DIRECTORS' REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

HALF YEAR ENDED

31 DECEMBER 2019

ZIMPLATS

Member of the Implats Group

Zimplats Holdings Limited
ARBN : 083 463 058
Australian Stock Exchange code: ZIM

Half Year Ended 31 December 2019

CONTENTS

This report covers the consolidated entity of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group').

The report is presented in United States dollars (US$).

Directors' Report

The directors present the condensed consolidated interim financial statements of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the half year ended 31 December 2019, as well as the review report for the period.

DIRECTORS

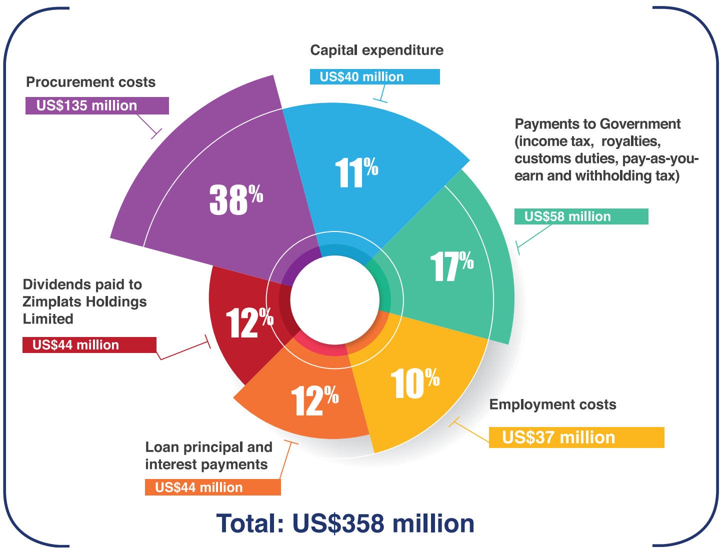
The directors of the Company during and since the end of the half year are set out below:

Dr Fholisani Sydney Mufamadi	Chairman-Non-executive
Alexander Mhembere	Chief Executive Officer
Stewart Magaso Mangoma	Chief Finance Officer (resigned 12 November 2019)
Patricia Zvandasara	Chief Finance Officer (appointed 12 November 2019)
Meroonisha Kerber	Non-executive
Thandeka Nozipho Mgoduso	Non-executive
Alec Muchadehama	Non-executive
Nicolaas Johannes Muller	Non-executive
Dr Dennis Servious Madenga Shoko	Non-executive
Zacharius Bernadus Swanepoel	Non-executive
Nyasha Puza Siyabora Zhou	Non-executive (resigned 28 October 2019)
Chipo Mtasa	Non-executive (appointed 28 October 2019)

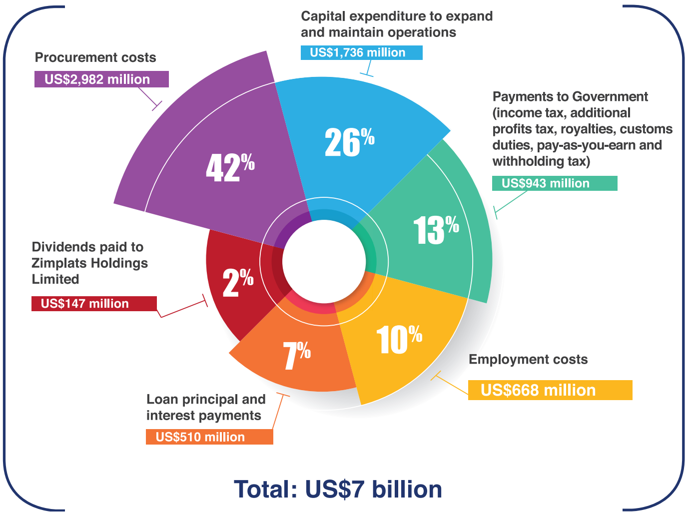
REVIEW OF PERFORMANCE

The Group's main purpose is the production of platinum group metals (which primarily include platinum, palladium, rhodium, iridium and ruthenium) and associated metals (nickel, gold, copper, cobalt and silver) from its Mineral Resources and Ore Reserves on the Great Dyke in Zimbabwe. At present, the Group's mining activities are operated by Zimbabwe Platinum Mines (Private) Limited (the 'operating subsidiary').

Zimbabwe Platinum Mines (Private) Limited cash utilisation (1 July 2019 to 31 December 2019) – US$ millions



Zimbabwe Platinum Mines (Private) Limited cash utilisation since inception (1 July 2001 to 31 December 2019) – US$ millions



Safety, Health and Environment

Six lost-time accidents were recorded during the half year resulting in a lost-time injury frequency rate of 1.26 against 0.26 for the same period last year. A detailed safety strategy to arrest this uncharacteristic decline in safety performance has been drawn up and is being rigorously implemented across the operations.

Directors' Report
(continued)

An external safety, health and environment management systems audit was conducted during the half year. No non-conformities were raised for the three management systems (ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015).

The Group's rehabilitation programs progressed well during the half year. 20 hectares of open-pit disturbed areas were re-vegetated and 2 800 trees were planted on the surfaces of tailings storage facilities.

Water management strategies continued with recycled water accounting for 34% of the total water consumed, same as what was achieved in the same period last year.

Operations

Tonnes mined during the half year increased by 9% to 3.6 million tonnes compared to the same period last year benefiting from improved fleet productivity and additional tonnage from Mupani Mine which is still under development.

Tonnes milled increased by 2% to 3.4 million tonnes compared to the same period last year. This was mainly due to an increase in the milling rates and good running time at both concentrators. Selous Metallurgical Complex concentrator benefited from the positive impact of the High Pressure Grinding Rolls (HPGR) project which was commissioned in the second quarter of the year under review. The Ngezi concentrator achieved a higher average milling rate due to a steady ore supply.

Six elements (platinum, palladium, rhodium, gold, ruthenium and iridium) (6E) mill head grade at 3.48g/t remained largely unchanged from the same period last year reflecting sustained grade control at the Group's operations.

6E production decreased by 7% to 267 366 ounces from 289 010 ounces due to unfavourable furnace inventory movement on start-up (first fill) following the furnace rebuild shutdown.

The table below shows the total metal production.

Metal	Half year ended 31 December 2019	Half year ended 31 December 2018	Variance	Year ended 30 June 2019
Platinum (oz)	123 106	135 430	(9%)	269 903
Palladium (oz)	105 163	110 593	(5%)	223 000
Gold (oz)	15 287	15 573	(2%)	32 555
Rhodium (oz)	10 418	12 059	(14%)	23 862
Ruthenium (oz)	9 351	10 355	(10%)	20 509
Iridium (oz)	4 041	5 000	(19%)	9 762
6E	**267 366**	**289 010**	**(7%)**	**579 591**
Silver (oz)	23 128	23 694	(2%)	48 575
Nickel (t)	2 274	2 636	(14%)	5 295
Copper (t)	1 654	1 881	(12%)	3 862
Cobalt (t)	55	40	38%	85

Directors' Report
(continued)

Sales

During the half year, 252 748 ounces of 6E were sold. This was 12% lower than the 286 760 ounces reported in the same period last year due to lower production. The table below shows the metal sales volumes for the half year.

Metal	Half year ended 31 December 2019	Half year ended 31 December 2018	Variance	Year ended 30 June 2019
Platinum (oz)	115 871	133 484	(13%)	271 897
Palladium (oz)	99 008	110 465	(10%)	224 601
Gold (oz)	14 315	15 649	(9%)	32 764
Rhodium (oz)	10 143	11 838	(14%)	24 033
Ruthenium (oz)	9 319	10 366	(10%)	19 767
Iridium (oz)	4 092	4 958	(17%)	9 643
6E	**252 748**	**286 760**	**(12%)**	**582 704**
Silver (oz)	23 940	25 154	(5%)	47 977
Nickel (t)	2 436	2 594	(6%)	5 335
Copper (t)	1 895	1 979	(4%)	3 891
Cobalt (t)	57	34	67%	86

Metal Prices

Average prices for most of the metals, except ruthenium, copper and cobalt, improved compared to the same period last year as shown in the table below.

Metal	Half year ended 31 December 2019	Half year ended 31 December 2018	Variance	Year ended 30 June 2019
Platinum (US$/oz)	895	818	9%	833
Palladium (US$/oz)	1 666	1 055	58%	1 412
Gold (US$/oz)	1 477	1 221	21%	1 307
Rhodium (US$/oz)	4 849	2 391	103%	2 823
Ruthenium (US$/oz)	230	250	(8%)	254
Iridium (US$/oz)	1 466	1 418	3%	1 453
Silver (US$/oz)	17	15	14%	15
Nickel (US$/t)	15 489	12 354	25%	12 325
Copper (US$/t)	5 843	6 135	(5%)	6 167
Cobalt (US$/lb)	16	33	(53%)	17

Financial

Half year revenue increased by 29% to US$377.7 million compared to the same period last year largely driven by an increase in average metal prices. The gross revenue per 6E ounce for the half year at US$1 494 was 47% higher than the US$1 018 for the same period last year.

Cost of sales at US$240.6 million was 7% higher than the same period last year's US$225.2 million mainly due to increase in depreciation, royalties and share based payments. The increase in depreciation was a result of the higher asset base and a review of estimated useful lives of assets. The comparative cost of sales figures have been restated as explained in note 11 of the condensed consolidated interim financial statements.

Resultantly, gross profit margin at 36% increased by 13% points from 23% achieved in the same period last year.

Administrative expenses for the half year at US$3.7 million were 12% higher than the restated amount of US$3.3 million incurred during the same period last year mainly due to higher corporate social responsibility costs. Foreign exchange losses for the half year were higher than prior year largely as a result of the significant depreciation of the Zimbabwean dollar against the United States dollar.

Other income for the half year decreased significantly from US$39.2 million reported in the same period last year to US$0.3 million in the current period as the previous period benefited from export incentive of US$29.4 million from the Reserve Bank of Zimbabwe and a US$9.6 million refund due from the Zimbabwe Revenue Authority following a court ruling in favour of the operating subsidiary.

Cash operating cost per 6E ounce produced at US$641 was 6% higher than US$607 for the prior period. This was driven by a 7% reduction in 6E production and increase in selling expenses due to higher volume of concentrate sales during the smelter shutdown.

Finance costs at US$1.3 million were below the prior period due to higher capitalised borrowing costs for the current period and a repayment of part of the Standard Bank of South Africa revolving credit facility (SBSA RCF) in the prior financial year. The final installment on the SBSA RCF was made in December 2019.

Resultantly, profit before income tax for the period at US$126.5 million was 28% higher than US$98.5 million recorded in the same period last year. Income tax for the half year at US$45.3 million (2018: US$18.1 million) resulted in profit after tax for the period of US$81.2 million compared to US$80.4 million achieved in the same period last year.

At the end of the half year, the Group had no bank borrowings (30 June 2019: US$42.5 million and 31 December 2018: US$62.5 million) after repaying the US$42.5 million on the SBSA RCF in December 2019.

The Group generated US$83.8 million (2018: US$113.6 million) from operating activities. The Group paid dividends of US$45 million (2018; US$65 million). The cash balance as at 31 December 2019 was US$22.2 million (30 June 2019: US$67 million and 31 December 2018: US$99.5 million).

CAPITAL PROJECTS

The redevelopment of Bimha Mine is progressing well. Installation of the south underground crusher and the ore-conveyancing system were completed during the half year. The focus is now on completing the two underground workshops. A total of US$90 million had been spent as at 31 December 2019 against a project budget of US$101 million.

The development of Mupani Mine (the replacement for Ngwarati and Rukodzi mines) is ahead of schedule and the mine is scheduled to receive the first fleet from Rukodzi Mine in the second half of the financial year. Focus is currently on establishing the surface crushing infrastructure to treat current ore production for feed to the concentrators. Mupani mine targets full production in August 2025. A total of US$79.4 million had been spent as at 31 December 2019 against an approved project budget of US$264 million.

OUTLOOK

The future of the Company is optimistic with the resurgence of prices of some commodities on the world market to offset the challenging operating environment. Management continues to focus on safety, achieving production volumes and preserving cash through cost management and optimisation of capital expenditure. The Company will continue to foster cordial working relationships with all its stakeholders.

AMhembere

A Mhembere
Chief Executive Officer

27 February 2020

Approval of the Condensed Consolidated Interim Financial Statements

for the Half Year Ended 31 December 2019

The directors of the Group are responsible for the maintenance of adequate accounting records and the preparation of the condensed consolidated interim financial statements and related information in a manner that fairly presents the state of the affairs of the Group. These interim financial statements are prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

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 condensed consolidated interim financial statements have been prepared on a going concern basis as the directors believe that the Group will continue to be in operation in the foreseeable future.

The condensed consolidated interim financial statements, as set out on pages 10 to 25 have been approved by the Board of Directors and are signed on its behalf by:

A Mhembere
Chief Executive Officer
27 February 2020

P Zvandasara
Chief Finance Officer
27 February 2020

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ZIMPLATS HOLDINGS LIMITED

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Zimplats Holdings Limited and its subsidiaries "the Group" as at 31 December 2019 and the related condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Qualified opinion on prior year audited financial statements

The financial statements of the Group for the year ended 30 June 2019, were audited by another auditor who expressed a qualified opinion. The basis for qualified opinion as presented in the prior year condensed consolidated financial statements is as follows;

"The Group transacted using a combination of United States Dollars (US$), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms in the 2019 financial year. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS Foreign Currency Accounts (FCA) in comparison to the US$.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates."

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ZIMPLATS HOLDINGS LIMITED

Basis for Qualified Conclusion (continued)

Qualified opinion on prior year audited financial statements (continued)

In order to comply with IAS 21, management performed a reassessment of its functional currency and concluded that the US$ remained as the functional currency of the Group. Consequently from 1 October 2018, management manually separated transactions between RTGS and US$ in order to convert RTGS transactions to US$ using the Old Mutual Implied Rate ("OMIR").

In the absence of a detailed ledger account reflecting the transactions split by currency, management applied judgment by assuming that the foreign currency payments to suppliers equalled the foreign currency portion of the expenditure recorded in the statement of profit or loss. Furthermore, the OMIR fluctuated significantly during the period from October 2018 to June 2019. The manual separation of transactions has some inherent limitations in terms of precision of the amounts recognised, which could result in a material misstatement in expenditure and the corresponding exchange gain or loss recognised in the condensed consolidated statement of profit and loss and other comprehensive income.

In addition, included in inventory on hand and property, plant and equipment additions as at 30 June 2019, were RTGS transactions which were incurred between 1 October 2018 and 22 February 2019 and were recorded as if they had been incurred in US$. In accordance with IAS 21, these transactions should have been converted to US$ using another rate other than 1:1.

It was not practicable for management to split the transactions between RTGS and US$ as the amounts were capitalised at parity in the accounting records. Exchange gains and losses resulting from the conversion of foreign currencies should have been expensed as and when they were incurred. During the period 1 October 2018 and 22 February 2019, exchange losses were recognised in inventory which may have resulted in a material misstatement in the inventory balance.

Similarly, additions to property, plant and equipment incurred in RTGS between 1 October 2018 and 22 February 2019 should have been converted to US$. As a result of this, property, plant and equipment additions recognised during this period and the corresponding depreciation charge may have been materially misstated".

As it was not practicable to determine the financial effects of the matters, consequently the predecessor auditors were unable to determine whether any adjustments to the expenditure, property, plant and equipment, inventory and related profit or loss movements and foreign exchange losses were necessary.

Accordingly, our conclusion on the six month period's financial statements is also modified because of the above carry over effects in the current six month period which cannot be determined.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 – "Interim Financial Reporting".

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Harare, Zimbabwe

27 February 2020

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

ASSETS	Notes	31 December 2019 US$ 000 (Reviewed)	30 June 2019 US$ 000 (Audited)	31 December 2018 US$ 000 (Reviewed)
Non-current assets				
Property, plant and equipment	5	1 145 133	1 141 380	1 099 828
Other financial assets	6	812	1 156	1 407
		1 145 945	**1 142 536**	**1 101 235**
Current assets				
Inventories	7	81 962	55 560	61 420
Prepayments		49 542	31 770	40 543
Trade and other receivables		243 492	207 385	193 704
Other financial assets	6	1 539	1 176	1 605
Cash and cash equivalents	8	22 160	67 018	99 527
		398 695	**362 909**	**396 799**
Total assets		**1 544 640**	**1 505 445**	**1 498 034**
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital		10 763	10 763	10 763
Share premium		89 166	89 166	89 166
Retained earnings		991 419	955 231	910 726
		1 091 348	**1 055 160**	**1 010 655**
LIABILITIES				
Non-current liabilities				
Provision for environmental rehabilitation		20 820	20 244	20 022
Deferred tax		276 249	288 866	261 387
Borrowings	9	3 727	-	-
Share based compensation		1 673	5 148	548
		302 469	**314 258**	**281 957**
Current liabilities				
Trade and other payables		92 877	82 971	79 458
Current tax payable		34 550	4 216	62 689
Borrowings	9	1 769	42 500	62 500
Share based compensation		21 628	6 340	775
		150 823	**136 027**	**205 422**
Total equity and liabilities		**1 544 640**	**1 505 445**	**1 498 034**

The above statement of financial position should be read in conjunction with the accompanying notes.

A Mhembere
Chief Executive Officer

P Zvandasara
Chief Finance Officer

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the Half Year Ended 31 December 2019

	Notes	Half year ended 31 December 2019 US$ 000 (Reviewed)	Half year ended 31 December 2018 (Restated)* US$ 000 (Reviewed)	Year ended 30 June 2019 US$ 000 (Audited)
Revenue	10	377 726	291 844	630 987
Cost of sales		(240 614)	(225 201)	(443 571)
Gross profit		**137 112**	**66 643**	**187 416**
Administrative expenses		(3 730)	(3 324)	(6 876)
Net foreign exchange transactions losses		(5 585)	(1 027)	(20 197)
Other expenses		(335)	(315)	(492)
Other income	12	309	39 238	46 447
Finance income		45	782	1 099
Finance cost	13	(1 298)	(3 517)	(2 082)
Profit before income tax		**126 518**	**98 480**	**205 315**
Income tax expense		(45 330)	(18 123)	(60 453)
Profit for the period		**81 188**	**80 357**	**144 862**
Other comprehensive income				
- Items that will not be reclassified to profit or loss		-	-	-
- Items that may be subsequently reclassified to profit or loss:		-	-	-
Other comprehensive income for the period, net of tax		**-**	**-**	**-**
Total comprehensive income for the period		**81 188**	**80 357**	**144 862**
Attributable to:				
Owners of Zimplats Holdings Limited		81 188	80 357	144 862
Non-controlling interest		-	-	-
		81 188	**80 357**	**144 862**
Earnings per share for profit attributable to ordinary equity holders of the Company:				
Basic earnings per share (cents)	14	75	75	135
Diluted earnings per share (cents)	14	75	75	135

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

*Comparatives for the half year ended 31 December 2018 have been restated as a result of changes in the presentation of certain administrative expenses, selling and distribution expenses, royalties and commission expenses to cost of sales during the year ended 30 June 2019. Refer to note 11 for further details.

Condensed Consolidated Statement of Changes In Equity
for the Half Year Ended 31 December 2019

	Share capital US$ 000	Share premium US$ 000	Retained earnings US$ 000	Total US$ 000
Balance as at 1 July 2019	10 763	89 166	955 231	1 055 160
Total comprehensive income for the period	-	-	81 188	81 188
Profit for the period	-	-	81 188	81 188
Other comprehensive income for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid (note 16)	-	-	(45 000)	(45 000)
Balance as at 31 December 2019 (Reviewed)	**10 763**	**89 166**	**991 419**	**1 091 348**
Balance as at 1 July 2018	10 763	89 166	895 370	995 299
Total comprehensive income for the year	-	-	144 862	144 862
Profit for the year	-	-	144 862	144 862
Other comprehensive income for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid (note 16)	-	-	(85 001)	(85 001)
Balance as at 30 June 2019 (Audited)	**10 763**	**89 166**	**955 231**	**1 055 160**
Balance as at 1 July 2018	10 763	89 166	895 370	995 299
Total comprehensive income for the period	-	-	80 357	80 357
Profit for the period	-	-	80 357	80 357
Other comprehensive income for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid (note 16)	-	-	(65 001)	(65 001)
Balance as at 31 December 2018 (Reviewed)	**10 763**	**89 166**	**910 726**	**1 010 655**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
for the Half Year Ended 31 December 2019

	Notes	Half year ended 31 December 2019 US$ 000 (Reviewed)	Half year ended 31 December 2018 US$ 000 (Reviewed)	Year ended 30 June 2019 US$ 000 (Audited)
Cash flows from operating activities				
Cash generated from operations	15	120 022	132 319	289 045
Finance costs paid		(2 087)	(4 063)	(6 296)
Share based compensation payments		(13 428)	(1 770)	(1 782)
Payments made for environmental rehabilitation		(368)	(3 277)	(4 103)
Income taxes and withholding taxes paid		(20 324)	(9 659)	(35 386)
Net cash generated from operating activities		**83 815**	**113 550**	**241 478**
Cash flows from investing activities				
Purchase of property, plant and equipment		(40 369)	(46 357)	(115 021)
Proceeds from disposal of property, plant and equipment		6	72	88
Finance income received		45	782	1 098
Net cash utilised in investing activities		**(40 318)**	**(45 503)**	**(113 834)**
Cash flows from financing activities				
Repayments of borrowings	9	(42 500)	(22 500)	(42 500)
Lease payments	9	(823)	-	-
Dividends paid	16	(45 000)	(65 001)	(85 001)
Net cash utilised in financing activities		**(88 323)**	**(87 501)**	**(127 501)**
Net (decrease)/increase in cash and cash equivalents		**(44 826)**	**(19 454)**	**143**
Cash and cash equivalents at beginning of the year		67 018	118 981	118 981
Exchange losses on cash and cash equivalents		(32)	-	(52 106)
Cash and cash equivalents at the end of the period	**8**	**22 160**	**99 527**	**67 018**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements
for the Half Year Ended 31 December 2019

1. GENERAL INFORMATION

Zimplats Holdings Limited (the 'Company') is a limited liability company domiciled in Guernsey, Channel Islands and listed on the Australian Stock Exchange (ASX). The condensed consolidated interim financial statements for the half year ended 31 December 2019 are for the group consisting of the Company and its subsidiaries (together the 'Group').

The Group's principal business is producing platinum group metals (which primarily include platinum, palladium, rhodium, iridium and ruthenium) and associated metals (nickel, gold, copper, cobalt and silver) mined from the Great Dyke in Zimbabwe.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements have been prepared on a going-concern basis as the directors believe that the Group will continue in operation for the foreseeable future

The condensed consolidated interim 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 annual financial statements for the year ended 30 June 2019 which were prepared in accordance with International Financial Reporting Standards (IFRS) and any public announcements made by the Company during the interim period under the ASX Listing Rules.

The condensed consolidated interim financial statements are expressed in United States Dollars (US$). The condensed consolidated interim financial statements have been prepared under the historical cost convention except for liabilities for cash-settled share-based payment arrangements which are measured using a binomial option model.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the Group are consistent with those of the previous financial year, except for changes from the adoption of new or revised IFRSs and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

3.1 IFRS 16 'Leases'

This standard is effective from 1 January 2019 and replaces IAS 17 'Leases'.

Transition

The Group adopted IFRS 16 during the period and applied the standard retrospectively, making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019.

Historically, lease contracts were classified either as finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, all lease contracts ,with the exception of leases of low value assets and leases with a duration of twelve months or less, are recognised as right-of-use assets along with the corresponding liability from the date at which the leased asset is available for use by the Group.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.6% (3 months LIBOR plus 7% per annum).

In applying the simplified retrospective approach, the Group has applied the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is,or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 'Determining Whether an Arrangement Contains a Lease'.

Notes to the Condensed Consolidated Interim Financial Statements
for the Half Year Ended 31 December 2019 (continued)

3.1 IFRS 16 'Leases' (continued)

Accounting Policy for Leases

The adoption of IFRS 16 has resulted changes in the accounting policy for leases as set out below.
The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the contractual lease payments due over the lease term, discounted using the rate implicit in the lease. If this rate is not readily determinable, the lessee's incremental borrowing rate is used. Variable lease payments are included in the measurement of the lease liability if they depend on an index or rate at date of commencement. The initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- exercise price of any purchase option if the lessee is reasonably certain to exercise the option; and
- penalties payable for terminating the lease, if the term of the lease reflects the termination option.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are initially measured at the value of the corresponding lease liability at initial measurement, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs; and
- the amount of any provision recognised where the lessor is contractually required to dismantle, remove or restore the leased asset.

Lease payments are subsequently allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When the lessee revises its estimate of the term of any lease due to changes in the probability of a lease extension or termination option being exercised, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate at remeasurement.

The carrying value of lease liabilities are similarly revised when the variable element of future lease payments dependent on a rate or index is revised, using the revised discount rate on commencement of lease. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

The Group has no arrangements is which it a lessor.

3.2 IFRIC 23, 'Uncertainty over income tax treatments'

IFRIC 23 is effective from 1 January 2019 and provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 'Income Taxes' was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty.

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues and uncertain tax positions based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax assets and liabilities in the period in which such determination is made.

The adoption of IFRIC 23 did not have a material impact on the Group's accounting for uncertain tax positions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2019.

5 PROPERTY, PLANT AND EQUIPMENT

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Opening net book amount			
Additions	46 688	115 021	46 357
Borrowing costs capitalised	1 734	6 296	1 458
Disposals	(40)	(18 308)	(12 986)
Accumulated depreciation on disposals	34	18 071	12 913
Depreciation charge	(44 663)	(66 283)	(34 619)
Environmental rehabilitation asset adjustment	-	(122)	-
Closing net book value	**1 145 133**	**1 141 380**	**1 099 828**

Mobile equipment of US$6 million and land and buildings of US$0.3 million were capitalised during the period, following the adoption of IFRS 16. Included in property, plant and equipment are right-of-use assets, namely, mobile equipment with a carrying amount of US$5.1 million (June 2019: nil, December 2018: nil) and land and buildings with a carrying amount of US$0.3 million (June 2019: nil, December 2018:nil) arising from leases capitalised.

6 OTHER FINANCIAL ASSETS

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Employee loans	2 351	2 332	3 012
Current assets	1 539	1 176	1 605
Non-current assets	812	1 156	1 407
	2 351	**2 332**	**3 012**

Notes to the Condensed Consolidated Interim Financial Statements
for the Half Year Ended 31 December 2019 (continued)

7 INVENTORIES

Ore, concentrate and matte stocks	32 178	13 071	13 041
Consumables	55 167	47 510	53 985
	87 345	**60 581**	**67 026**
Less: provision for obsolete consumables	(5 383)	(5 021)	(5 606)
	81 962	**55 560**	**61 420**
The movement in the provision for obsolete consumables is as follows:			
At the beginning of the period	5 021	5 606	5 606
Charged/(credited) to the statement of profit or loss during the period	362	(585)	-
At the end of the period	**5 383**	**5 021**	**5 606**

8 CASH AND CASH EQUIVALENTS

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Cash at bank	22 144	66 985	74 241
Cash on hand	16	33	14
Short-term deposits	-	-	25 272
	22 160	**67 018**	**99 527**
The exposure of cash and cash equivalents by country is as follows:			
Isle of Man	998	41 035	1 000
United Kingdom	12 954	14 605	-
Jersey	6 759	69 671	3 838
Zimbabwe	1 436	3 029	94 666
Australia	13	14	23
	22 160	**128 354**	**99 527**

Cash and cash equivalents are denominated in US$ except the net exposures to foreign currency detailed below:

	ZAR 000	ZAR 000	ZAR 000
Balances with banks (South African Rands - ZAR)	1	1	1
	AUD 000	**AUD 000**	**AUD 000**
Balances with banks (Australian dollars - AUD)	19	21	23
	ZW$ 000	**ZW$ 000**	**ZW$ 000**
Balances with banks (Zimbabwean dollars - ZW$)	1 865	1 918	-

9 BORROWINGS	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Non-current			
Lease liability	3 727	-	-
Current			
Lease liability	1 769	-	-
Bank borrowings	-	42 500	62 500
	1 769	42 500	62 500
Total	**5 496**	**42 500**	**62 500**
The movement in borrowings is as follows:			
At the beginning of the period	42 500	85 000	85000
Leases capitalised	6 319	-	-
Interest accrued (note 13)	2 087	6 296	4 063
Repayments	(45 410)	(48 796)	(26 563)
Capital: Bank borrowings	(42 500)	(42 500)	(22 500)
Capital: Lease liability	(823)	-	-
Interest	(2 087)	(6 296)	(4 063)
At the end of the period	**5 496**	**42 500**	**62 500**

The carrying amounts of the Group's borrowings are all denominated in US$.

The Group's borrowings have the following maturity profile:

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
On demand and up to 6 months	863	42 500	20 000
6 months to 1 year	906	-	42 500
1 year to 2 years	1 947	-	-
2 years to 5 years	1 780	-	-
	5 496	**42 500**	**62 500**

Notes to the Condensed Consolidated Interim Financial Statements

for the Half Year Ended 31 December 2019 (continued)

9 BORROWINGS (continued)

Bank borrowings

Bank borrowings comprised a loan facility for general business purposes from Standard Bank of South Africa Limited. The loan was guaranteed by Impala Platinum Holdings Limited.

The loan was a revolving facility of US$85 million and bore interest at 3 months LIBOR plus 7% per annum. Capital repayments were required if the loan balance exceeded the available facility amount. The first capital repayment installment amounting to US$42.5 million was made during the year ended 30 June 2019 and the balance of US$42.5 million was paid in December 2019.

The Group had no undrawn bank borrowing facilities at 31 December 2019, 30 June 2019 and 31 December 2018.

Revolving facility

The Group has a US$34 million revolving facility with Standard Bank of South Africa Limited. The facility is for an indefinite period (no maturity date), however, it is subject to annual exchange control approval, which has been granted up to 12 December 2020. The facility bears interest at 3 months LIBOR plus 2.6% per annum and is secured by a cession of a portion of the Group's trade receivables.

The undrawn balance on the revolving facility amounted to US$34 million as at 31 December 2019 (30 June 2019: US$34 million and 31 December 2018: US$34 million).

10 REVENUE	Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
Revenue from contracts with customers	336 152	279 650	597 688
Revenue from movements in commodity prices	41 574	12 194	33 299
	377 726	**291 844**	**630 987**
The Group derives its revenue at a point in time from the following metals:			
Palladium	160 119	115 890	264 330
Platinum	95 529	95 681	194 901
Rhodium	61 926	24 917	53 316
Nickel	28 644	21 720	47 676
Gold	19 139	17 297	36 993
Copper	7 591	8 510	17 308
Ruthenium	1 163	4 194	9 600
Iridium	3 411	3 204	6 173
Cobalt	89	326	467
Silver	115	105	223
	377 726	**291 844**	**630 987**

The Group has a sole customer, Impala Platinum Limited.

11 CHANGES IN PRESENTATION IN PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	As previously reported US$ 000	Transfer US$ 000	Restated US$ 000
Cost of sales	187 149	38 052	225 201
Administrative expenses	28 061	(24 737)	3 324
Selling and distribution expenses	1 112	(1 112)	-
Royalty and commission expense	12 203	(12 203)	-
	228 525	**-**	**228 525**

As shown in the table above, certain administrative expenses, selling and distribution expenses, royalty and commission expenses were transferred to cost of sales. These items are now presented under cost of sales due to their nature, which is related to the cost of metals produced and sold.

12 OTHER INCOME	Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
Export incentive (12.1)	-	29 431	36 352
Customs duty rebate fine refund (12.2)	-	9 554	9 554
Gain on disposal of property, plant and equipment	-	253	-
Other income	309	-	541
	309	**39 238**	**46 447**

12.1 In May 2016, the Reserve Bank of Zimbabwe (RBZ) introduced an export incentive scheme to promote the export of goods and services in order for the Zimbabwean economy to benefit from the liquidity derived from exports.

The Group was entitled to a 2.5% export incentive on the export proceeds received in Zimbabwe. During the year ended 30 June 2019, the export incentive was revised from 2.5% to 5% backdated to the period from 1 January 2018 to 30 September 2018 and further increased to 10% from October 2018 onwards.

The RBZ discontinued the export incentive scheme with effect from 21 February 2019.

12.2 The written judgment in the customs duties matter was issued by the High Court of Zimbabwe on 12 September 2018. The presiding judge ruled that the Zimbabwe Revenue Authority ("ZIMRA") was not entitled to impose the fines that it had levied on the Group's main operating subsidiary, Zimbabwe Platinum Mines (Private) Limited.

As the Group had previously settled the disputed liabilities on a without prejudice basis pending the determination of the court case, the net impact of the judgment is that ZIMRA is required to refund to the Group the amount of the fines imposed of US$9.6 million.

Notes to the Condensed Consolidated Interim Financial Statements

for the Half Year Ended 31 December 2019 (continued)

13 FINANCE COSTS	Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
Interest expense on bank borrowings	1 800	4 063	6 296
Unwinding of the rehabilitation provision	945	912	2 082
Interest expense on lease liability	287	-	-
Borrowing costs capitalised (note 5)	(1 734)	(1 458)	(6 296)
	1 298	**3 517**	**2 082**

14 EARNINGS PER SHARE

14.1 Basic earnings per share

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

	Half year ended 31 December 2019	Half year ended 31 December 2018	Year ended 30 June 2019
Profit attributable to equity holders of the Company (US$ 000)	81 188	80 357	144 862
Weighted average number of ordinary shares in issue	107 637 649	107 637 649	107 637 649
Basic earnings per share (cents)	75	75	135

14.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group did not have any shares with a potential dilutive impact (December 2018: nil, June 2019: nil).

	Half year ended 31 December 2019	Half year ended 31 December 2018	Year ended 30 June 2019
Profit attributable to equity holders of the Company (US$ 000)	81 188	80 357	144 862
Weighted average number of ordinary shares in issue	107 637 649	107 637 649	107 637 649
Diluted earnings per share (cents)	75	75	135

15 CASH GENERATED FROM OPERATIONS	Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
Profit before income tax	126 518	98 480	205 315
Adjustments for:			
Depreciation (note 5)	44 663	34 619	66 283
Provision for obsolete inventories (note 7)	362	-	(585)
Provision for share based compensation	25 241	2 032	12 209
Foreign currency exchange adjustment	(237)	(397)	(1 801)
Loss on disposal of property, plant and equipment	-	-	149
Finance income	(45)	(782)	(1 099)
Finance costs (note 13)	1 298	3 517	2 082
Changes in operating assets and liabilities			
(Increase)/decrease in inventories	(26 764)	1 365	7 810
(Increase)/decrease in prepayments	(17 772)	9 358	18 131
Increase in trade and other receivables	(35 715)	(15 390)	(31 427)
(Increase)/decrease in other financial assets	(19)	680	122
Increase/(decrease) in trade and other payables	2 492	(1 163)	11 856
Cash generated from operations	**120 022**	**132 319**	**289 045**

16 DIVIDENDS	Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
Final dividend for the year ended 30 June 2019	45 000	-	-
Interim dividend for the year ended 30 June 2019	-	-	20 000
Final dividend for the year ended 30 June 2018	-	65 001	65 001
	45 000	**65 001**	**85 001**

17 RELATED PARTIES

The Company is controlled by Impala Platinum B.V. which owns 87% of the ordinary shares of Zimplats Holdings Limited. The ultimate holding company is Impala Platinum Holdings Limited (incorporated in South Africa) which owns a 100% equity interest in Impala Platinum B.V.

Notes to the Condensed Consolidated Interim Financial Statements
for the Half Year Ended 31 December 2019 (continued)

		Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
17.1	**Related party transactions and balances**			
	The following transactions were carried out with related parties:			
a)	**Revenue**			
	Sales of metal products to the sole customer:			
	Impala Platinum Limited	377 726	291 844	630 987
b)	**Support services**			
	Services rendered to Zimbabwe Platinum Mines (Private)Limited by Impala Platinum Limited	1 028	890	2 086
	Support services mainly relate to information, communication and technology systems.			
c)	**Amounts due from related parties**			
	Impala Platinum Limited: trade receivables	231 997	170 823	199 631

The amounts due from Impala Platinum Limited are due three to five months after the date of sale. The trade receivables bear no interest.

		Half year ended 31 December 2019 US$ 000	Half year ended 31 December 2018 US$ 000	Year ended 30 June 2019 US$ 000
d)	**Amounts due to related parties**			
	Impala Platinum Limited	11 141	8 794	10 986

The amounts due to Impala Platinum Limited bear no interest and they have no fixed repayment terms.

		31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
18	**CAPITAL COMMITMENTS**			
	Capital expenditure commitments contracted	70 889	55 374	75 476
	Approved capital expenditure not yet contracted	176 893	230 843	240 331
		247 782	**288 059**	**315 807**
	Less than one year	88 895	79 256	117 520
	Between one and five years	158 887	208 803	198 288
		247 782	**288 059**	**315 807**

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

19 FINANCIAL INSTRUMENTS

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	22 160	67 018	99 527
Other receivables	4 575	3 640	7 786
Other financial assets	2 351	2 332	3 012
	29 086	**72 990**	**110 325**
Financial assets at fair value through profit or loss[#, a]			
Trade receivables	231 997	199 631	170 823
	261 083	**272 621**	**281 148**

The carrying amount of trade and other receivables closely approximates its fair value as the impact of discounting is not significant. Included in trade and other receivables is Value Added Tax (VAT) of US$6.9 million (June 2019: US$3.9 million, December 2018: US$14.5 million) which is not classified as a financial asset.

	31 December 2019 US$ 000	30 June 2019 US$ 000	31 December 2018 US$ 000
Financial liabilities			
Financial liabilities at amortised cost			
Borrowings	5 496	42 500	62 500
Trade payables	84 259	78 080	69 135
	89 755	**120 580**	**131 635**

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting is not significant due to the available market terms (rates and tenor) on borrowings and the short-term nature of trade and other payables. Included in trade and other payables are statutory obligations of US$8.6 million (June 2019: US$4.8 million, December 2018: US$10.3 million) which are not classified as financial liabilities.

[#]Financial assets at fair value through profit or loss are part of trade and other receivables in the statement of financial position.

[a]Level 2 of the fair value hierarchy – Significant inputs are based on observable market data with the rand/dollar exchange rate and metal prices being the most significant.

Notes to the Condensed Consolidated Interim Financial Statements
for the Half Year Ended 31 December 2019 (continued)

20 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision maker.

The executive committee has been identified as the chief operating decision maker and is responsible for making strategic decisions, allocating resources and assessing the performance and financial position of the Group.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Group operates as a vertically integrated mining concern and is managed as a single segment. The Group's operations are based in one geographical location, Zimbabwe. The chief operating decision maker (the executive committee) makes strategic decisions based on internal reports on the Group's performance and financial position as a whole, which is shown in the primary statements.

21 CONTINGENCIES

The Group filed legal proceedings in the Special Court for Income Tax Appeals and the High Court of Zimbabwe in relation to various historical tax matters and these cases are pending in the courts. The Group has on a without prejudice basis settled the disputed liabilities involved in these cases.

A service provider filed an application at the High Court of Zimbabwe seeking an order that an alleged agreement between the Group and the service provider should be implemented, or, alternatively, that the Group should pay damages to the amount of ZW$4 million. The matter was heard in the High Court and, following an application by the Group, the High Court granted an order essentially dismissing the service provider's claim. The service provider has lodged an appeal with the Supreme Court against the High Court judgment.

While recognising the inherent difficulty of predicting the outcome of legal proceedings, the directors believe, based upon current knowledge and after consulting with legal counsel, that the legal proceedings currently pending against it should not have a material adverse effect on the financial position of the Group.

22 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the statement of financial position date that have a bearing on the understanding of these financial statements.

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