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

Consolidated interim results (reviewed) for the six months ended 31 December 2016

Key features

Safety
- Regrettably four employees suffered fatal injuries at Impala Rustenburg during the period under review
- Over the last five years, the Group has invested significantly in safety initiatives
- Implats has 13 safety "millionaire" sites, three of which have operated for over 15 years without a fatal incident.

Market
- Overall demand for platinum group metals (PGMs) remained strong, while supply constraints continue
- On a fundamental basis, the platinum market experienced a fifth consecutive deficit year.

Prices
- Platinum and palladium showed positive gains
- Rand revenue per platinum ounce rose 14.1% to R24 921.

Strategic response
- Continued focus on cash preservation and profitability in a low metal price environment
- Ongoing capital expenditure remains a focus area.

Operational performance
- Gross refined platinum production increased by 12.5% to 778 500 ounces
- Zimplats, Two Rivers, Mimosa and Impala Refining Services (IRS) deliver good operational performances
- Difficult operating environments continued to challenge the operational performance of Impala Rustenburg and Marula.

Liquidity
- Generated R1.8 billion in cash from operations before changes in working capital
- Gross cash of R5.4 billion
- Net debt of R1.1 billion
- R4.0 billion of unutilised facilities available until 2021.

Implats refined

778 500 oz
Group refined platinum production

Mine-to-market operations   impala refining services
(IRS)
Impala – 318 700 oz   Third-party concentrate
purchase recycling
Zimplats – 118 300 oz*   and toll treatment – 149 000
oz
Marula – 41 200 oz*
Mimosa – 57 900 oz*
Two Rivers – 93 400 oz*

Refined platinum ounces indicated above have been rounded for illustrative purposes.
*Ex-Impala Refining Services (IRS)

Group performance

Operating statistics

		Six months ended 31 December 2016	Six months ended 31 December 2015	Year ended 30 June 2016
Gross refined production				
Platinum	(000oz)	778.5	692.1	1†438.3
Palladium	(000oz)	468.4	414.0	885.4
Rhodium	(000oz)	91.4	84.2	185.1
Nickel	(t)	8 283	8†475	17†001
IRS metal returned (toll refined)				
Platinum	(000oz)	–	–	0.1
Palladium	(000oz)	–	0.9	1.5
Rhodium	(000oz)	–	–	–
Nickel	(t)	1 596	1†830	3†509
Sales volumes				
Platinum	(000oz)	730.7	764.9	1†511.6
Palladium	(000oz)	463.6	419.7	905.5
Rhodium	(000oz)	94.2	94.7	197.1
Nickel	(t)	7†173	6†495	14†184

Prices achieved

Platinum	(US$/oz)	1 009	963	961
Palladium	(US$/oz)	674	632	586
Rhodium	(US$/oz)	672	803	735
Nickel	(US$/t)	9 924	10†598	9†483
Consolidated statistics				
Revenue per platinum ounce sold	(US$/oz)	1 775	1†624	1†627
	(R/oz)	24 921	21†843	23†413
Average exchange rate achieved	(1US$=R)	14.04	13.45	14.39
Closing exchange rate for the period	(1US$=R)	13.74	15.48	14.69
Tonnes milled ex-mine	(000t)	9 262	9†898	18†426
PGM refined production	(000oz)	1 553.3	1†378.3	2†907.5
Group unit cost per platinum ounce	(US$/oz)	1 623	1†666	1†507
	(R/oz)	22 797	22 380	21†731
Headline earnings	(Rm)	(508)	347	83
Gross profit margin	(%)	(1.7)	(0.2)	–
Capital expenditure	(Rm)	1 592	1†892	3†560
Cash net of debt/(debt net of cash)	(Rm)	(1†107)	(291)	19
Cash (utilised)/generated from/(used in) operations	(Rm)	(146)	976	2†731

Commentary

Introduction

The first half of financial year 2017 was characterised by an ongoing focus on the Groupís strategic response to succeed in the continued low price environment and challenging operating conditions. Increased production and good cost management were a feature at most operations over the past six months, with Impala Refining Services again delivering robust cash flows. Safety remains our first priority and given the difficult 12 months experienced by Impala Rustenburg, significant efforts continue to transform the safety culture at this operation.

Market review (all references to years in this section refer to calendar years unless otherwise stated)

The platinum market experienced a fifth consecutive fundamental deficit in 2016. The deficit this year was an approximate 700†000 ounces and a further deficit of around 450†000 ounces is expected in 2017 provided investment demand is maintained. The reduced deficit expected in 2017 is largely due to a modest decrease in industrial demand and declining platinum jewellery demand in China, moderated by primary supply constraints from South Africa.

We estimate that by the end of 2017, supply deficits experienced since 2012 will have consumed approximately four million ounces of platinum from above-ground stocks. Sustained demand in key market sectors, together with a more muted supply outlook from the South African producers should support improved market fundamentals into the future.

Platinum, palladium and rhodium all showed positive gains in 2016, closing 3.3%, 23.5% and 16.6% higher at US$907, US$676 and US$770 per ounce, respectively. This is in stark contrast to 2015, where platinum, palladium and rhodium traded 28%, 31% and 41% lower respectively. The average platinum price realised during the period under review was 7.1% higher at US$1†015 per ounce compared to the previous comparable period, while palladium increased by 11.4% to US$680 per ounce. Support for platinum came from a combination of rising vehicle sales in Western Europe, which grew for the third consecutive year in 2016, investment demand in Japan and constrained PGM output from South Africa.

Palladium performed well on the back of increasing vehicle sales in China and the US. The rhodium price traded 16.3% lower during the period under review averaging US$672 per ounce, despite increased demand from the automotive and chemical industries.

Calendar year 2016 was positive for the automotive industry, with global light duty vehicle sales estimated to have reached 93 million units on the back of continued growth in the US, Western Europe and China, despite a slowdown in sales in Japan, Eastern Europe and Latin America. US light duty vehicle sales, which were largely sustained at 17.51 million units, continue to be driven by low gasoline prices, widespread credit availability, an increase in leasing and employment gains. Western European light duty vehicles demand was better than expected after the Brexit vote. Sales in this region reached 13.95 million units, a 5.8% increase from 2015. Chinese light duty vehicle sales recorded a 14.9% year-on-year growth reaching 24.38 million units. This was stimulated, in part, by tax cuts on small-engine vehicles. The Japanese market was the exception with a decline of 1.5% to 4.97 million units in 2016. However, there are signs that this market may be recovering demonstrated by 7.4% and 7.6% improvements in sales during November and December 2016 respectively.

Despite strong growth in the automotive sector and the continued adoption of stricter emission legislation globally, the continued preference for palladium over platinum in catalyst systems remains a concern and is not sustainable in our view. The automotive sector needs to align long-term use with the ratio in which the metals are mined to ensure sustainable supply, which will require automakers to switch back to platinum in the near future. Current platinum/palladium price differentials are at a six year high, providing strong financial impetus for such switching.

The Chinese market remains the major consumer of platinum jewellery globally. Structural changes in the Chinese economy have impacted consumer behaviour and indications are that platinum jewellery retail sales may have dropped by as much as 9% during 2016. However, other markets have offset some of the declines from China, particularly in India, which has grown by 23%. In Japan, platinum jewellery continues to recover market share from white gold and is expected to have grown by 1% during 2016. The US market experienced strong growth, capitalising on the low platinum price, and is estimated to have grown by approximately 6% in 2016.

We continue to support the Platinum Guild International (PGI). Its stated strategy aims to arrest the decline in Chinese jewellery demand by aligning its marketing efforts to the changing socio-economic landscape in China. Initiatives include among others, targeting gem set, branded collections and higher sales volumes.

The platinum and palladium Exchange Traded Funds (ETFs) both experienced liquidations during 2016. Palladium liquidations were significant at 640†000 ounces, largely due to strong market fundamentals and rising metal prices, which incentivised profit taking. Platinum experienced strong investment demand for small bars and coins in Japan, with accumulative investment of approximately 425 000 ounces during 2016, offsetting a modest 9 000 ounce ETF liquidation during the year. The World Platinum Investment Council (WPIC) continues to prioritise strategic partnerships and investment products that will incentivise and sustain future investment demand.

The platinum paper markets (NYMEX/TOCOM) remained relatively stable during 2016, with a modest 65†000 ounce decline. Palladium, however, followed its strong physical supply/demand fundamentals and recorded an increase of 710†000 ounces during the year.

The market fundamentals for platinum, palladium and rhodium remain well supported by resilient global demand and constrained primary supply. Near-term, growing and unsustainable deficits in palladium will further underpin this market, and also support platinum and rhodium as consumers seek to optimise their metal mix into the future. Fundamental deficits for both platinum and palladium are expected to continue for the foreseeable future.

Safety review

The realisation of zero harm remains the Groupís key priority and the strategic focus is centred on a cultural transformation among employees, supported by effective leadership, supervision and compliance with leading safety practices to create an inherently safe working environment. Success demands a strong resolve from every employee and the leadership of representative unions and government. To this end, management continues to engage with all stakeholders and is leading the process with the ultimate goal of having every workplace free from serious injury and fatal incident.

Over the past five years, the Group has invested significantly in safety initiatives, resulting in significant improvements in safety performance across all operational units - with many setting new safety records. Currently, Implats has 13 safety "millionaire" sites, 12 of which have operated for more than two years without a fatal incident, including four with over four years and three who have worked for over 15 years without a fatal incident.

Despite a keen focus on safe operational performance, safety remains a significant challenge for some of the Rustenburg mining operations. In particular, multiple fatalities at 14 Shaft and 1 Shaft during the past 12 months had a significant impact on our safe production efforts. While no fatal incidents were recorded across other Group operations, regrettably four employees suffered fatal injuries at Impala Rustenburg during the six months ended 31 December 2016 (three in the first quarter and one in the second). The board of directors and the management team express their sincere condolences to the friends, families and colleagues of the deceased.

Targeted behaviour change programmes continue to be implemented across the Rustenburg operation and training in high risk occupations including rock drill operators (RDO), scraper winch operators, panel operators, loco operators and TMM operators has been completed. The desired safe work behaviours are now being entrenched. In addition, a comprehensive multi-stakeholder health and safety awareness campaign was conducted at the Rustenburg operation. Management will continue to boost safe production compliance and drive the change from a dependent to an interdependent culture, where every employee looks after their own safe behaviour and the safety of others. In addition, employees who have an elevated risk of experiencing a safety incident due to ill health, emotional and financial concerns or are compromised are identified, monitored and assisted to mitigate against further safety incidents.

Strategic response

Several initiatives were announced in February 2015 in response to persistently low US dollar metal prices. Key strategic objectives included cost optimisation, reprioritising and rescheduling capital expenditure, implementing the Impala lease area strategy, which aims to transform Rustenburg into a more concentrated mining operation, and strengthening the Group balance sheet.

The reduction in operating costs realised a saving of about R1.4 billion in 2016. Further initiatives are being pursued to contain costs below inflation. Despite the impact on production as a result of the 14†Shaft fire and other safety-related incidents, Group unit costs benefited from increased production volumes, as well as cost containment in response to low dollar metal prices, increasing by only 1.9% to R22†797 per platinum ounce in the period under review from R22 380 in the prior comparable period.

Capital expenditure remains a focus area and the estimated spend for financial year 2017 is R4.0†billion. In the first six months R1.6 billion was spent, a 15.9% reduction from the previous comparable period (H1†FY2016: R1.9 billion). The majority of the capex was spent at Impala (R1.2†billion) – mainly on the completion of 16 and 20 shafts in Rustenburg – and projects at Zimplats (R353†million). The new shafts at the Rustenburg operations still require R2.0 billion to complete, of which some R1.2 billion is expected to be spent in the current financial year.

Operational review

Zimplats, Two Rivers, Mimosa and Impala Refining Services (IRS) all delivered good operational performances. Difficult operating environments challenged the performance at both Impala Rustenburg and Marula. Gross refined platinum production during the six months to 31 December 2016 increased by 12.5% to 778 500 ounces, compared to 692†100 ounces in the previous comparable period. This was largely due to a lock-up of platinum to accommodate planned furnace maintenance at the Rustenburg smelters in the previous comparable period.

Managed operations

IMPALA PLATINUM

Mill throughput decreased by 14.4% to 5.0†million tonnes (H1†FY2016: 5.9 million). This was largely due to the temporary closure of the decline section at 14 Shaft to effect repairs after the January 2016 fire, a delay in operations at 1 Shaft following the fall-of-ground incident in May 2016, reduced UG2 panel lengths and ongoing regulatory safety stoppages. Re-establishing the decline section at 14 Shaft has progressed well and full infrastructure capacity is expected by March 2017. The resizing of the UG2 conventional panel lengths across the operation in line with assessed ground conditions and to significantly reduce the operational risk, has been completed.

Approximately 39†000 ounces of platinum (600 000 mined tonnes) were lost due to repair work at 14†Shaft during the six months under review. The number of Section 54 safety stoppage instructions issued by the Department of Mineral Resources (DMR) posed a significant challenge for the Rustenburg team. During the period under review, Impala recorded 58 Section 54 safety stoppages, which led to a direct loss of some 25†000 platinum ounces (400 000 mined tonnes), equating to about R570 million in lost revenue. While Impala remains mindful of the safety issues that have affected its operations over recent months, it continues to engage with the DMR to minimise the negative impacts of these stoppages on its safety risk profile and operational performance.

Mill head grade was maintained at 4.15 g/t, despite a higher percentage of UG2 material treated during the period under review. The additional Merensky Reef tonnage from the recommissioned 14†Shaft decline section, as well as the ongoing ramp-up of production volumes from 16 and 20†shafts, will contribute to increasing mill head grades in the near future.

Refined platinum production decreased by 2.2% to 318 700 ounces (H1†FY2016: 325 900), due to a higher build-up of processed material in the previous comparable period. The material built up in the period under review is expected to be released by the fourth quarter.

Cash costs were well contained increasing by only 2.1% to R7.43 billion compared to expected mining inflation of 7.2%. Lower production volumes offset the beneficial impact of various cost saving initiatives and unit costs increased by 4.4% to R23 304 per platinum ounce refined (H1FY2016: R22†326). Capital expenditure was reduced by 19.3% to R1.20 billion (H1 FY2016: R1.48 billion), of which R581 million was spent on 16 and 20 shafts. The overall reduction was mainly due to the deferment of ongoing capital and 17 Shaft being on low cost care and maintenance.

16 and 20 shafts are still scheduled to deliver combined annual production of 310 000 platinum ounces.

Impala remains focused on meeting its build-up target on stoping teams and delivering planned team efficiencies, while delivering safe production to minimise avoidable work stoppages. A mining optimisation project was initiated with external support to interrogate the mining cycle, supervisory management skills, change management and the contractor strategy with the goal of securing and/or enhancing production from the shafts. This work started in January 2017 and is expected to continue for nine months.

IMPALA REFINING SERVICES (IRS)
IRS remains a strategic competitive advantage for Implats and it once again contributed significantly to the Groupís bottom line, despite low PGM prices. Over the six months to 31 December 2016, production increased 25.6% to 459†800 ounces of platinum from 366 200 ounces.

Platinum production from mine-to-market operations increased by 7.4% to 310†800 ounces (H1†FY2016: 289 300), due to higher deliveries from Zimplats and Two Rivers. Third-party purchases and toll volumes increased from 76 900 to 149†000 platinum ounces, largely as a result of a release of in-process metal, while there was also a build-up in the previous comparable period.

ZIMPLATS
Tonnes milled increased by 6% to 3.3 million tonnes (H1 FY2016: 3.1 million) as all mining units sustained outstanding operational performances and benefited from increased production from the Mupfuti and Bimha mines. Platinum in matte production (including concentrate sales to IRS) increased 5.2% to 137†100 ounces (H1 FY2016: 130 300).

Unit costs increased 2.0% in dollar terms to US$1†233 per platinum ounce in matte (H1 FY2016: US$1†209). In rand terms unit costs increased 6.6% to R17†316 per platinum ounce in matte (H1†FY2016: R16†247) impacted by a weaker rand over the period.

The redevelopment of the Bimha Mine is progressing well, with on-reef development offsetting re-establishment costs, and full production, which will replace all current open pit operations, is expected from April 2018. The development of the 2.2 million tonnes per annum Mupani mine was approved by the Zimplats and Implats Boards in November 2016. This replacement portal for the Rukodzi and Ngwarati mines will access 4.65 million 4E ounces of reserves through high-productivity, modern, mechanised mining methods at a total capital cost of US$260 million.

Implats supports and shares Zimbabweís aspirations to grow and diversify its PGM industry. A bankable feasibility study for a second furnace has been approved and construction will commence as soon as management believes the construction can be funded from internal cashflows.

Zimplats remains in discussions with the Government of Zimbabwe regarding its indigenisation implementation plan. Zimplats has recently announced the implementation of an employee share ownership trust (ESOT), which now holds a 10% equity stake in Zimplatsí operating subsidiary, Zimbabwe Platinum Mines (Private) Limited (Zimplats Pvt). The beneficiaries are the permanent employees (excluding the executive directors and company secretary). The ESOT paid US$95 million for the 10% equity stake, vendor financed through an interest-bearing loan advanced by Zimplats Pvt to the ESOT. The ESOT will repay the loan from a portion of dividends received from Zimplats Pvt.

MARULA

The operational performance at Marula was disrupted by members of the Winnaarshoek/Driekop community, who are dissatisfied with the way in which their 50% interest in the Makgomo Chrome project is being managed by appointed/elected community leaders. Members from the community applied to the DMR to intervene and, subsequent to the period under review, the chrome operation has been suspended.

Despite these disruptions, which resulted in a loss of 5 600 ounces of platinum in concentrate, tonnes milled increased 2.5% to 909 000 tonnes (H1 FY2016: 887 000). The head grade improved marginally to 4.42 g/t (H1†FY2016: 4.37 g/t) benefiting from the optimisation initiative at Marula. Consequently, platinum in concentrate production increased 3.1% to 43 100 ounces (H1 FY2016: 41 800).

Unit costs increased 7.3% to R24†060 per platinum ounce in concentrate (H1 FY2016: R22†416). Capital expenditure was limited to R58 million (H1 FY2016: R42 million) in an effort to preserve cash.

The optimisation of Marulaís existing infrastructure enables the mine to increase its targeted output to 90†000 ounces of platinum per annum. However, community disruptions continue to impact the successful implementation of the optimisation strategy. Stakeholder interventions to facilitate a resolution to the community disruptions are being prioritised by management.

Non-managed operations
MIMOSA
Mimosa delivered another excellent operational performance. Tonnes milled improved 4.3% to 1.37†million tonnes (H1 FY2016: 1.31 million), while the head grade declined 2.4% to 3.83 g/t. This resulted in platinum in concentrate production increasing to 60†900 ounces (H1 FY2016: 60†000). Unit costs increased 5.0% in dollar terms to US$1 539 per platinum ounce in concentrate (H1 FY2016: US$1†466) due to higher mined tonnage that was not milled.

A further deferment of the 15% export levy on unbeneficiated platinum to 1 January 2018 has been regularised by the Government of Zimbabwe. Mimosa continues to consult with the Government of Zimbabwe in this regard.

TWO RIVERS
Two Rivers also had a first-rate six months. Tonnes milled increased 2.8% to 1.75 million tonnes (H1†FY2016: 1.70 million), of which 58†700 tonnes was milled by Modikwa. The head grade was marginally lower at 4.03 g/t (H1 FY2016: 4.09 g/t). Platinum in concentrate production increased by 5.3% to 96 700 ounces (H1 FY2016: 91 800). Unit costs increased 6.6% to R12 172 per platinum ounce in concentrate (H1 FY2016: R11 416).

Mineral Resources and Mineral Reserves
There has been no material change to the technical assumptions, assessment criteria, and information relating to the Groupís Mineral Resource and Mineral Reserves, or legal title to its mining and exploration activities, as disclosed in the integrated report for the financial year ended 30 June 2016.

Main features relating to Implatsí Mineral Resources and Mineral Reserves as at 31 December 2016 relative to 30 June 2016 are:
- Estimated total attributable Mineral Resources decreased by 1% (3 Moz 4E) to 362Moz; the total attributable platinum ounces decreased by 1.5 Moz Pt to 193 Moz
- The attributable platinum Mineral Resources remain dominated by Zimplats and Impala; the Zimplats Mineral Resources make up the bulk of these (49%)
- Total attributable Mineral Reserves increased by 9% (4 Moz 4E) to 43 Moz; the attributable platinum ounces increased by 2 Moz to 23.6 Moz
- The main contributor to the variance in Mineral Reserves is the inclusion of Portal 6 (Mupani mine) at Zimplats.

The revised Implats Mineral Resource and Mineral Reserve statement, as at 30†June 2017, will provide the detailed updated assessment and reporting criteria.

After the end of the period under review, on 13 January 2017, the Government of Zimbabwe issued, through a Government Gazette Extraordinary, a preliminary notice in terms of which the Government has given fresh notice it intends to compulsorily acquire land measuring 27†948 hectares within Zimplatsí special mining lease area. The new notice has repealed all previous notices issued by the government in respect of its proposed compulsory acquisition of this portion of the mining lease area. Zimplats lodged an objection on 10 February 2017 and is engaging positively with the Government of Zimbabwe in this regard.

Financial performance
Revenue at R18.2 billion was R1.4 billion or 8.3% higher than the comparative six months as a result of:
- A negative volume variance of R75 million. The negative variance is due to an inventory draw down for the six months to December 2015, which was not repeated in the six months under review, partially offset by higher production volumes.
- A positive dollar metal price variance of R714 million resulting from the average dollar revenue basket per platinum ounce sold of about US$1 775, which was about US$151 or 9.3% higher than the comparative period. The average prices achieved for platinum and palladium were 4.8% and 6.6% higher, while rhodium and nickel dollar prices were 16.3% and 6.4% lower.
- A positive R749 million exchange rate variance was the result of the average rand-dollar exchange rate of R14.04/US$

being approximately 4.5% weaker than the R13.45/US$ achieved during the prior comparable period.

The average 4.5% depreciation in the value of the South African rand benefited the rand revenue basket per platinum ounce, which rose 14.1% to R24 921.

Cost of sales at R18.5 billion increased by R1.7 billion from the comparable six months. The main contributors to this increase were:
- An increase in operating costs of R546 million or 5.0% to R11.5 billion. The increase of 5.0% was contained below the mining inflation of 5.8%, comprising South African operations mining inflation of 7.2% and Zimplats rand inflation which was at 0.9%;
- A share-based compensation expense of R79 million compared to a credit of R138 million in the previous comparable period;
- An increase in the cost of metals purchased of R717 million as a result of higher volumes purchased by IRS and higher rand metal prices.

As a result of the above, the Group generated a gross loss for the period of R318 million (H1†FY2016:†R40 million gross loss).

The R411 million loss before tax was an improvement from the comparable periodís pre-tax loss of R552 million, largely due to an impairment charge of R257 million in the prior period. The pre-tax loss for both periods was not materially impacted by exchange rate movements on the dollar bond due to the effectiveness of the hedge.

The major reason for the decline in headline earnings (a loss of R508 million compared to profit of R347 million for the period to December 2015), was a tax credit in the comparable period due to a previously written-off amount owed by a debtor.

Cash generated from operations (before changes in working capital) improved from R1.2 billion to R1.8 billion. An increase in inventories of R1.2 billion and trade and other receivables of R230 million were largely responsible for the reduction in cash from operations (after changes in working capital) to R446 million (H1 FY2016: R1 454 million). The increase in inventories on the balance sheet was affected by an increased net realisable value adjustment of some R660 million.

Capital expenditure, amounted to R1.6 billion, of which R581 million was spent on 16 and 20 shafts.

Gross cash at the end of the period under review amounted to R5.4 billion. Debt (excluding leases and net of the cross currency interest rate swap) amounted to R6.5 billion resulting in net debt at 31†December 2016 of R1.1 billion (June 2016: R19 million cash net of debt).

The balance sheet remains strong with unutilised facilities of R4.75 billion, R4.0 billion of which is available until 2021. This liquidity provides security and flexibility to address upcoming debt maturities as well as to service the ongoing needs of the business.

Given the continued cash conservation strategy, the board has resolved not to declare an interim dividend for the six months to 31 December 2016.

Prospects

Looking ahead, the challenges and uncertainties confronting the southern African PGM mining industry remain significant and will continue to constrain primary metal supply.

Aligned with the forecasts for strong global demand for these metals - supported by growing vehicle sales, tightening emission standards and the growing unsustainable use of palladium in automotive catalytic systems - the Group expects fundamental market deficits to persist. This, coupled with reduced above-ground stock liquidity, bodes well for much healthier future supply/demand fundamentals. However, near-term metal prices could remain muted given persistent global political and economic factors impacting investor sentiment.

Against this outlook, the board recently approved the construction of the Mupani replacement mine at Zimplats, as well as modernisation and detailed re-scheduling studies to restart the 17 Shaft replacement project at Impala Rustenburg in two yearsí time.

Despite a more positive market outlook, the operating environment in southern Africa remains fluid and challenging, particularly at the more labour-intensive South African mines where safety challenges and community disruptions continue to impede optimum performance.

Within this environment, Implats will continue to prioritise measures to achieve the Groupís safe production goals (zero harm), preserve cash, enhance productivity and increase profitability. To this end, the Group will continue implementing its strategic response plan, which has already yielded significant improvements, realised material cost savings and secured the Groupís balance sheet. Further measures to bed down improvements and strengthen our response to the challenging operating environment have been introduced, specifically at Impala Rustenburg where external technical capacity has been secured to regain lost momentum after the recent safety incidents. The intervention targets safe production and mining efficiencies to ensure the transition to a more concentrated, low-cost operation producing at least 800†000 platinum ounces a year from 2020.

Given the severe impact of safety stoppages at Impala Rustenburg and the community disruptions at Marula in the first half of the financial year, the full-year production estimates for these operations have been revised to 650†000 refined platinum ounces and 80†000 platinum ounces in concentrate, respectively. The guidance for Zimplats, Two Rivers and Mimosa remains unchanged at 260†000 ounces platinum in matte, and 175†000 and 115†000 ounces of platinum in concentrate, respectively.

Gross refined platinum ounces for the Group is expected to reach 1.5 million ounces of platinum for the full financial year.

Unit costs are expected to be approximately R22†200 per platinum ounce for the full financial year with Group capital expenditure forecast at about R4 billion.

The financial information on which this outlook is based has not been reviewed and reported on by Implatsí external auditors.

Change in leadership
The board of directors has expressed its appreciation to Terence Goodlace for his significant contribution and guidance to the Group. Terence resigned as chief executive and executive director with effect from 1 December 2016. Nico Muller has been appointed as chief executive and an executive director of Implats with effect from 3 April 2017.

Approval of the interim financial statements

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the interim financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These interim 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 interim 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 interim 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 interim financial statements, as set out on pages 14 to 26, have been approved by the board of directors and are signed on their behalf by:

Dr MSV Gantsho	GS Potgieter
Chairman	Acting chief executive officer

Johannesburg
23 February 2017

Independent Auditorís Review Report On Interim Financial Statements

To the Shareholders of Impala Platinum Holdings Limited
We have reviewed the condensed consolidated interim financial statements of Impala Platinum Holdings Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 31 December 2016 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directorsí Responsibility for the Interim Financial Statements
The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditorís Responsibility
Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE

2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Impala Platinum Holdings Limited for the six months ended 31 December 2016 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor

23 February 2017

Consolidated statement of financial position

(Rm)	Notes	As at 31 December 2016 (Reviewed)	As at 31 December 2015 (Reviewed)	As at 30 June 2016 (Audited)
Assets				
Non-current assets				
Property, plant and equipment	5	48†386	50†539	49†667
Exploration and evaluation assets		385	385	385
Investment property		173	–	173
Investment in equity-accounted entities		3†343	3†635	3†342
Deferred tax		–	80	37
Other financial assets				

321 147 312
Derivative financial instruments 6
907 1†311 1†137
Prepayments
10†073 10†246 10†180

63†588 66†343 65†233
Current assets
Inventories 7
8†759 8†941 8†201
Trade and other receivables 4
192 3†482 3†504
Other financial assets
2 55 12
Prepayments
814 650 1†121
Cash and cash equivalents
5†346 6†288 6†762
Assets classified as held for sale 8
288 203 183
19
401 19†619 19†783
Total assets 82
989 85†962 85†016
Equity and liabilities
Equity
Share capital
20†044 19†504 19†547
Retained earnings 30
829 31†475 31†200
Other components of equity 4
392 5†809 5†161
Equity attributable to owners of the Company 55
265 56†788 55†908
Non-controlling interest 2
478 2†644 2†548
Total equity 57
743 59†432 58†456
Liabilities
Non-current liabilities
Deferred tax 7
745 9†232 8†553
Borrowings 9
7†987 8†879 8†715
Other financial liabilities
– 28 –
Sundry liabilities
402 371 443
Provisions
1†062 950 1†082
17
196 19†460 18†793
Current liabilities
Trade and other payables

	Notes			
		6†374	5†749	6†355
Current tax payable		774	713	645
Borrowings	9	735	458	564
Other financial liabilities		70	39	66
Sundry liabilities		32	57	89
Liabilities classified as held for sale	8	65	54	48
		8†050	7†070	7†767
Total liabilities		25 246	26†530	26†560
Total equity and liabilities		82 989	85†962	85†016

The notes on pages 19 to 26 are an integral part of these condensed interim financial statements.

Consolidated statement of profit or loss and other comprehensive income

(Rm)	Notes	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Period ended 30 June 2016 (Audited)
Revenue		18†195	16†807	35†618
Cost of sales	10	(18†513)	(16†847)	(35†722)
Gross loss		(318)	(40)	(104)
Other operating income		445	425	647
Other operating expenses		(54)	(44)	(198)
Impairment		–	(257)	(307)
Royalty expense		(259)	(268)	(514)
Loss from operations		(186)	(184)	(476)
Finance income		196	169	368
Finance cost		(385)	(342)	(705)

Net foreign exchange transaction gains/(losses)	138	(932)	(559)	
Other income	120	681	547	
Other expenses	(529)	(102)	(154)	
Share of profit of equity-accounted entities	235	158	262	
Loss before tax	(411)	(552)	(717)	
Income tax (expense)/income	(47)	715	583	
Profit/(loss) for the period from continuing operations	(458)	163	(134)	
Profit from discontinued operations	8	130	55	91
Profit/(loss) for the period	(328)	218	(43)	
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:				
Available-for-sale financial assets	13	(5)	(7)	
- Deferred tax thereon	(3)	1	-	
Share of other comprehensive income of equity-accounted entities	(125)	451	342	
- Deferred tax thereon	12	(45)	(34)	
Exchange differences on translating foreign operations	(900)	3†119	2†380	
- Deferred tax thereon	117	(407)	(311)	
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:				
Actuarial loss on post-employment medical benefit	-	-	(1)	
- Deferred tax thereon	-	-	-	
Total comprehensive income/(loss)	(1†214)	3†332	2†326	
Profit/(loss) attributable to:				
Owners of the Company	(371)	204	(70)	
Non-controlling interest	43	14	27	
	(328)	218	(43)	
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(1†140)	2†913	1†990	
Non-controlling interest	(74)	419	336	
	(1†214)	3†332	2†326	

Earnings per share (cents per share):

From continued and discontinued operations			
– Basic	(52)	31	(10)
– Diluted	(51)	31	(10)
From continued operations			
– Basic	(65)	25	(21)
– Diluted	(65)	25	(21)

For headline earnings per share refer note 11.

The notes on pages 19 to 26 are an integral part of these condensed interim financial statements.

Consolidated statement of changes in equity

(Rm)	Ordinary shares	Share premium	Share-based payments	Total share capital
Balance at 30 June 2016	18	17†252	2†277	19†547
Shares issued				
– Employee Share Ownership Programme	–	479	–	479
Shares purchased – Long-term Incentive Plan	–	(35)	–	(35)
Share-based compensation expense				
– Long-term Incentive Plan	–	–	53	53
Total comprehensive income/(loss)	–	–	–	–
Profit/(loss) for the year	–	–	–	–
Other comprehensive income/(loss)	–	–	–	–
Transactions with non-controlling interest	–	–	–	–
Dividends	–	–	–	–
Balance at 31 December 2016 (Reviewed)	18	17†696	2†330	20†044
Balance at 30 June 2015	16	13†369	2†348	15†733
Shares issued				
– Ordinary share issue	2	3†998	–	4†000
– Ordinary share issue transaction cost	–	(100)	–	(100)
– Implats Share Incentive Scheme	–			

(16)   –   (16)
Share-based compensation expense
– Long-term Incentive Plan   –
–   (113)   (113)
Total comprehensive income/(loss)   –
–   –   –
Profit/(loss) for the year   –
–   –   –
Other comprehensive income/(loss)   –
–   –   –
Dividends   –
–   –   –
Balance at 31 December 2015 (Reviewed)   18
17†251   2†235   19†504
Balance at 30 June 2015   16
13†369   2†348   15†733
Shares issued
– Ordinary share issue   2
3†998   –   4†000
– Ordinary share issue transaction cost   –
(100)   –   (100)
– Implats Share Incentive Scheme   –
2   –   2
Shares purchased – Long-term Incentive Plan   –
(17)   –   (17)
Share-based compensation expense
– Long-term Incentive Plan   –
–   (71)   (71)
Total comprehensive income/(loss)   –
–   –   –
Profit/(loss) for the year   –
–   –   –
Other comprehensive income/(loss)   –
–   –   –
Dividends   –
–   –   –
Balance at 30 June 2016 (Audited)   18
17†252   2†277   19†547

Consolidated statement of changes in equity (continued)

Foreign   Attributable to:

currency   Other   Owners   Non-
                                                Retained
translation   components   of the   controlling
Total
(Rm)   earnings
reserve   of equity   Company   interest   equity
Balance at 30 June 2016   31†200
5†092   69   55†908   2†548   58†456
Shares issued
– Employee Share Ownership Programme   –

–   –   479   –   479
Shares purchased – Long-term Incentive Plan   –
–   –   (35)   –   (35)
Share-based compensation expense
– Long-term Incentive Plan   –
–   –   53   –   53
Total comprehensive income/(loss)   (371)
(779)   10   (1†140)   (74)   (1†214)
Profit/(loss) for the year   (371)
–   –   (371)   43   (328)
Other comprehensive income/(loss)   –
(779)   10   (769)   (117)   (886)
Transactions with non-controlling interest   –
–   –   –   11   11
Dividends   –
–   –   –   (7)   (7)
Balance at 31 December 2016 (Reviewed)   30†829
4†313   79   55†265   2†478   57†743
Balance at 30 June 2015   31†271
3†024   76   50†104   2†258   52†362
Shares issued
– Ordinary share issue   –
–   –   4†000   –   4†000
– Ordinary share issue transaction cost   –
–   –   (100)   –   (100)
– Implats Share Incentive Scheme   –
–   –   (16)   –   (16)
Share-based compensation expense
– Long-term Incentive Plan   –
–   –   (113)   –   (113)
Total comprehensive income/(loss)   204
2†713   (4)   2†913   419   3†332
Profit/(loss) for the year   204
–   –   204   14   218
Other comprehensive income/(loss)   –
2†713   (4)   2†709   405   3†114
Dividends   –
–   –   –   (33)   (33)
Balance at 31 December 2015 (Reviewed)   31†475
5†737   72   56†788   2†644   59†432
Balance at 30 June 2015   31†271
3†024   76   50†104   2†258   52†362
Shares issued
– Ordinary share issue   –
–   –   4†000   –   4†000
– Ordinary share issue transaction cost   –
–   –   (100)   –   (100)
– Implats Share Incentive Scheme   –
–   2   –   2
Shares purchased – Long-term Incentive Plan   –
–   –   (17)   –   (17)
Share-based compensation expense
– Long-term Incentive Plan   –
–   (71)   –   (71)

Total comprehensive income/(loss) (71)
2†068 (7) 1†990 336 2†326
Profit/(loss) for the year (70)
- - (70) 27 (43)
Other comprehensive income/(loss) (1)
2†068 (7) 2†060 309 2†369
Dividends -
- - (46) (46)
Balance at 30 June 2016 (Audited) 31†200
5†092 69 55†908 2†548 58†456

* The table above excludes the treasury shares. During the year, 8.87 million of these shares were released by the Morokotso Trust (ESOP) after vesting, at an average price of R54.

The notes below are an integral part of these condensed interim financial statements.

Consolidated statement of cash flows

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Period ended 30 June 2016 (Audited)
Cash flows from operating activities			
Cash generated from operations	446	1†454	4†140
Exploration cost	(5)	(8)	(13)
Finance cost	(313)	(288)	(589)
Income tax paid	(342)	(235)	(859)
Net cash flow attributable to discontinued operation	68	53	52
Net cash from/(used in) operating activities	(146)	976	2†731
Cash flows from investing activities			
Purchase of property, plant and equipment	(1†595)	(1†902)	(3†658)
Proceeds from sale of property, plant and equipment	27	13	42
Purchase of available-for-sale financial assets	(3)	-	(152)
Purchase of held-to-maturity financial assets	-	-	(70)
Proceeds from available-for-sale financial assets			

	-	-	23
Proceeds from held-to-maturity financial assets	4	-	40
Loans granted	(1)	(14)	(2)
Loan repayments received	15	21	24
Finance income	204	181	393
Dividends received	89	167	439
Net cash flow attributable to discontinued operation	-	1	1
Net cash used in investing activities	(1†260)	(1†533)	(2†920)
Cash flows from financing activities			
Issue of ordinary shares	479	3†900	3†902
Shares purchased - Long-term Incentive Plan	(35)	(16)	(17)
Repayments of borrowings	(348)	(5)	(13)
Proceeds from borrowings	-	255	389
Net cash flow attributable to discontinued operation	(7)	(33)	(46)
Net cash from financing activities	89	4†101	4†215
Net increase/(decrease) in cash and cash equivalents	(1†317)	3†544	4†026
Cash and cash equivalents at beginning of period	6†788	2†597	2†597
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(52)	214	165
Cash and cash equivalents at end of period	5†419	6†355	6†788
(Including held for sale cash equivalents)			
Cash and cash equivalents at end of period	5†346	6†288	6†762
(excluding held for sale cash equivalents)			

The notes on pages 19 to 26 are an integral part of these condensed interim financial statements.

Notes to the financial information

1. General information

Impala Platinum Holdings Limited ("Implats", "the Company" or "the Group") is one of the worldís leading producers of platinum and associated platinum group metals (PGMs). Implats is structured around five mining operations and a toll refining business in Springs in the Gauteng province. The mining operations are located on the Bushveld Complex in South

Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

The Company has its listing on the securities exchange operated by JSE Limited in South Africa and a level 1 American Depositary Receipt programme in the United States of America.

The condensed consolidated interim financial information was approved for issue on 23 February 2017 by the board of directors.

2. Basis of preparation
The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the Companies Act, 71 of 2008, and the Listings Requirements of the JSE Limited.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2016, which have been prepared in accordance with IFRS.

The condensed consolidated interim financial statements have 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 some equity and liabilities for share-based payment arrangements which are measured using a binomial option model.

The condensed consolidated interim financial information is presented in South African rand, which is the Companyís functional currency.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Accounting policies
The principal accounting policies applied are in terms of IFRS and are consistent with those of the annual consolidated financial statements for the year ended 30 June 2016.

4. Segment information
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.

Capital expenditure comprises additions to property, plant and equipment (note 5).

Impala mining segmentís two largest sales customers amounted to 10% and 8% of total sales (December 2015: 13% and 10%) (June 2016: 10% each).

The statement of comprehensive income shows the movement from gross profit to total profit before income tax.

	Six months ended 31 December 2016 (Reviewed)		Six months ended 31 December 2015 (Reviewed)		Year ended 30 June 2016 (Audited)	
(Rm)	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit
Mining						
- Impala	17†920	(1†298)	16†529	(508)	35†051	(1†694)
Mining	7†078	(1†284)	7†428	(602)	14†556	(1†950)
Metals purchased	10†842	(14)	9†101	94	20†495	256
- Zimplats	3†352	463	2†746	90	6†753	555
- Marula	971	(173)	808	(226)	1†678	(398)
- Afplats	-	-	-	-	-	-
Inter-segment adjustment	(4†346)	(70)	(3†568)	(37)	(8†456)	(69)
External parties	17 897	(1 078)	16 515	(681)	35 026	(1†606)
Refining services	10†916	778	9†220	643	20†539	1†524
Inter-segment adjustment	(10†618)	(18)	(8†928)	(2)	(19†947)	(22)
External parties	298	760	292	641	592	1†502
Total external parties	18†195	(318)	16†807	(40)	35†618	(104)

	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015	Year ended 30 June 2016

(Rm)	Capital expenditure	Total assets	Capital expenditure	Total assets	Capital expenditure	Total assets
	(Audited)			(Reviewed)		
Mining						
– Impala	1†197	43†490	1†483	45†770	2†490	45†031
– Zimplats	353	16 356	367	18†602	981	17†560
– Marula	58	2†793	42	2†950	89	2†866
– Afplats	(16)	3†041	–	3†056	–	3†059
Total mining	1†592	65†680	1†892	70†378	3†560	68†516
Refining services	–	7†241	–	5†436	–	6†648
Other	–	10†030	–	9†945	–	9†669
Total	1†592	82 951	1†892	85†759	3†560	84 833

5. Property, plant and equipment

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Year ended 30 June 2016 (Audited)
Opening net book amount	49†667	47†186	47†186
Additions	1†592	1†892	3†629
Interest capitalised	3	10	29
Disposals	(13)	(3)	(13)
Transfer to investment property	–	–	(223)
Depreciation	(1†863)	(1†703)	(3†312)
Impairment	–	(257)	(257)
Scrapping	–	(8)	(106)
Rehabilitation adjustment	(33)	40	143
Exchange adjustment on translation	(967)	3†382	2†591
Closing net book amount	48†386	50†539	49†667

Capital commitment

Capital expenditure approved at 31 December 2016 amounted to R8 434 (December 2015: R8†139) (June 2016: R7 165) million, of which R1 969 (December 2015: R1 611) (June 2016: R1†254)†million is already committed. This expenditure will be funded from internal cash flows and, if necessary, from borrowings.

Impairment

Impairment in the prior year related to the closure of the Impala 12 Shaft mechanised section.

6. Derivative financial instrument

Implats entered into a Cross Currency Interest Rate Swap (CCIRS) amounting to US$200 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds (note 9), being: exchange rate risk on dollar interest payments and the risk of a future cash settlement of the bonds at a rand-dollar exchange rate weaker than R9.24/US$.
(US$200 million was swapped for R1 848 million on which Implats pays a fixed interest rate to Standard Bank of 5.94%.
Implats receives the 1% coupon on the US$200 million from Standard Bank on the same date which Implats pays bond holders.
In February 2018, Implats will repay the R1 848 million in return of the US$200†million.)

The CCIRS with Standard Bank is carried at its fair value of R907 (December 2015: R1 311) (June†2016: R1 137) million.
No hedge accounting has been applied.

7. Inventories

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Year ended 30 June 2016 (Audited)
Mining metal			
Refined metal	328	635	259
In-process metal	2†848	3†305	2†522
Non-mining metal			
Refined metal	1†520	1†321	1†267
In-process metal	3†233	2†721	3†360
Total metal inventories	7†929	7†982	7†408
Stores and materials inventories	830	959	

793

8†759 8†941

8†201

The write-down to net realisable value comprises R159 (December 2015: R233) (June 2016: R106) million for refined mining metal and R1 167 (December 2015: R555) (June 2016: R558) million for in-process mining metal.

Included in refined metal is metal on lease to third parties of 36 000 (December 2015: 36 000) (June†2016: 36 000) ruthenium ounces.

Changes in engineering estimates of metal contained in-process resulted in an increase in-process metal of R356 (December 2015: R379) (June 2016: R384) million.

Non-mining metal consists mainly of IRS inventory. No inventories are encumbered.

8. Discontinued operation

The Implats board resolved to attempt to dispose of the Groupís 65% stake in Impala Platinum Chrome Proprietary Limited (Impala Chrome). At the end of the reporting period, an official process to secure a buyer had commenced and management consider it highly likely that the sale will be concluded within the next 12 months. Impala Chrome is therefore presented as a discontinued operation.

The carrying amounts of the assets and liabilities within Impala Chrome are as follows:

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Year ended 30 June 2016 (Audited)
Assets			
Property, plant and equipment	51	58	55
Inventories	1	4	1
Trade and other receivables	163	74	101
Cash and cash equivalents	73	67	26
	288	203	183
Liabilities			
Deferred tax	21	23	21

Trade and other payables	27	31	27
Current tax payable	17	–	–
	65	54	48

Below is an analysis of the net profit from discontinued operations:

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Period ended 30 June 2016 (Audited)
Revenue	289	169	314
Cost of sales	(110)	(108)	(206)
Gross profit	179	61	108
Royalty expense	(1)	(1)	(2)
Finance income	–	1	1
Net foreign exchange transaction losses	(5)	10	10
Profit before tax	173	71	117
Tax expense	(43)	(16)	(26)
Net profit from discontinued operations	130	55	91

9. Borrowings

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Year ended 30 June 2016 (Audited)
Standard Bank Limited – BEE partners Marula	884	885	882
Standard Bank Limited – Zimplats facility 1	1†168	1†316	1†248
Standard Bank Limited – Zimplats facility 2	–	248	353
Convertible bonds – ZAR	2†616		

		2†536	2†575
Convertible bonds – US$200 million (note 6)	2†692	2†972	2†848
Finance leases	1†362	1†380	1†373
	8†722	9†337	9†279
Current	735	458	564
Non-current	7†987	8†879	8†715
Beginning of the period	9†279	8†076	8†076
Proceeds	–	255	389
Interest accrued	312	309	625
Interest repayments	(241)	(240)	(492)
Capital repayments	(348)	(5)	(13)
Exchange adjustment	(280)	942	694
End of the period	8†722	9†337	9†279

Amendments to facilities
At 31 December 2016, the Group had signed committed facility agreements for a total of R4.75†(December 2015: R4.0) (June 2016: R4.0) billion. All of these facilities remain undrawn. R0.75 billion of these facilities expire on 31 December 2017 and R4.0 billion expire end of 2021.

Subsequent to the half-year end, Zimplats increased its US$24 million facility (facility 2) to US$34†million. Simultaneously, facility 1 was decreased from US$95 million to US$85 million and the terms of repayment extended to US$37.5 million being repayable in December 2018 and the balance in December 2019. Reserve Bank of Zimbabwe approval remains outstanding for the amendments to facility 1.

10. Cost of sales

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Period ended 30 June 2016 (Audited)
On-mine operations	7†936	7†743	15†173
Processing operations	2†510	2†331	

			4†731
Refining and selling	677	675	1†294
Other costs	352	180	493
Share-based compensation	79	(138)	21
Depreciation of operating assets	1†863	1†703	3†312
Metals purchased	5†598	4†881	10†663
Change in metal inventories	(502)	(528)	35
	18†513	16†847	35†722

11. Headline earnings

Headline earnings attributable to equity holders of the Company arises from operations as follows:

(Rm)	Six months ended 31 December 2016 (Reviewed)	Six months ended 31 December 2015 (Reviewed)	Year ended 30 June 2016 (Audited)
Profit/(loss) attributable to owners of the Company	(371)	204	(70)
Adjustments:			
- Profit on disposal of property, plant and equipment	(15)	(10)	(29)
- Impairment after non-controlling interest	-	257	307
- Scrapping after non-controlling interest	-	8	106
- Insurance compensation after non-controlling interest	(175)	(57)	(172)
- Total tax effects of adjustments	53	(55)	(59)
Headline earnings	(508)	347	83
Weighted average number of ordinary shares in issue for basic earnings per share (million)	717.54	655.02	682.19
Weighted average number of ordinary shares for diluted earnings per share (million)	720.69	655.48	683.75
Headline earnings per share (cents)			
From continued and discontinued operations			
- Basic	(71)	53	12

- Diluted
(70)   53   12
From continued operations
- Basic
(84)   46   2
- Diluted
(84)   46   2

12. Contingent liabilities and guarantees
As at the end of December 2016 the Group had bank and other guarantees of R1†269†(December 2015: R1 202) (June 2016: R1 267) million from which it is anticipated that no additional liabilities, other than what has been provided for, will arise.

13. Related party transactions
- The Group entered into PGM purchase transactions of R1 782 (December 2015: R1 687) (June 2016: R3 693) million with Two Rivers, an associate company, resulting in an amount payable of R860 (December 2015: R939) (June 2016: R958) million. It received refining fees to the value of R16 (December 2015: R14) (June 2016: R30) million.
- The Group previously entered into sale and leaseback transactions with Friedshelf, an associate company. At the end of the period, an amount of R1 230 (December 2015: R1†233) (June 2016: R1 232) million was outstanding in terms of the lease liability. During the period, interest of R63 (December 2015: R63) (June 2016: R127) million was charged and a R66†(December 2015: R61) (June 2016: R125) million repayment was made. The finance leases have an effective interest rate of 10.2%.
- The Group entered into PGM purchase transactions of R1 386 (December 2015: R1 583) (June 2016: R3 015) million with Mimosa, a joint venture, resulting in an amount payable of R725 (December 2015: R666) (June 2016: R800) million. It also received refining fees and interest to the value of R147 (December 2015: R149) (June 2016: R291) million.

These transactions are entered into on an armís-length basis at prevailing market rates.
- Key management compensation (fixed and variable) was R44 (December 2015: R32) (June†2016: R59) million.

14. Financial instruments

Six months   Six months

ended   ended   Year ended

December   31 December   30 June

2016   2015   2016
(Rm)
(Reviewed)   (Reviewed)   (Audited)

Financial assets - carrying amount			
Loans and receivables	7†763	8†247	8†740
Financial instruments at fair value through profit and loss[2]	907	1 342	1 137
Held-to-maturity financial assets	70	39	70
Available-for-sale financial assets[1]	174	22	157
	8†914	9†650	10†104
Financial liabilities - carrying amount			
Financial liabilities at amortised cost	13†556	13†762	14†113
Borrowings	8†722	9†337	9†279
Commitments	70	67	66
Trade payables	4†753	4†350	4†759
Other payables	11	8	9
	13†556	13†762	14†113

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 with the rand-dollar exchange rate of R13.74/US$ being the most significant. These instruments are valued on a discounted cash flow basis.

Consolidated interim results (reviewed) for the six months ended 31 December 2016

Impala Operations (ex-mine) key statistics

- for the six months ended 31 December 2016

		December 2016	December 2015	Var %
Mining revenue	(Rm)	7 078	7 428	(4.7)
Platinum		4 467	4 942	(9.6)
Palladium		1 396	1 267	10.2
Rhodium		356	485	(26.6)
Nickel		219	209	4.8

Other		640	525	21.9
Mining cost of sales		(8 362)	(8 030)	(4.1)
On-mine operations		(5 588)	(5 600)	0.2
Processing operations		(1 435)	(1 297)	(10.6)
Refining and selling operations		(304)	(313)	2.9
Corporate costs		(100)	(66)	(51.5)
Share-based payments		(68)	102	(166.7)
Depreciation		(1 219)	(1 053)	(15.8)
Increase in metal inventories		352	197	78.7
Mining gross loss		(1 284)	(602)	(113.3)
Royalty expense		(179)	(196)	8.7
Profit from metal purchased transactions		(14)	94	(114.9)
Sale of metals purchased		10 842	9 101	19.1
Cost of metals purchased		(10 859)	(9 005)	(20.6)
Change in metal inventories		3	(2)	250.0
Gross margin ex-mine	(%)	(18.1)	(8.1)	(123.5)
Sales volumes ex-mine				
Platinum	(000 oz)	318.7	382.6	(16.7)
Palladium		148.7	150.3	(1.1)
Rhodium		37.5	45.4	(17.4)
Nickel	(tonnes)	1†651	1†525	8.3
Prices achieved ex-mine				
Platinum	(US$/oz)	1 001	957	4.6
Palladium	(US$/R)	672	626	7.3
Rhodium		677	797	(15.1)
Nickel	(US$/t)	9 244	9 941	(7.0)
Exchange rate achieved ex-mine	(1US$=R)	14.00	13.48	3.86

Production ex-mine

Tonnes milled	(000 t)	5 046	5 892	(14.4)
% UG2 milled	(%)	60.0	54.6	9.9
Development metres (total)	(metres)	43 227	49 358	(12.4)
Head grade (5PGE+Au)	(g/t)	4.15	4.15	–
Platinum refined	(000 oz)	318.7	325.9	(2.2)
Palladium refined		148.7	155.4	(4.3)
Rhodium refined		43.9	46.2	(5.0)
Nickel refined	(000 t)	1†651	1†974	(16.4)
PGM refined production	(000 oz)	612.5	637.5	(3.9)
Total cost	(Rm)	7 427	7 276	(2.1)
	(US$m)	529	542	2.3
per tonne milled	(R/t)	1 472	1 235	(19.2)
	(US$/t)	105	92	(14.0)
per PGM ounce refined	(R/oz)	12 126	11 413	(6.2)
	(US$/oz)	863	849	(1.6)
per platinum ounce refined	(R/oz)	23 304	22 326	(4.4)
	(US$/oz)	1 659	1 662	0.1
net of revenue received for other metals	(R/oz)	15 111	14 698	(2.8)
	(US$/oz)	1 076	1 094	1.6
Capital expenditure	(Rm)	1 197	1 483	19.3
	(US$m)	85	110	22.8
Labour including capital at period end	(no)	41 383	41 921	1.3
Own employees		31 514	32 128	1.9
Contractors		9 869	9 793	(0.8)
Centares per panel man per month	(m2/man)	20.2	24.4	(17.2)

Marula key statistics

– for the six months ended 31 December 2016

		December 2016	December 2015	Var %
Revenue	(Rm)	971	808	20.2
Platinum		488	423	15.4
Palladium		356	283	25.8
Rhodium		76	59	28.8
Nickel		14	13	7.7
Other		37	30	23.3
Cost of sales		(1 144)	(1 034)	(10.6)
On-mine operations		(925)	(832)	(11.2)
Processing operations		(112)	(105)	(6.7)
Share-based payments		(5)	5	(200.0)
Treatment charges		(2)	(2)	–
Depreciation		(100)	(100)	–
Gross (loss)		(173)	(226)	23.5
Royalty expense		(25)	(27)	7.4
Gross margin	(%)	(17.8)	(28.0)	36.4
Sales volumes in concentrate				
Platinum	(000 oz)	41.6	41.7	(0.2)
Palladium		42.5	43.2	(1.6)
Rhodium		8.7	8.8	(1.1)
Nickel	(t)	133	153	(13.1)
Prices achieved in concentrate				
Platinum	(US$/oz)	837	745	12.3
Palladium		603	480	25.6
Rhodium		622	485	28.2
Nickel	(US$/t)	7 726	6 407	20.6
Exchange rate achieved	(1US$=R)	13.97	13.63	2.5

Production
Tonnes milled (000 t)
909 887 2.5
Head grade (5PGE+Au) (g/t)
4.42 4.37 1.1
Platinum in concentrate (000 oz)
43.1 41.8 3.1
Palladium in concentrate
44.1 43.3 1.8
Rhodium in concentrate
8.9 8.8 1.1
Nickel in concentrate (t)
137 153 (10.5)
PGM in concentrate (000 oz)
112.7 110.3 2.2
Total cost (Rm) 1
037 937 (10.7)
(US$m)
74 70 (5.7)
per tonne milled (R/t) 1
141 1 056 (8.0)
(US$/t)
81 79 (2.5)
per PGM ounce in concentrate (R/oz) 9
201 8 495 (8.3)
(US$/oz)
655 632 (3.6)
per platinum ounce in concentrate (R/oz) 24
060 22 416 (7.3)
(US$/oz) 1
713 1 668 (2.7)
net of revenue received for other metals (R/oz) 12
854 13 206 2.7
(US$/oz)
915 983 6.9
Capital expenditure (Rm)
58 42 38.1
(US$m)
4.1 3.1 32.3
Labour including capital at period end (no) 4
738 4 678 (1.3)
Own employees 3
626 3 529 (2.7)
Contractors 1
112 1 149 3.2
Centares per panel man per month (m2/man)
26.1 24.7 5.7

Zimplats key statistics

– for the six months ended 31 December 2016

		December 2016	December 2015	Var %
Revenue	(Rm)	3 352	2 746	22.1
Platinum		1 637	1 393	17.5
Palladium		994	752	32.2
Rhodium		110	85	29.4
Nickel		276	233	18.5
Other		335	283	18.4
Cost of sales		(2 889)	(2 656)	(8.8)
On-mine operations		(1 423)	(1 311)	(8.5)
Processing operations		(751)	(731)	(2.7)
Corporate costs		(200)	(75)	(166.7)
Share-based payments		(6)	31	(119.4)
Treatment charges		(16)		
Depreciation		(544)	(550)	1.1
Change in inventories		51	(20)	355.0
Gross profit		463	90	414.4
Intercompany adjustment*		(65)	(25)	(160.0)
Adjusted gross profit		398	65	512.3
Royalty expense		(55)	(45)	(22.2)
Gross margin	(%)	13.8	3.3	318.2
Sales volumes in matte				
Platinum	(000 oz)	136.2	128.4	6.1
Palladium		112.0	107.1	4.6
Rhodium		11.9	11.6	2.6
Nickel	(t)	2 412	2 441	(1.2)
Prices achieved in matte				
Platinum	(US$/oz)	855	807	5.9
Palladium				

632 523 20.8
Rhodium
659 541 21.8
Nickel (US$/t) 8
145 7 108 14.6
Exchange rate achieved (1US$=R)
14.04 13.44 4.5
* The adjustment relates to sales by Zimplats to the Implats Group which were still in the pipeline
at period end.

Production
Tonnes milled (000 t) 3
306 3 119 6.0
Head grade (5PGE+Au) (g/t)
3.48 3.46 0.6
Platinum in matte (000 oz)
137.1 130.3 5.2
Palladium in matte
112.2 106.7 5.2
Rhodium in matte
12.0 12.0 0.0
Nickel in matte (t) 2
433 2 489 (2.2)
PGM in matte (000 oz)
291.3 277.9 4.8
Total cost (Rm)
2†374 2†117 (12.1)
(US$/t)
169 158 (7.0)
per tonne milled (R/t)
718 679 (5.7)
(US$/t)
51 51 -
per PGM ounce in matte (R/oz) 8
150 7 618 (7.0)
(US$/oz)
580 567 (2.3)
per platinum ounce in matte (R/oz) 17
316 16 247 (6.6)
(US$/oz) 1
233 1 209 (2.0)
net of revenue received for other metals (R/oz) 4
807 5 863 18.0
(US$/oz)
342 436 21.6
Capital expenditure (Rm)
353 367 3.8
(US$m)
25.1 27.3 8.1
Labour including capital at period end (no) 5
887 5 443 (8.2)
Own employees 3
029 3 136 3.4

Contractors		2 858	2 307	(23.9)
Tonnes milled per employee costed***	(t/man/ annum)	1†246.5	1†207.0	3.3

*** Average working cost employees.

Mimosa key statistics

– for the six months ended 31 December 2016

		December 2016	December 2015	Var %
Revenue	(Rm)	1 788	1 509	18.5
Platinum		805	716	12.4
Palladium		436	377	15.6
Rhodium		42	36	16.7
Nickel		240	185	29.7
Other		265	195	35.9
Cost of sales		(1 777)	(1 527)	(16.4)
On-mine operations		(936)	(778)	(20.3)
Processing operations		(300)	(301)	0.3
Corporate costs		(80)	(103)	22.3
Treatment charges		(161)	(139)	(15.8)
Depreciation		(321)	(197)	(62.9)
Change in inventories		21	(9)	333.3
Gross profit/(loss)		11	(18)	161.1
Royalty expense		(112)	(90)	(24.4)
Gross margin	(%)	0.6	(1.2)	150.0
Profit for the six months	(Rm)	124	12	933.3
50% attributable to Implats		62	6	933.3
Intercompany adjustment*		–	1	(100.0)
Share of profit in Implats Group		62		

7   785.7
Sales volumes in concentrate
Platinum   (000 oz)   57.2
58.1   (1.5)
Palladium   46.1
46.9   (1.7)
Rhodium   4.6
4.6   -
Nickel   (t)   1 572
1 603   (1.9)
Prices achieved in concentrate
Platinum   (US$/oz)   1 002
917   9.3
Palladium   673
598   12.5
Rhodium   647
586   10.4
Nickel   (US$/t)   10 870
8 581   26.7
Exchange rate achieved   (1US$=R)   14.04
13.44   4.5
* The adjustment relates to sales by Mimosa to the Implats group which were still in the pipeline
  at period end.
Note: These results have been equity accounted.

Production
Tonnes milled   (000 t)   1 366
1 310   4.3
Head grade (5PGE+Au)   (g/t)   3.83
3.93   (2.4)
Platinum in concentrate   (000 oz)   60.9
60.0   1.5
Palladium in concentrate   48.6
46.9   3.6
Rhodium in concentrate   5.2
5.0   4.0
Nickel in concentrate   (t)   1 717
1 746   (1.7)
PGM in concentrate   (000 oz)   129.8
126.9   2.3
Total cost   (Rm)   1 316
1 182   (11.3)
                                                           (US$/t)   94
88   (6.5)
per tonne milled   (R/t)   963
902   (6.8)
                                                           (US$/t)   68.6
67.1   (2.2)
per PGM ounce in concentrate   (R/oz)   10 139
9 314   (8.9)
                                                         (US$/oz)   722
693   (4.2)
per platinum ounce in concentrate   (R/oz)   21 609

			19 700	(9.7)
	(US$/oz)	1 539	1 466	(5.0)
net of revenue received for other metals	(R/oz)	5 468	6 483	15.7
	(US$/oz)	389	483	19.3
Capital expenditure	(Rm)	248	248	–
	(US$m)	17.7	18.5	4.3
Labour including capital	(no)	1 348	1 388	2.9
Own employees		1 347	1 382	2.5
Contractors		1	6	83.3

Note: These results have been equity accounted.

Two Rivers key statistics

– for the six months ended 31 December 2016

		December 2016	December 2015	Var %
Revenue	(Rm)	2 128	1 855	14.7
Platinum		1 089	1 034	5.3
Palladium		470	392	19.9
Rhodium		144	135	6.7
Nickel		40	35	14.3
Other		385	259	48.6
Cost of sales		(1 478)	(1 349)	(9.6)
On-mine operations		(960)	(864)	(11.1)
Processing operations		(217)	(184)	(17.9)
Treatment charges		(16)	(15)	(6.7)
Chrome costs		(117)	(131)	10.7
Depreciation		(132)	(138)	4.3
Change in inventory		(36)	(17)	(111.8)
Gross profit		650		

506 28.5
Royalty expense
(80) (87) 8.0
Gross margin (%) 30.5
27.3 11.7
Profit for the six months (Rm) 402
302 33.1
49% attributable to Implats 197
148 33.1
Intercompany adjustment* 20
(20) 200.0
Share of profit in Implats Group 217
128 69.5
Sales volumes in concentrate
Platinum (000 oz) 94.8
91.2 4.0
Palladium 55.9
53.5 4.6
Rhodium 16.6
16.3 1.7
Nickel (t) 318.1
309.8 2.7
Prices achieved in concentrate
Platinum (US$/oz) 822
835 (1.5)
Palladium 602
540 11.5
Rhodium 619
609 1.6
Nickel (US$/t) 9 041
8 432 7.2
Exchange rate achieved (1US$=R) 13.97
13.59 2.8
* The adjustment relates to sales from Two Rivers to the Implats Group which at yearend was still
in the pipeline.
Note: These results have been equity accounted.

Production
Tonnes milled ex-mine (000 t) 1 747
1 699 2.8
Head grade (5PGE+Au) (g/t) 4.03
4.09 (1.4)
Platinum in concentrate (000 oz) 96.7
91.8 5.3
Palladium in concentrate 56.8
54.2 4.8
Rhodium in concentrate 17.0
16.5 3.0
Nickel in concentrate (t) 313
317 (1.3)
PGM in concentrate (000 oz) 207.1
198.1 4.5
Total cost (excluding Chrome) (Rm) 1 177

1 048 (12.3)
(US$/t) 84
78 (7.7)
per tonne milled (R/t) 674
617 (9.2)
(US$/t) 48
46 (4.3)
per PGM ounce in concentrate (R/oz) 5 683
5 290 (7.4)
(US$/oz) 405
394 (2.8)
per platinum ounce in concentrate (R/oz) 12 172
11 416 (6.6)
(US$/oz) 867
850 (2.0)
net of revenue received for other metals (R/oz) 2 637
3 900 32.4
(US$/oz) 188
290 35.3
Capital expenditure (Rm) 175
181 3.3
(US$m) 12
13 7.7
Labour including capital (No) 3 183
3 238 1.7
Own employees 2 414
2 422 0.3
Contractors 769
816 5.8
Note: These results have been equity accounted.

IRS key statistics

– for the six months ended 31 December 2016

December December

2016 2015 Var %
Revenue
(Rm) 10 916 9 220 18.4
Platinum
6 069 4 915 23.5
Palladium
2 618 2 269 15.4
Rhodium
512 498 2.8
Nickel
693 692 0.1
Other
1 024 846 21.0
Cost of sales
(10 187) (8 648) (17.8)
Metals purchased

(9 504)   (8 759)   (8.5)
Processing operations
(212)   (198)   (7.1)
Refining and selling operations
(373)   (362)   (3.0)
Corporate costs
(52)   (39)   (33.3)
Depreciation
–   –
Change in metal inventories
(46)   710   (106.5)
Gross profit
729   572   27.4
Metals purchased – adjustment on metal prices and exchange
(158)   403   (139.2)
Inventory – adjustment on metal prices and exchange
207   (332)   162.3
Gross profit in Implats Group
778   643   21.0
Metals purchased – fair value adjustment on metal prices
59   271   (78.2)
Metals purchased – foreign exchange adjustment
99   (673)   114.7
Gross margin
(%)   6.7   6.2   8.1
Revenue
(Rm)   10 916   9 220   18.4
Direct sales to customers
17   17   –
Sales to Impala
10 600   8 926   18.8
Toll income – external
281   275   2.2
Toll income – intercompany
18   2   800.0

Total sales volumes
Platinum
(000 oz)   417.0   380.1   9.7
Palladium
284.6   269.3   5.7
Rhodium
56.2   49.3   14.0
Nickel
(t)   4†853   4†970   (2.4)
Prices achieved
Platinum   (US
$/oz)   1 024   988   3.6
Palladium
648   643   0.8
Rhodium
639   773   (17.3)
Nickel
(US$/t)   10 084   10 653   (5.3)

Exchange rate achieved
(1US$=R) 14.21 13.09 8.6
Refined production
Platinum
(000 oz) 459.8 366.2 25.6
Palladium
319.8 258.6 23.7
Rhodium
47.5 38.0 25.0
Nickel
(t) 6†632 6†500 2.0
PGM refined production
(000 oz) 940.7 740.8 27.0
Metal returned
Platinum
(000 oz) - 0.1
Palladium
- 0.9
Rhodium
- -
Nickel
(t) 1 596 1 830 (12.8)

Corporate information

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Sponsor
Deutsche Securities (SA) Proprietary Limited

Directors
MSV Gantsho (chairman), B Berlin (chief financial officer), HC Cameron, PW Davey*, A Kekana,
AS Macfarlane*, ND Moyo**, FS Mufamadi, B Ngonyama, MEK Nkeli, ZB Swanepoel, U Lucht***
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