

ZIMBABWE PLATINUM MINES LIMITED
ARBN : 083 463 058

Half year Directors' Report and Financial Report
31 December 2004

ZIMBABWE PLATINUM MINES LIMITED
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ZIMBABWE PLATINUM MINES LIMITED

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half year ended 31 December 2004 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
Robert George Still Chairman (non - executive)	Appointed 28 July 1998
Resigned as Chairman with effect from 01 January 2005.	
Michael John Houston Chief Executive Officer Resigned as CEO and appointed Chairman with effect from 01 January 2005.	Appointed 01 April 2004
Gregory Sebborn Appointed Chief Executive Officer with effect from 01 January 2005.	Appointed 05 April 2001
Patrick Maseva - Shayawabaya Chief Financial Officer	Appointed 01 April 2004
David Hugh Brown (non - executive)	Appointed 30 March 2001
Leslie John Paton (non - executive)	Appointed 04 February 2003
Elizabeth Chitiga (non - executive)	Appointed 20 November 2002
Derek Graham Engelbrecht (non - executive)	Appointed 04 December 2003
Michael Andre Rossouw (non - executive)	Appointed 04 December 2003

Review of Operations

The half year operating results to 31 December 2004 are presented together with the comparative figures for the half year to 31 December 2003, and for the full year to 30 June 2004.

Makwiro Platinum Mines (Private) Limited (70% Zimplats - 30% Implats)

- Platinum group metal ("pgm") production in matte, consisting of Platinum, Palladium, Gold and Rhodium ("4E"), for the half year totaled 86 062 troy ounces, an improvement of 1% on the production for the same period last year.
- Revenue for the period amounted to US\$54.118 million, 42% up on the half year to December 2003. Matte despatches for the previous half year were low as a result of the July 2003 furnace tap-hole break-out, resulting in a delay in processing concentrates. Metal prices, in particular platinum and nickel, remained strong during the half year.

- Operating costs amounted to US\$44.98 million, an increase of 50% on the previous year. The increase was due to the following:
 1. Higher volume of sales.
 2. Higher opencast mining costs in line with the increase in mining contract rates.
 3. High waste to ore ratio to re-establish the opencast mining sequence after the June/July industrial action by the employees of the mining contractor (see below).
 4. Increase in local costs due to the prevailing high level of inflation. This, coupled with an overvalued local currency resulted in significant cost increases in US\$ terms.
- Due to the increase in operating costs, profit before tax for the period amounted to US\$10.26 million, compared to US\$9.574 million for the half year to December 2003.

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Subsequent to the quarter end, an export incentive in the sum of approximately US\$2.7 million was received from the Reserve Bank of Zimbabwe. This amount is in respect of the quarter ended March 2004 and had not been accounted for as there was uncertainty that the amount would be paid. It was therefore considered prudent to only account for the incentive on receipt. An application has been made for the incentive in respect of the remainder of the calendar year to December 2004 and will also be accounted for on a receipt basis.

- A three week industrial action by the employees of the mining contractor in June/July disrupted the opencast mining sequence. During that period the plant processed ore from the stock piles. As a result, in-pit ore reserves were severely depleted. Opencast mining has been re-planned and is now back to normal levels. Ore reserves however remain critically low and is an area of concern.
- The final loan repayment installment of US\$7.8 million on the project debt (capital plus interest) was paid as scheduled in September 2004.

Zimbabwe Platinum Mines Limited

- Consolidated profit after tax for the period amounted to US\$6.346 million, representing earnings per share of 4.39 cents (half year to December 2003 - 4.83 cents)
- Cash utilised during the period totaled US\$7.066 million resulting in cash on hand at the end of December 2004 of US\$16.954 million.
- The board approved the first phase of the expansion programme. Approval by the Government of Zimbabwe of the long-term investment proposal is awaited for the expansion programme to commence. Certain critical areas of the expansion programme have however commenced and are to be internally funded.

Dated at Harare, Zimbabwe, this 25th day of January 2005.

Signed in accordance with a resolution of Directors :



G Sebborn
CEO and Director

**ZIMBABWE PLATINUM MINES LIMITED
DIRECTORS' DECLARATION**

In the opinion of the Directors of Zimbabwe Platinum Mines 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 2004 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
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
25 January 2005



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Independent review report to the members of Zimbabwe Platinum Mines Limited

Scope

We have reviewed the financial report of Zimbabwe Platinum Mines Limited ("the Company") for the half-year ended 31 December 2004, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 10 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 Zimbabwe Platinum Mines 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 2004 and of its performance for the half year ended on that date; and
- (ii) complying with International Accounting Standard 34 "Interim Financial Reporting".

KPMG
KPMG

Craig Adamson
Partner
Harare
25 January 2005

ZIMBABWE PLATINUM MINES LIMITED
INCOME STATEMENTS
for the half year ended 31 December 2004

	Notes	Group		
		6 mths to Dec-04 (unaudited) \$000	6 mths to Dec-03 (unaudited) \$000	Year to Jun-04 (audited) \$000
Revenue		54 118	38 092	99 867
Cost of sales		<u>(38 306)</u>	<u>(23 802)</u>	<u>(56 955)</u>
Gross profit		15 812	14 290	42 912
Other income		241	510	892
Operating costs		<u>(7 574)</u>	<u>(5 494)</u>	<u>(12 419)</u>
Profit from operations		8 479	9 306	31 385
Net finance income/(costs)		<u>14</u>	<u>(532)</u>	<u>(1 282)</u>
Profit before taxation		8 493	8 774	30 103
Taxation		<u>(2 147)</u>	<u>(2 217)</u>	<u>(2 746)</u>
Net profit for the period		<u><u>6 346</u></u>	<u><u>6 557</u></u>	<u><u>27 357</u></u>
Attributable to :				
Ordinary shareholders		3 918	4 350	18 587
Minority interest	4	<u>2 428</u>	<u>2 207</u>	<u>8 770</u>
Net profit for the period		<u><u>6 346</u></u>	<u><u>6 557</u></u>	<u><u>27 357</u></u>
Basic earnings per share (cents)	6	4.39	4.83	20.83
Diluted earnings per share (cents)	6	4.39	4.83	20.83

ZIMBABWE PLATINUM MINES LIMITED
BALANCE SHEETS
31 December 2004

	Notes	Group		
		6 mths to Dec-04 (unaudited) \$ 000	6 mths to Dec-03 (unaudited) \$ 000	Year to Jun-04 (audited) \$ 000
ASSETS				
Non-current assets				
Property, plant and equipment		119 277	107 893	112 406
Mining interests		25 055	23 978	24 230
Total non-current assets		<u>144 332</u>	<u>131 871</u>	<u>136 636</u>
Current assets				
Inventories		10 532	10 617	10 053
Trade debtors		15 103	10 840	13 716
Other receivables		9 090	6 742	9 476
Cash and cash equivalents		16 954	18 581	24 020
Total current assets		<u>51 679</u>	<u>46 780</u>	<u>57 265</u>
Total assets		<u><u>196 011</u></u>	<u><u>178 651</u></u>	<u><u>193 901</u></u>
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital	2	9 276	9 276	9 276
Reserves	3	126 479	108 712	122 477
		135 755	117 988	131 753
Minority interests	4	33 465	27 474	31 037
Total equity		<u>169 220</u>	<u>145 462</u>	<u>162 790</u>
Non-current liabilities				
Deferred taxation		8 500	7 328	6 950
Mine rehabilitation provision		600	-	600
Total non-current liabilities		<u>9 100</u>	<u>7 328</u>	<u>7 550</u>
Current liabilities				
Interest bearing loans and borrowings		500	15 529	8 320
Other payables		15 792	10 332	14 357
Taxation		1 399	-	884
Total current liabilities		<u>17 691</u>	<u>25 861</u>	<u>23 561</u>
Total equity and liabilities		<u><u>196 011</u></u>	<u><u>178 651</u></u>	<u><u>193 901</u></u>

ZIMBABWE PLATINUM MINES LIMITED
STATEMENTS OF CHANGES IN EQUITY
for the half year ended 31 December 2004

	Share capital	Share premium reserve	Foreign currency translation reserve	Revaluation reserve	Accumulated profit	Minority interest	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
GROUP							
Balances at 30 June 2003	8 929	45 081	(15 750)	55 901	16 935	25 267	136 363
Revaluation	-	-	-	(296)	-	-	(296)
Issue of share capital	347	2 063	-	-	-	-	2 410
Foreign currency translation reserve	-	-	(44)	-	-	-	(44)
Capital reserve release through depreciation	-	-	-	(3 864)	3 864	-	-
Dividends paid by subsidiary	-	-	-	-	-	(3 000)	(3 000)
Disposal of subsidiaries	-	-	(41)	(25)	66	-	-
Net profit for the year	-	-	-	-	18 587	8 770	27 357
Balances at 30 June 2004	9 276	47 144	(15 835)	51 716	39 452	31 037	162 790
Foreign currency translation reserve	-	-	84	-	-	-	84
Capital reserve release through depreciation	-	-	-	(1 932)	1 932	-	-
Net profit for the year	-	-	-	-	3 918	2 428	6 346
Balances at 31 December 2004	9 276	47 144	(15 751)	49 784	45 302	33 465	169 220

ZIMBABWE PLATINUM MINES LIMITED
CASH FLOW STATEMENTS
for the half year ended 31 December 2004

	Notes	Group		
		6 mths to Dec-04 (unaudited) \$ 000	6 mths to Dec-03 (unaudited) \$ 000	Year to Jun-04 (audited) \$ 000
Operating activities				
Cash generated from operations	5	11 837	9 996	34 330
Interest received		470	160	593
Exchange gain realised		31	369	332
Dividend paid to minorities		-	-	(3 000)
Interest paid		(456)	(692)	(1 875)
Withholding taxation paid		(82)	(33)	(56)
Cash in flows from operating activities		<u>11 800</u>	<u>9 800</u>	<u>30 324</u>
Investing activities				
Proceeds from sale of property, plant and equipment		-	-	22
Acquisition of property, plant and equipment		(10 222)	(2 593)	(10 240)
Acquisition of mining investments		(824)	(1 143)	(1 395)
Proceeds on disposal of subsidiaries		-	-	14
Amortisation of timber plantation assets		-	-	(13)
Cash out flows from investing activities		<u>(11 046)</u>	<u>(3 736)</u>	<u>(11 612)</u>
Financing activities				
Proceeds of share issue in Zimbabwe Platinum Mines Limited		-	2 410	2 410
Repayments of long term borrowings		(7 820)	(8 610)	(15 819)
Cash out flows from financing activities		<u>(7 820)</u>	<u>(6 200)</u>	<u>(13 409)</u>
(Decrease)/increase in cash and cash equivalents		<u>(7 066)</u>	<u>(136)</u>	<u>5 303</u>
Movement in cash and cash equivalents				
Cash on hand at beginning of year		24 020	18 717	18 717
(Decrease)/increase in cash and cash equivalents		(7 066)	(136)	5 303
Cash on hand at end of the period		<u>16 954</u>	<u>18 581</u>	<u>24 020</u>

ZIMBABWE PLATINUM MINES LIMITED
ACCOUNTING POLICIES
for the half year ended 31 December 2004

Zimbabwe Platinum Mines Limited is a company domiciled in Guernsey, Channel Islands. The consolidated financial statements of the Group for the half year ended 31 December 2004 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 2004 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.

ZIMBABWE PLATINUM MINES LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2004

1 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.

		Group		
		6 mths to Dec-04 (unaudited) \$ 000	6 mths to Dec-03 (unaudited) \$ 000	Year to Jun-04 (audited) \$ 000
2 Share capital				
a) Authorised				
500 000 000 ordinary shares of 10 cents each		50 000	50 000	50 000
b) Issued and fully paid				
89 285 360 ordinary shares of 10 cents each		8 929	8 929	8 929
3 479 129 ordinary shares of 10 cents each		347	347	347
		<u>9 276</u>	<u>9 276</u>	<u>9 276</u>

c) The unissued shares are under the control of the directors.

3 Reserves

Share premium	a)	47 144	47 144	47 144
Foreign currency translation reserve	b)	(15 751)	(15 620)	(15 835)
Asset revaluation reserve	c)	49 784	53 969	51 716
Accumulated profits	d)	45 302	23 219	39 452
		<u>126 479</u>	<u>108 712</u>	<u>122 477</u>

a)

86 594 482 shares were issued at a 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.

b) 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.

c) 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 2004.

d) Represents accumulated profits to 31 December 2004.

4 Minority interest

At the beginning of the year	31 037	25 267	25 267
Share of net profit of subsidiaries	2 428	2 207	8 770
Dividends paid by subsidiaries	-	-	(3 000)
At the end of the period	<u>33 465</u>	<u>27 474</u>	<u>31 037</u>

ZIMBABWE PLATINUM MINES LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2004

	Group		
	6 mths to Dec-04 (unaudited) \$ 000	6 mths to Dec-03 (unaudited) \$ 000	Year to Jun-04 (audited) \$ 000
5 Cash generated from operations			
Reconciliation of profit before taxation to cash generated from operations:			
Profit before taxation	8 493	8 774	30 103
Adjustments for :	3 390	4 601	8 028
Depreciation	3 341	4 250	7 289
Amortisation of timber plantation assets	-	-	13
Net finance (income)/costs	(14)	532	1 282
Foreign exchange gains	(31)	(369)	(332)
Loss on disposal of subsidiaries	-	-	4
Foreign exchange loss on investments	94	188	(333)
Loss on disposal of property, plant & equipment	-	-	105
Changes in working capital :	(46)	(3 379)	(3 801)
Trade and other receivables	(1 001)	(754)	(6 365)
Inventories	(480)	(4 023)	(3 459)
Trade and other payables	1 435	1 398	6 023
Cash generated from operations	<u>11 837</u>	<u>9 996</u>	<u>34 330</u>

6 Earnings per share

Basic earnings per share

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

Profit attributable to ordinary shareholders in US\$000	<u>3 918</u>	<u>4 350</u>	<u>18 587</u>
Weighted average number of ordinary shares in 000's	<u>89 252</u>	<u>90 048</u>	<u>89 252</u>
Basic earnings per share US\$(cents)	<u>4.39</u>	<u>4.83</u>	<u>20.83</u>

Diluted earnings per share

The empowerment transaction signed on the 22 September 2003 will result in the issue of a further 13 390 423 shares. These shares have not yet been issued.

On 5 November 2004 shareholder approval was given to the issue of a further 14 873 160 ordinary shares to Impala Platinum Holdings Ltd in exchange for their 30% share in Makwiro Platinum Mines (Pvt) Ltd. These shares have not yet been issued.

Weighted average number of ordinary shares in issue	89 252	90 048	89 252
Adjustments for exercisable share options	-	-	-
Weighted average number of diluted ordinary shares	<u>89 252</u>	<u>90 048</u>	<u>89 252</u>
Diluted earnings per share US\$(cents)	<u>4.39</u>	<u>4.83</u>	<u>20.83</u>

ZIMBABWE PLATINUM MINES LIMITED
NOTES ON THE FINANCIAL STATEMENTS continued
for the half year ended 31 December 2004

	Group		
	6 mths to Dec-04 (unaudited) \$ 000	6 mths to Dec-03 (unaudited) \$ 000	Year to Jun-04 (audited) \$ 000
7 Capital commitments			
The Group has entered into contracts for, and is committed to incur capital expenditure in respect thereof :			
Capital contracted for	13 645	4 701	3 500
8 Contingent liabilities			
Guarantees	1	1	1
Legal claims	-	-	-
	1	1	1

Guarantees are in respect of lease and power obligations.

9 Post balance sheet events

Subsequent to the half year end, an incentive in respect of exports for the quarter to March 2004 amounting to approximately \$2.7 million was received from the Reserve Bank of Zimbabwe. The incentive had not been accounted for as there was uncertainty that it would be paid and it was therefore considered prudent to only account for it on receipt. Application has been made for the incentive in respect of subsequent quarters for the 2004 calendar year which will also be accounted for on receipt.

10 Exchange rate

The exchange rate used in the financial statements to translate the Zimbabwe subsidiaries to United States dollars is US\$1 to ZW\$5 628 (June 2004 : US\$1 to ZW\$5 319).