 July 2004	668	2 475	8 694	292	549	487	879	1 360	37	-	15 441
Depreciation charge	315	990	3 863	372	177	468	560	1 716	191	-	8 652
Foreign currency translation	(4)	-	-	-	(1)	(2)	-	-	-	-	(7)
Disposals	-	-	-	-	(2)	(15)	-	-	-	-	(17)
Balances at 30 June 2005	979	3 465	12 557	664	723	938	1 439	3 076	228	-	24 069
Net book amount 2005	8 462	15 345	60 896	9 238	161	2 366	6 238	5 147	3 397	19 013	130 263
Net book amount 2004	5 542	16 335	64 759	2 807	318	1 913	5 902	6 863	563	7 404	112 406

Work in progress consists mainly of capital expenditure on the Ngezi Portal 2 Underground mine project.

	Computer equipment	Furniture and office equipment	Motor vehicles	Total
COMPANY	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Cost				
Opening balances				
1 July 2004	19	13	218	250
Additions	1	-	-	1
Balances at 30 June 2005	20	13	218	251
Accumulated depreciation				
Opening balances				
1 July 2004	12	1	34	47
Depreciation charge	3	1	37	41
Balances at 30 June 2005	15	2	71	88
Net book amount 2005	5	11	147	163
Net book amount 2004	7	12	184	203

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Group		Company	
	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000
2 Mining assets				
Interests under exploration or evaluation phase :				
Interest in Mhondoro mining claims and accumulated evaluating expenditure	3 409	3 409	-	-
Interest in Ngezi mining claims	9 854	9 854	1 323	1 323
Accumulated evaluating expenditure	8 401	7 775	4 811	4 053
Interest in Selous mining claims	3 101	3 101	-	-
Accumulated evaluating expenditure	508	91	4	4
Total mining assets	25 273	24 230	6 138	5 380

The last independent valuation of these mining assets was completed in June 2004. The valuation is significantly higher than the values disclosed, and the directors are of the opinion that no adjustments are required in these financial statements.

3 Investments

Timber assets and accumulated forestry expenditure :

Accumulated forestry expenditure	-	481	-	-
Accumulated impairment a)	-	(48)	-	-
Devaluation on translation of income statements b)	-	(433)	-	-
	-	-	-	-

Other investments :

Investment in the Ngezi/SMC Project	-	-	25 730	25 730
Investment in Mhondoro Holdings Limited (UK)	-	-	2 666	2 666
Interest in property companies	-	-	8	7
Investment in Zimbabwe Platinum Mines (Private) Limited c)	-	-	43 619	110
	-	-	72 023	28 513
Total investments	-	-	72 023	28 513

a) The carrying value of the timber assets has been written off in full due to the uncertainty of the requirement to use the timber for underground mining in the near future.

b) This arises from the translation of Zimbabwe dollars to United States dollars and has effectively been written off in the foreign currency translation reserve.

c) The increase in the investment of \$43 509 570 during the year represents the purchase consideration by way of shares issued to Implats to acquire their 30% interest in Zimbabwe Platinum Mines (Private) Limited (formerly Makwiro Platinum Mines (Private) Limited).

4 Long term receivables

Loans due from subsidiaries	-	-	28 681	28 285
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These loans are unsecured, interest free and have no fixed terms of repayment.

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Group		Company	
	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000
5 Inventories				
Ore, concentrate and matte stocks	5 187	3 545	-	-
Consumables	7 862	6 508	-	-
	13 049	10 053	-	-
6 Trade debtors				
Impala Refining Services Limited	17 266	13 716	-	-
7 Other receivables				
Other receivables	11 537	9 476	1 424	631
8 Cash and cash equivalents				
Bank balances	18 896	22 710	2 550	7 129
Call deposits	1 512	1 310	1 512	1 310
	20 408	24 020	4 062	8 439
9 Share capital and share premium				
a) Authorised				
500 000 000 ordinary shares of 10 cents each	50 000	50 000	50 000	50 000
b) Issued and fully paid				
92 764 489 (2004:89 285 350) ordinary shares of 10 cents each	9 276	8 929	9 276	8 929
14 873 160 (2004:3 479 130) ordinary shares of 10 cents each	1 487	347	1 487	347
	10 763	9 276	10 763	9 276
c) Share premium	89 166	47 144	89 166	47 144
At the end of the year	99 929	56 420	99 929	56 420

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

- d) The unissued shares are under the control of the directors.
e) There is currently no outstanding options in respect of the employee equity compensation plan.

10 Reserves

Foreign currency translation reserve	a)	(16 213)	(16 131)	-	-
Asset revaluation reserve	b)	48 149	52 012	-	-
Acquisition equity reserve	c)	(10 045)	-	-	-
Accumulated profits	d)	62 114	39 452	11 508	14 024
		84 005	75 333	11 508	14 024

- a) This comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group.
b) This reserve arises from the revaluation of property, plant and equipment and, in the opinion of the directors, reflects the fair value of the assets of the Group at 30 June 2005.
c) On 5 November 2004 shareholders approved the acquisition of Implats 30% interest in Zimbabwe Platinum Mines (Private) Limited (formerly Makwiro Platinum Mines (Private) Limited) in exchange for 14 873 160 shares in Zimplats Holdings Limited at an issue price of AU\$3.75 each. The effective premium on the share purchase was \$10 044 750.
d) Represents accumulated profits to 30 June 2005.

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	Group		Company	
	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000
11 Minority interests				
At the beginning of the year	31 037	25 267	-	-
Share of net profit of subsidiaries	2 428	8 770	-	-
Dividends paid by subsidiaries	-	(3 000)	-	-
Shares issued for acquisition of minority interest	(43 510)	-	-	-
Acquisition equity adjustment	10 045	-	-	-
At the end of the year	-	31 037	-	-

On 3 September 2001, Impala Platinum (Zimbabwe) Pty Limited acquired a 30% interest in Makwiro Platinum Mines (Private) Limited (formerly known as Hartley Management Company (Private) Limited) for US\$30 000 000 of which US\$29 953 013 represented the premium paid on acquisition of these shares.

In terms of a scheme of arrangement approved by shareholders on 5 November 2004, the company acquired Implats 30% interest in Makwiro in exchange for 14 873 160 shares at an issue price of AU\$3.75 each.

12 Deferred taxation

Recognised deferred tax assets and liabilities are attributable to the following items:

Property, plant and equipment	9 941	6 459	-	-
Prepayments	588	491	-	-
	10 529	6 950	-	-

The movement on the deferred taxation account is as follows:

	Opening Balance	Recognised during the year		Closing Balance
		profit	equity	
	US\$	US\$	US\$	US\$
Property, plant and equipment	6 459	3 482	-	9 941
Prepayments	491	97	-	588
	6 950	3 579	-	10 529

Unrecognised deferred tax assets :

Deferred tax assets have not been recognised in respect of the following items:

Deductible temporary differences	8 909	7 866	-	-
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The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items due to the uncertainty as to whether future taxable profit will be available against which the Group can utilise the benefits therefrom.

13 Mine rehabilitation provision

Future rehabilitation obligation				
At the beginning of the year	600	-	-	-
Current year provision	3 026	600	-	-
Charge to the income statement	-	-	-	-
	3 626	600	-	-
Less : utilised during year	-	-	-	-
At the end of the year	3 626	600	-	-

The future value of the rehabilitation obligation was calculated by inflating the current rehabilitation cost over 15 years and 25 years, for Ngezi Mine and Selous Metallurgical Complex respectively, to an estimated future rehabilitation cost.

ZIMPLATS HOLDINGS LIMITED
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	Group		Company	
	Year to	Year to	Year to	Year to
	Jun-05	Jun-04	Jun-05	Jun-04
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
14 Interest bearing loans and borrowings				
Current liabilities				
Absa Bank Limited	500	8 320	-	-

The loan was obtained to finance the Ngezi/SMC Project and is payable over two years which commenced in March 2003. The loan bears interest at LIBOR plus 5 per cent per annum. The average interest rate during the year to June 2005 was 8.75 per cent. The debt is secured against revenue arising from the sale of product to Impala Refining Services Limited, inter-company receivables, guarantees by Impala Platinum Holdings Limited, the company and other related parties and by pledges of shares in the following companies:

· Zimbabwe Platinum Mines (Private) Limited	70%
· Hartley Minerals Zimbabwe Pty Ltd	100%
· Hartley Platinum Mines (Private) Limited	100%

as well as the pledge and cession of the Special Mining Lease No.1 mining agreement and mineral rights pertaining to the Ngezi South Claims.

15 Payables				
Trade creditors	11 905	7 502	-	-
Other	6 326	6 855	1 054	1 007
	18 231	14 357	1 054	1 007

ZIMPLATS HOLDINGS LIMITED
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	Group		Company	
	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000
16 Sales				
Sales of matte to Impala Refining Services Limited	112 484	99 867	-	-
17 Cost of sales				
Mining	55 270	35 330	-	-
Processing	15 722	15 281	-	-
Stock movement	(1 642)	(384)	-	-
Staff costs	4 633	2 486	-	-
Depreciation of property, plant and equipment	3 674	2 722	-	-
Other	3 085	1 520	-	-
Total cost of sales	80 742	56 955	-	-
18 Other net income				
Loss on disposal of property, plant and equipment	(12)	(103)	-	(13)
Profit on disposal of shares	-	-	-	8
Loss on disposal of subsidiaries	-	(4)	-	-
Foreign exchange gains/(losses)	188	(35)	188	(35)
Dividends received	-	-	-	7 000
Export incentive	8 722	-	-	-
Other	822	1 034	183	326
Total other income	9 720	892	371	7 286
Export incentives are Government grants paid to exporters for complying with the regulatory authorities export procedures.				
19 Operating costs				
Audit fees	49	48	20	22
Depreciation of property, plant and equipment	4 978	4 567	41	24
Charge for the year	8 652	7 289	41	24
Amount allocated to cost of sales	(3 674)	(2 722)	-	-
Directors remuneration	525	467	364	343
Fees	70	60	70	60
Emoluments	455	407	294	283
Write down of timber plantation assets	-	13	-	-
Staff costs	2 939	1 479	535	360
Other operating costs	7 402	5 845	2 004	1 192
Total operating costs	15 893	12 419	2 964	1 941
Average number of employees during the year	629	600	6	7

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	Group		Company	
	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000	Year to Jun-05 US\$ 000	Year to Jun-04 US\$ 000
20 Taxation				
Current income tax charge	534	884	-	-
Deferred tax charge	3 579	1 806	-	-
Withholding tax charge on interest earned	108	56	-	-
Taxation provided	<u>4 221</u>	<u>2 746</u>	<u>-</u>	<u>-</u>
Reconciliation				
Notional tax on profit for the year	3 817	4 516	-	-
Permanent differences	296	1 815	-	-
Withholding tax charge on interest earned	108	56	-	-
Assessed losses utilised	-	(3 641)	-	-
Taxation provided	<u>4 221</u>	<u>2 746</u>	<u>-</u>	<u>-</u>
Expenditure incurred to be claimed against future taxable income (refer note 12)	<u>8 909</u>	<u>7 866</u>		
Company tax rate	<u>15%</u>	<u>15%</u>		
21 Employee benefit expenses				
Wages and salaries	7 572	3 965	535	360
Pension costs - defined contribution plans	154	59	-	-
	<u>7 726</u>	<u>4 024</u>	<u>535</u>	<u>360</u>
22 Cash generated from/(used in) operations				
Reconciliation of profit before taxation to cash generated from/(used in) operations:				
Profit/(loss) before taxation	25 448	30 103	(2 516)	5 444
Adjustments for :	7 906	8 395	(224)	(7 035)
Depreciation of property, plant and equipment	8 652	7 289	41	24
Amortisation of timber plantation assets	-	13	-	-
Net finance costs/(income)	121	1 282	(77)	(99)
Foreign exchange (gains)/losses	(188)	35	(188)	35
Loss on disposal of subsidiaries	-	4	-	-
Profit on disposal of shares	-	-	-	(8)
Dividends received	-	-	-	(7 000)
Exchange rate movements	(609)	(289)	-	-
Foreign currency translation reserve	(82)	(44)	-	-
Loss on disposal of property, plant and equipment	12	105	-	13
Changes in working capital	(1 707)	(3 801)	(1 143)	(2 587)
Trade and other receivables	(5 611)	(6 365)	(1 189)	(3 326)
Inventories	(2 996)	(3 459)	-	-
Trade and other payables	6 900	6 023	46	739
Cash generated from/(used in) operations	<u>31 647</u>	<u>34 697</u>	<u>(3 883)</u>	<u>(4 178)</u>

Major non cash flow items include the issue of 14 873 160 shares to the holding company in exchange for the acquisition of an additional 30% in Zimbabwe Platinum Mines (Pvt) Ltd.

ZIMPLATS HOLDINGS LIMITED
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Group	
Year to	Year to
Jun-05	Jun-04
US\$ 000	US\$ 000

23 Winding-up of subsidiary

As part of the restructuring of the Group, Zimplats Timber Holdings (Private) Limited was wound-up during the year as in the opinion of the directors there is no prospect of the company trading in the foreseeable future.

The value of loans forgiven at par is \$489 129.

24 Capital commitments

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

	Contract Length (Months)		
Replacement plant and equipment	12	2 130	3 500
Power supply line	6	1 718	-
Mill girth gears	6	1 656	-
		5 504	3 500

In addition to the above the board has authorised \$46 million to be incurred on the Ngezi Portal 2 Underground mine project.

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

25 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders of the company	18 799	18 587
Weighted average number of ordinary shares in issue	92 930	89 252
Basic earnings per share US\$(cents)	20.23	20.83

Diluted earnings per share

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

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

Profit attributable to equity holders of the company	18 799	18 587
Weighted average number of ordinary shares in issue	92 930	89 252
Adjustments for empowerment shares	11 187	12 975
Weighted average number of ordinary shares for diluted earnings per share	104 117	102 227
Diluted earnings per share US\$(cents)	18.06	18.18

26 Pension obligations

Mining Industry Pension Fund

Pensions for certain employees are provided for through the Mining Industry Pension Fund in Zimbabwe. This is a defined contribution retirement fund. Contributions to the fund are 5% of pensionable remuneration. The Group's contributions for the year amounted to :

132 57

National Social Security Scheme

This scheme was promulgated under the National Social Security Authority Act 1989. Contributions by all Zimbabwe employees are 3% of pensionable remuneration up to a maximum of ZWS750 000 per month per employee. The Group's contributions for the year amounted to :

22 2

154 59

ZIMPLATS HOLDINGS LIMITED
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27 Related parties

27.1 Related party relationships

a) Controlling entities

The immediate holding company is Impala Platinum (Zimbabwe) (Proprietary) Limited (incorporated in South Africa) which directly holds a 41.91% equity interest in Zimplats Holdings Limited (Guernsey). The ultimate holding company is Impala Platinum Holdings Limited (incorporated in South Africa) which directly holds 100% equity interest in Impala Platinum (Zimbabwe) (Proprietary) Limited, and 45.00% directly in Zimplats Holdings Limited.

b) Directors

The directors named in the directors' report held office as directors of the company during the years ended 30 June 2005 and 2004 except for Messrs P B Breese, D G Engelbrecht and M A Rossouw who were appointed on 4 December 2003, and Messrs M J Houston and P Maseva-Shayawabaya who were appointed on 1 April 2004 following the resignation of Mr R A Pitchford on 31 March 2004. Mr P B Breese resigned as a director on 30 June 2004.

27.2 Related party transactions

a) Revenue

Sales of matte are made to Impala Refining Services Limited, a fellow subsidiary. All transactions are done at arms length.

b) Transactions with directors and executive officers

In addition to their salaries, the Group also provides non cash benefits to directors and executive officers.

27.3 Balances

The Group had outstanding balances as at 30 June 2005 with one of its fellow subsidiary (refer note 6).

28 Group enterprises

Subsidiaries

	Country of incorporation	Ownership interest	
		2005	2004
Hartley Platinum Mines Limited	United Kingdom	100	100
Mhondoro Holdings Limited	United Kingdom	100	100
Acroyd Investments (Private) Limited	Zimbabwe	100	100
Always Investments (Private) Limited	Zimbabwe	100	100
Hoselaw Investments (Private) Limited	Zimbabwe	100	-
Zimbabwe Platinum Mines (Private) Limited	Zimbabwe	100	70
Matreb Investments (Private) Limited	Zimbabwe	100	100
Mhondoro Mining Company Limited	Zimbabwe	100	100
Mhondoro Platinum Holdings Limited	Zimbabwe	100	100
Ngezi Platinum Limited	Zimbabwe	100	100
Selous Platinum (Private) Limited	Zimbabwe	100	100
Zimplats Corporate Services (Private) Limited	Zimbabwe	100	100
Zimplats Timber Holdings (Private) Limited (refer note 23)	Zimbabwe	100	100

ZIMPLATS HOLDINGS LIMITED
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29 Risk management

The Group operates in an environment which is subject to both world market prices and exchange rate fluctuations. Exposure to credit, market and currency risk arises in the normal course of the Group's business. Group policy adopts a non-speculative approach to manage risk while maximising profits.

a) Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk, consist principally of cash equivalents and trade receivables. The Group's cash equivalents are placed with high credit quality institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

b) Market risk

The principle amounts of monetary financial assets and liabilities are fixed and not subject to market related value adjustments.

c) Currency risk

The Group is exposed to foreign currency risk in entering contracts of supply in currencies other than the United States dollar. The Group does not use forward exchange contracts to hedge its foreign currency risk.

30 Contingent liabilities

Guarantees

Withholding tax on dividends

	Group		Company	
	2005	2004	2005	2004
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
a)	1	1	-	-
b)	2 400	-	-	-
	2 401	1	-	-

a) Guarantees are in respect of lease and power obligations.

b) In terms of the agreement between the Government of Zimbabwe and the company, dividends paid by Zimbabwe Platinum Mines (Private) Limited (formerly Makwiro Platinum Mines (Private) Limited) are exempt from Non-Resident Shareholders' Tax (NRST). At the time of signature of the agreement, the Government undertook to enact the necessary legislation to give effect to the exemption. To date, this has not been done.

The Zimbabwe Revenue Authority has advised that notwithstanding the provisions of the agreement, NRST on dividends paid to date is due and payable as the exemption legislation is not yet in place.

The matter has been referred to the Ministry of Mines to initiate the enactment of the legislation.

In the event that the legislation is not passed, the NRST payable on dividends paid to date amounts to US\$2.4 million.

31 Exchange rate

The exchange rate used in the financial statements to translate the Zimbabwe subsidiaries to United States dollars at year end is US\$1 to ZW\$9 844 (2004: US\$1 to ZW\$5 319) which was the Reserve Bank of Zimbabwe official exchange rate on 16 June 2005.