

ZIMPLATS HOLDINGS LIMITED

ARBN : 083 463 058

**Half year Directors' Report and Financial Report
31 December 2005**

ZIMPLATS HOLDINGS LIMITED
CONTENTS

Directors' report	2
Directors' declaration	4
Independent review report	5
Financial statements	6
Notes to the financial statements	11

ZIMPLATS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half year ended 31 December 2005 and the review report thereon.

Directors

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

Names	Period of directorship
Michael John Houston Chairman (non - executive) Appointed Chairman with effect from 1 January 2005.	Appointed 1 April 2004
Gregory Sebborn Appointed Chief Executive Officer with effect from 1 January 2005.	Appointed 5 April 2001
Patrick Maseva - Shaywabaya Chief Financial Officer	Appointed 1 April 2004
Robert George Still (non - executive)	Appointed 28 July 1998
David Hugh Brown (non - executive)	Appointed 30 March 2001
Elizabeth Chitiga (non - executive)	Appointed 20 November 2002
Derek Graham Engelbrecht (non - executive)	Appointed 4 December 2003
Michael Andre Rossouw (non - executive)	Appointed 4 December 2003
Leslie John Paton (non - executive)	Appointed 4 February 2003
Mike Teke (non - executive)	Appointed 9 January 2006

Review of performance

The half year operating results to 31 December 2005 are presented together with the comparative figures for the half year to 31 December 2004, and for the full year to 30 June 2005.

- Platinum group metal ("pgm") production in matte, consisting of Platinum, Palladium, Gold and Rhodium ("4E"), for the half year totalled 88 260 troy ounces, a 2.5% improvement on the production for the same period last year.
- Revenue for the period amounted to US\$69.3 million, 28% up on the half year to December 2004. The increase in revenue was a result of both higher volumes and prices. A total of 93 711 troy ounces of 4E were despatched during the period, up 11% on the previous year. The matte delivery backlog at the end of June was cleared during the period and there were minimal stocks on hand at period end. Metal prices, particularly Platinum, Rhodium and Gold have remained high and record prices were realised.
- Operating costs amounted to US\$51.2 million, an increase of 12% on the previous year due to the higher volume of sales and the full impact of the 31% increase in open cast mining costs from November 2004.
- The changes in the exchange rate management system that were introduced during the last quarter of 2005 positively impacted upon local costs, which in real terms have come down significantly as a result of the devaluation of the local currency.
- The higher metal prices more than compensated for the increase in operating costs, thus operating profit for the period amounted to \$18.3 million, an increase of 115% on the previous year.
- The Reserve Bank of Zimbabwe abolished the export incentive scheme with effect from July 2005.
- Profit after tax for the half year amounted to \$15.4 million, an increase of 143% on the prior year's profit of \$6.3 million. Following the acquisition in March 2005 of the minority interest in the operating subsidiary company, Zimbabwe Platinum Mines (Private) Limited, the full profit after tax is attributable to shareholders of the company.

DIRECTORS' REPORT (continued)

Review of performance (continued)

- The Portal 2 underground project is progressing well and is expected to be completed on time and at budgeted cost. Current profits are being re-invested in this project and in addition, \$3 million of the \$10 million Absa Bank loan facility has been drawn as part funding for the project. The remainder of the facility will be drawn by the end of March 2006. Repayment of the loan commences at the end of the June 2006.
- An agreement governing the operation of Zimbabwe Platinum Mines (Private) Limited' s off-shore bank accounts was entered into with the Reserve Bank of Zimbabwe effective 1 November 2005. The new arrangements have operated well to date.
- The dispute with the Zimbabwe Revenue Authority on the payment of Non-Resident Shareholders' Tax on dividends paid has not yet been resolved. The Government of Zimbabwe has given assurances that it will honour commitments it made in the signed investment agreement and that the legislative amendment to give effect to the tax exemption will be promulgated.
- The Government of Zimbabwe has not finalised its long awaited policy on empowerment in the mining industry. Consequently, this matter represents a risk to shareholders.

In this regard, Zimplats has made several specific proposals to Government dating back to July 2004. These proposals aim to secure agreement on the empowerment parameters and to balance the requirements of all stakeholders given the significant long-term funds required to undertake an expansion of the magnitude that Zimplats has proposed. It is frustrating to record that no formal response has yet been received to any of the proposals submitted to Government. The lack of a clear and workable empowerment policy makes it impossible to evaluate the potential investment cost, which is a prerequisite for both debt and equity funding.

In the interim, Zimplats has clearly demonstrated its long-term commitment to expansion of the industry in Zimbabwe by re-investing profits into the underground mining expansion. A total of \$70 million has been committed to the development of a new underground mine and associated infrastructure, and the project will be completed in May 2006.

Dated at Harare, Zimbabwe, this 10th day of February 2006.

Signed in accordance with a resolution of Directors :



G Sebborn
CEO and Director

**ZIMPLATS HOLDINGS LIMITED
DIRECTORS' DECLARATION**

In the opinion of the Directors of Zimplats Holdings Limited:

1. the financial statements and notes, set out on pages 6 to 13, 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 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the half year ended on that date; and

complying with International Financial Reporting Standards except for IAS 16 (Property, Plant and Equipment). Consideration is being given to achieving compliance with this Standard.

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 - Shaywabaya
Chief Financial Officer

Harare
Zimbabwe
10 February 2006



KPMG
Mutual Gardens
100 The Chase (West), Emerald Hill
P O Box 8, Harare
Zimbabwe

Telephone +263 (4) 303700
+263 (4) 302800
Fax +263 (4) 303699

Independent review report to the members of Zimplats Holdings Limited

Scope

We have reviewed the financial report of Zimplats Holdings Limited ("the Company") for the half-year ended 31 December 2005, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 7 and the director's declaration set out on page 4. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of the half year or from time to time during the half-year. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with International Accounting Standard 34 "Interim Financial Reporting" so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with International Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of international accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and accordingly we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zimplats Holdings Limited is not in accordance with:

The Companies (Guernsey) Law including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half year ended on that date; and
- (ii) complying with International Accounting Standard 34 "Interim Financial Reporting".

KPMG Chartered Accountants (Zimbabwe)

Craig Adamson
Partner
Harare
10 February 2006

ZIMPLATS HOLDINGS LIMITED
BALANCE SHEETS
31 December 2005

	Notes	Group		
		6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000
ASSETS				
Non-current assets				
Property, plant and equipment		136 387	119 277	130 263
Mining assets		25 098	25 055	25 273
Total non-current assets		<u>161 485</u>	<u>144 332</u>	<u>155 536</u>
Current assets				
Inventories		18 513	10 532	13 049
Trade debtors		21 339	15 103	17 266
Other receivables		5 494	9 090	11 537
Cash and cash equivalents		25 882	16 954	20 408
Total current assets		<u>71 228</u>	<u>51 679</u>	<u>62 260</u>
Total assets		<u><u>232 713</u></u>	<u><u>196 011</u></u>	<u><u>217 796</u></u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium	1	99 929	56 420	99 929
Reserves	2	98 097	79 335	84 005
		<u>198 026</u>	<u>135 755</u>	<u>183 934</u>
Minority interests	3	-	33 465	-
Total equity		<u>198 026</u>	<u>169 220</u>	<u>183 934</u>
Non-current liabilities				
Deferred taxation		11 209	8 500	10 529
Mine rehabilitation provision		3 626	600	3 626
Total non-current liabilities		<u>14 835</u>	<u>9 100</u>	<u>14 155</u>
Current liabilities				
Interest bearing loans and borrowings		3 150	500	500
Payables		13 978	15 792	18 231
Taxation		2 724	1 399	976
Total current liabilities		<u>19 852</u>	<u>17 691</u>	<u>19 707</u>
Total equity and liabilities		<u><u>232 713</u></u>	<u><u>196 011</u></u>	<u><u>217 796</u></u>

ZIMPLATS HOLDINGS LIMITED
INCOME STATEMENTS
for the half year ended 31 December 2005

	Notes	Group		
		6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000
Revenue		69 308	54 118	112 484
Cost of sales		(42 367)	(38 306)	(80 742)
Gross profit		<u>26 941</u>	<u>15 812</u>	<u>31 742</u>
Other net income		112	241	9 720
Operating costs		(8 792)	(7 574)	(15 893)
Profit from operations		<u>18 261</u>	<u>8 479</u>	<u>25 569</u>
Net finance (costs)/income		(26)	14	(121)
Interest expense		(76)	(456)	(934)
Interest income		50	470	813
Profit before taxation		<u>18 235</u>	<u>8 493</u>	<u>25 448</u>
Taxation		(2 826)	(2 147)	(4 221)
Net profit for the period		<u><u>15 409</u></u>	<u><u>6 346</u></u>	<u><u>21 227</u></u>
Attributable to:				
Equity holders of the company		15 409	3 918	18 799
Minority interests	3	-	2 428	2 428
Net profit for the period		<u><u>15 409</u></u>	<u><u>6 346</u></u>	<u><u>21 227</u></u>
Basic earnings per share (cents)	5	14.32	4.39	20.23
Diluted earnings per share (cents)	5	12.73	3.69	18.06

ZIMPLATS HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2005

	Share capital	Share premium	Foreign currency translation reserve	Acquisition equity reserve	Revaluation reserve	Accumulated profit	Minority interest	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
GROUP								
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
Foreign currency translation reserve	-	-	(1 317)	-	-	-	-	(1 317)
Capital reserve release through depreciation	-	-	-	-	(1 932)	1 932	-	-
Net profit for the year	-	-	-	-	-	15 409	-	15 409
Balances at 31 December 2005	10 763	89 166	(17 530)	(10 045)	46 217	79 455	-	198 026

ZIMPLATS HOLDINGS LIMITED
CASH FLOW STATEMENTS
for the half year ended 31 December 2005

	Notes	Group		
		6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000
Operating activities				
Cash generated from operations	4	13 632	11 837	31 647
Interest received		50	470	813
Exchange gains realised		-	31	188
Interest paid		(76)	(456)	(934)
Income tax and withholding taxation paid		(398)	(82)	(550)
Cash in flows from operating activities		<u>13 208</u>	<u>11 800</u>	<u>31 164</u>
Investing activities				
Proceeds from sale of property, plant and equipment		6	-	5
Acquisition of property, plant and equipment		(10 565)	(10 222)	(25 918)
Acquisition of mining assets		175	(824)	(1 043)
Cash out flows from investing activities		<u>(10 384)</u>	<u>(11 046)</u>	<u>(26 956)</u>
Financing activities				
Borrowings raised		3 150	-	-
Repayments of short term borrowings		(500)	(7 820)	(7 820)
Cash in/(out) flows from financing activities		<u>2 650</u>	<u>(7 820)</u>	<u>(7 820)</u>
Increase/(decrease) in cash and cash equivalents		<u>5 474</u>	<u>(7 066)</u>	<u>(3 612)</u>
Movement in cash and cash equivalents				
Cash on hand at beginning of year		20 408	24 020	24 020
Increase/(decrease) in cash and cash equivalents		5 474	(7 066)	(3 612)
Cash on hand at end of the period		<u>25 882</u>	<u>16 954</u>	<u>20 408</u>

ZIMPLATS HOLDINGS LIMITED
ACCOUNTING POLICIES
for the half year ended 31 December 2005

Zimplats Holdings Limited is a company domiciled in Guernsey, Channel Islands. The consolidated financial statements of the Group for the half year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the Group).

a) Basis of preparation

The half year consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", interpretations issued by the Standing Interpretations Committee of the IASB and the reporting requirements of the Australian Stock Exchange.

The half year financial statements do not include all the notes of the type normally included in the Annual Financial Statements. Accordingly, these financial statements should be read in conjunction with the 30 June 2005 Annual Financial Statements and any public announcements made by the Company during the half year in accordance with the disclosure obligations arising under the ASX Listing Rules.

The financial statements are presented in United States dollars, rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain fixed property which is shown at valuation. The accounting policies have been consistently applied by the Group and are consistent with those of the previous year.

b) Segment reporting

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

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2005

	Group		
	6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000
1 Share capital and share premium			
a) Authorised 500 000 000 ordinary shares of 10 cents each	50 000	50 000	50 000
b) Issued and fully paid			
92 764 489 ordinary shares of 10 cents each	9 276	8 929	9 276
14 873 160 ordinary shares of 10 cents each	1 487	347	1 487
	10 763	9 276	10 763
c) Share premium	89 166	47 144	89 166
	99 929	56 420	99 929

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.

2 Reserves

Foreign currency translation reserve	a)	(17 530)	(15 751)	(16 213)
Asset revaluation reserve	b)	46 217	49 784	48 149
Acquisition equity reserve	c)	(10 045)	-	(10 045)
Accumulated profits	d)	79 455	45 302	62 114
		98 097	79 335	84 005

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 31 December 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 amounted to \$10 044 750.

d) Represents accumulated profits to 31 December 2005.

3 Minority interest

At the beginning of the year	-	31 037	31 037
Share of net profit of subsidiaries	-	2 428	2 428
Shares issued for acquisition of minority interest	-	-	(43 510)
Acquisition equity adjustment	-	-	10 045
At the end of the period	-	33 465	-

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2005

	Group		
	6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000
4 Cash generated from operations			
Reconciliation of profit before taxation to cash generated from operations:			
Profit before taxation	18 235	8 493	25 448
Adjustments for :	3 144	3 390	7 906
Depreciation	4 423	3 341	8 652
Net finance costs/(income)	26	(14)	121
Foreign exchange gains	-	(31)	(188)
Exchange rate movements	-	-	(609)
Foreign currency translation reserve	(1 317)	-	(82)
Foreign exchange loss on investments	-	94	-
Loss on disposal of property, plant & equipment	12	-	12
Changes in working capital:	(7 747)	(46)	(1 707)
Trade and other receivables	1 970	(1 001)	(5 611)
Inventories	(5 464)	(480)	(2 996)
Trade and other payables	(4 253)	1 435	6 900
Cash generated from operations	<u>13 632</u>	<u>11 837</u>	<u>31 647</u>

5 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	15 409	3 918	18 799
Weighted average number of ordinary shares in issue	107 638	89 252	92 929
Basic earnings per share US\$(cents)	<u>14.32</u>	<u>4.39</u>	<u>20.23</u>

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

Profit attributable to equity holders of the company	15 409	3 918	18 799
Weighted average number of ordinary shares in issue	107 638	89 252	92 929
Adjustments for empowerment shares	13 390	16 903	11 188
Weighted average number of ordinary shares for diluted earnings per share	<u>121 028</u>	<u>106 155</u>	<u>104 117</u>
Diluted earnings per share US\$(cents)	<u>12.73</u>	<u>3.69</u>	<u>18.06</u>

ZIMPLATS HOLDINGS LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2005

Group		
6 mths to Dec-05 (unaudited) US\$ 000	6 mths to Dec-04 (unaudited) US\$ 000	Year to Jun-05 (audited) US\$ 000

6 Capital commitments

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

Capital contracted for	11 559	13 645	5 504
------------------------	--------	--------	-------

7 Exchange rate

The exchange rate used in the financial statements to translate the Zimbabwe subsidiaries to United States dollars is US\$1 to ZW\$60 796 (June 2005 : US\$1 to ZW\$9 844).

8 Contingent liability

The dispute between the subsidiary company, Zimbabwe Platinum Mines (Private) Limited and the Zimbabwe Revenue Authority on the payment of Non-Resident Shareholders' Tax on dividends paid has not yet been resolved. The Government of Zimbabwe has given assurances that it will honour commitments it made in the signed investment agreement and that the legislative amendment to give effect to the tax exemption will be promulgated.