ANNUAL FINANCIAL STATEMENTS 2019

VALUE OVER VOLUME

WELCOME TO OUR 2019 ANNUAL FINANCIAL STATEMENTS

Impala Platinum Holdings Limited (Implats, Group or Company) is one of the world's foremost producers of platinum and associated Platinum Group Metals (PGMs). Implats is currently structured around five main operations with a total of 20 underground shafts. Our operations are located within the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

Implats has its listing on the JSE Limited (JSE) in South Africa, the Frankfurt Stock Exchange (2022 US$ convertible bonds) and a level 1 American Depositary Receipt programme in the United States of America.

Our headquarters are located in Johannesburg and the five mining operations are Impala, Zimplats, Marula, Mimosa and Two Rivers. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

SUSTAINABLE DEVELOPMENT REPORT

- Detail on material economic, social and environmental performance
- GRI G4 core compliance
- Internal reporting guidelines in line with the UN Global Compacts
- Independent assurance report

MINERAL RESOURCE AND MINERAL RESERVE STATEMENT

- Provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves
- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to section 12.13 of the JSE Listings Requirements
- Been signed off by the competent persons

NOTICE TO SHAREHOLDERS

- Corporate governance report
- Abridged financial report
- Audit committee report
- Social, transformation and remuneration committee report
- Proxy and comparative information

ANNUAL FINANCIAL STATEMENTS

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV.

ONLINE

- Direct access to all our reports
- Our website has detailed investor, sustainability and business information

@impalaplatinum.com

http://www.youtube.com/implats

http://www.linkedin.com/company/impalaplatinum limited

This report contains the consolidated financial statements and the separate annual financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2019.

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV™*.

HOW TO NAVIGATE THIS REPORT

ACCOUNTING POLICIES (AP)

The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.

ESTIMATES AND JUDGEMENTS (EJ)

The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

TRANSITION (TR)

The implementation requirements and related impacts of a newly adopted IFRS.

CONTENTS

WE WELCOME YOUR FEEDBACK TO MAKE SURE WE ARE COVERING THE THINGS THAT MATTER TO YOU.

Go to: **www.implats.co.za**
or email: **investor@implats.co.za**
for the feedback form, or scan the code on your right with your smartphone.

AUDIT COMMITTEE REPORT

The committee is pleased to present its report for the financial year ended 30 June 2019 which details the work done during the year under review. This report has been prepared based on the requirements of the South African Companies Act, No 71 of 2008, as amended, King IV and the JSE Listings Requirements. The audit committee assists the board in discharging its duties by monitoring the adequacy and effectiveness of the Company's controls environment. The chairman of the audit committee reports to the board on the committee's deliberations, recommendations and decisions at every board meeting. In line with best practice, the internal and external auditors have unrestricted access to the committee where they are able to raise any matter which requires the committee's attention.

COMPOSITION AND STATUS

The committee comprises four members all of whom are independent non-executive directors. Ms Dawn Earp and Mr Preston Speckmann were appointed at the beginning of the year under review. Ms Babalwa Ngonyama was interim chairman of the committee until 1 August 2018 when a new chairman was appointed. Ms Mpho Nkeli stepped down as a member of the committee on 1 August 2018. The membership has remained unchanged throughout the financial year. The committee held four scheduled meetings and two *ad hoc* meetings which were convened to attend to special business.

Members	Attendance	Appointed
Ms D Earp (Chairman)	5/5	1 August 2018
Mr PW Davey	6/6	18 February 2016
Ms B Ngonyama	6/6	1 November 2010
Mr PE Speckmann	5/5	1 August 2018

EXECUTION OF THE FUNCTION OF THE COMMITTEE

The committee has discharged all its responsibilities as contained in the charter including but not limited to reviewing accounting policies and ensuring that financial information issued to stakeholders is supported by robust internal controls and risk management processes. The overall high-level functions performed by the committee during the year were:

- Discharging its duties relating to safeguarding of the Company's assets by monitoring the proper operation of adequate and effective systems of internal controls
- Monitored the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards
- Monitored the activities of internal auditors, ensured independence of the function and recommended the internal audit charter for board approval
- Reviewed the independence of external auditors and monitored their activities including ensuring that the scope of their non-audit services provided did not impair their independence
- Made recommendations regarding dividend declarations
- Recommended the integrated report for board approval
- Performed duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King IV
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment
- Encouraged cooperation between internal and external audit during the year in line with the Company's assurance model
- Reviewed and recommended, for adoption by the board, the financial information that is publicly disclosed, which for the year included:
  - The interim results for the six months ended 31 December 2018
  - The annual results for the year ended 30 June 2019
- Considered the effectiveness of internal audit, approved the five-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan. The committee also approved deviations from the annual internal audit plan
- Monitored initiatives implemented by the compliance function which included assurance
- Considered the effectiveness of the information technology (IT) function and recommended IT strategy for board approval
- Reviewed the Group tax policy
- Recommended the appointment of external auditors for shareholder approval.

The objectives of the committee were adequately met during the year under review.

INTERNAL AUDIT

The committee approved the internal audit plan and departmental budgets and ensured that there was coverage of the Group audit universe.

The committee reviews the performance appraisals of the chief audit executive and determines the competence of the internal audit department as a whole. The chief audit executive, Ms Nonhlanhla Mgadza, has the necessary experience to fulfil this role and she has performed satisfactorily during the year under review. The committee meets with her where management is not present and she is able to raise any matter to the attention of the committee.

Ms Mgadza has unrestricted access to the members of the committee and her audit reports are circulated to the members of the committee and are reviewed quarterly in detail.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Companies Act. The committee, in consultation with executive management, agreed the audit fee for FY2019. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The auditor performed a satisfactory audit which covered all the significant risks to the Company and submitted their report accordingly. Audit fees are disclosed in note 23 to the annual financial statements.

The independence of the external auditor is regularly reviewed. Additionally, the approval of all non-audit-related services is governed by an appropriate approval framework. During the year under review, PricewaterhouseCoopers Inc. (PwC) were appointed to conduct non-audit services and the permission of the committee was granted after the proposed fee was tested against the provision of non-audit fees policy. The services provided during the year under review were related to taxation pre-filing reviews as well as the tax treatment prior to the launch of the 2022 Convertible Bond. PwC assisted management to conduct a review of the overhead cost structure for Impala Rustenburg in line with the announced strategic review. The audit partner and his team were not involved with any of the non-audit services provided by PwC.

Meetings were held with the external auditor in the absence of management, where concerns could be raised. The auditor did not have any concerns to raise; however, the committee was informed that all disagreements with management were adequately dealt with and were brought to the committee's attention in meetings.

The audit committee, after following a comprehensive formal tender process, as well as due process as set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements (LR), has recommended the appointment of Deloitte as the Company's external auditor with Mr Mandisi Mantyi as the designated lead audit partner. The appointment of Deloitte as the new external auditor will be recommended to shareholders for approval at the Annual General Meeting (AGM) scheduled for 22 October 2019. The committee has received and reviewed the Partner Suitability Pack, and is satisfied with the performance of the external auditors. PwC, the Company's current external auditor, will step down as external auditor at the conclusion of the AGM after having been auditor of the Group for 46 years.

CHIEF FINANCIAL OFFICER REVIEW

Ms Meroonisha Kerber was appointed group chief financial officer with effect from 1 August 2018. The committee has reviewed her qualifications and expertise and have found her to be suitably qualified and experienced to lead the finance function. Additionally, the committee has satisfied itself of the performance, qualifications and expertise of the financial accounting and the taxation departments.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards (IFRS). The committee has recommended the approval of the annual financial statements to the board. The significant matters considered by the committee included the impairment of assets and the going concern statement. The board has subsequently approved the annual financial statements.

INTERNAL FINANCIAL CONTROL (STATEMENT ON EFFECTIVENESS OF INTERNAL FINANCIAL CONTROLS)

Based on the results of the formally documented review of the Company's system of internal financial controls, which was performed by the internal audit function and external auditors, and a formal documented review of the Company's mature system of combined assurance, nothing has come to the attention of the audit committee to indicate that the internal financial controls were not operating effectively.

COMMENTS ON KEY AUDIT MATTERS, ADDRESSED BY PWC IN THIS EXTERNAL AUDITOR'S REPORT

The external auditors have reported on one key audit matter in respect of their 2019 audit, being: impairment of property, plant and equipment and investment in subsidiaries. This key audit matter related to material financial statement line items and require judgement and estimates to be applied by management. The committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matter. Furthermore, the committee discussed the key audit matter with the external auditors to understand their related audit processes and views. Following our assessment, the committee was comfortable with the conclusions reached by management and the external auditors.

Ms Dawn Earp
Chairman of the audit committee

5 September 2019

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company are responsible for the maintenance of adequate accounting records and preparation of the annual financial statements and related information in a manner that fairly presents the state of affairs of the Company. These annual 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 annual financial statements have been prepared under the supervision of the chief financial officer, Ms M Kerber, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structures and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

Based on the results of a formal documented review of the Company's system of internal controls and risk management, covering both the adequacy in design and effectiveness in implementation performed by the internal audit function during 2019, the board of directors has considered:

- The information and explanations provided by line management
- Discussions held with the external auditors on the results of the year-end audit
- The assessment by the audit committee and
- The assessment of risk by the various sub-committees of the board.

Nothing has come to the attention of the board that caused it to believe that the Company's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is underpinned by the audit committee's statement.

The annual 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 annual financial statements as set out on pages 16 to 111 have been approved and authorised for issue by the board of directors and are signed on its behalf by:

MSV Gantsho
Chairman

NJ Muller
Chief executive officer

5 September 2019

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as required by the Act and that all such returns and notices are true, correct and up to date.

TT Llale
Company secretary

5 September 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impala Platinum Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Impala Platinum Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Impala Platinum Holdings Limited's consolidated and separate financial statements set out on pages 16 to 111 comprise:
- the consolidated and company statements of financial position as at 30 June 2019;
- the consolidated and company statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the consolidated and company financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

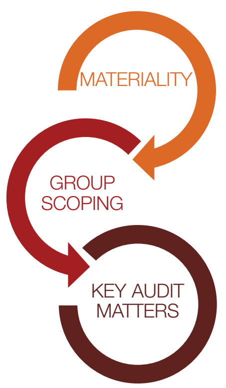
We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

OUR AUDIT APPROACH

Overview



Overall Group materiality
- R286.5 million which represents 5% of adjusted consolidated profit before tax

Group audit scope
- Our scoping included operations in two countries, namely South Africa and Zimbabwe. The operations were made up of five operating subsidiaries and two mining associates

Key audit matters
- Impairment of property, plant and equipment and investment in subsidiary

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R286.5 million
How we determined it	5% of adjusted consolidated profit before tax
Rationale for the materiality benchmark applied	We chose profit or loss before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. The profit or loss before tax has been adjusted by reversing the impact of impairment provisions (refer to note 21), which is not in the ordinary course of business.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Implats operates in two countries, South Africa and Zimbabwe, through 14 operating companies. The operating entities are split into three segments: Mining, Impala Refining Services and Impala Chrome – refer segment information (note 1). Our Group scope included the financially significant entities to the Group: Impala Platinum Holdings, Impala Platinum, Zimplats, Impala Chrome, Marula Platinum, Afplats and the two associates, Two Rivers and Mimosa. Financially significant components were identified based on the component's contribution to key financial statement line items (profit before tax, revenue and total assets) and the risk associated with the component.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, and component auditors from other PwC network firms and other non-PwC firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The Group engagement team performed audit procedures, among others, over the Company financial statements, the consolidation process, financial statement disclosure and significant accounting positions taken by the group. Risk assessment analytics were performed for non-significant entities.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT IN SUBSIDIARY

This key audit matter relates to the consolidated and separate financial statements.

The impairment assessment of property, plant and equipment and investment in subsidiary was considered to be a matter of most significance to our current year audit due to the significant judgment involved in the valuation of the cash generating units ("CGUs") as well as the magnitude of the impairment recognised in the current year.

International Financial Reporting Standards ('IFRS') require the Group to assess Property, Plant and Equipment (PPE) for impairment when there are indicators of impairment. In the current year there were impairment indicators: long-term commodity prices which remain under pressure, costs that have continued to increase and for the Afplats CGU, the decision not to continue with the project.

Management performed an impairment assessment to determine the recoverable amount of the various cash generating units ("CGUs"). The recoverable amount was based on a combination of discounted cash flow models and valuation of mineral resources beyond approved mine plans.

The assumptions (inputs) which were used for cash flow forecasts and valuations of mineral resources beyond approved mine plans are based on forecasted results and expected market and economic conditions. The most significant inputs in these forecasts and valuations are: production volumes, costs of production, capital expenditure, forecasts for metal prices, exchange rates and discount rates.

At a group level management recognised an impairment of R2.43bn in Property, plant and equipment (refer to Note 2.1.4 and Note 21 of the Group financial statements).

These indicators also resulted in an impairment assessment at a company level for the investment in subsidiary. An impairment of R1.63bn was recognised in the investment in Afplats (refer to Note 12 of the company financial statements).

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We assessed the financial results of the Group, paying particular attention to factors that have negatively impacted the operations. In line with management's assessment, we identified impairment indicators regarding the mining operating segments.

We gained an understanding as to how impairments were considered by management across property, plant and equipment as well as the methodologies and models used.

For purposes of the impairment assessment, management has determined the recoverable amount of the CGUs using future cash flows and/or mineral resources beyond approved mine plans valuations. We assessed these models and found them to be in accordance with generally accepted methodologies.

In assessing the future cash flows, our audit procedures included:

1. Testing the accuracy of the model used by management by performing an independent recalculation and comparing the results of our calculation with theirs; and
2. The significant assumptions used by management in their impairment assessment were subjected to audit procedures as follows:
    - We tested the reasonableness of the long-term real basket price of R28 900 per platinum ounce by using our valuations expertise, to benchmark the price and exchange rates against analysts' forecasts. Based on the work performed, we found management's assumption to be within a reasonable range of possible prices.
    - We utilised our valuation expertise to independently calculate the discount rates used in performing the impairment assessments. This included using relevant third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors in which each of the CGUs are located. In cases where discount rates determined by us differed from that used by management, the impact of the differences was assessed not to be material.
    - Production volumes per the life-of-mine plan assumption were compared to reserves signed off by the Group's Competent Person and to existing production volumes and approved business plans.
    - Life-of-mine plan operating and capital costs and unit costs were compared to budgeted and actual costs for reasonableness.

In considering the accuracy of the value of *in situ* resources, we used our valuations expertise to independently calculate the resource multiple by benchmarking the valuation against comparable transactions. Based on our independent calculation, management's resource multiple was found to be within an acceptable range.

In relation to the Afplats CGU our audit procedures included:

- Obtained an understanding from management of their current plans for the Afplats CGU through discussions with management and review of minutes of meetings. The Group currently does not have the intention to continue with the project which resulted in an impairment to its recoverable amount of Rnil
- We recalculated the impairment and are in agreement with the amount recognised.

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</table>

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Implats annual financial statements 2019", which includes the Directors' Report, the Audit Committee Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "Implats annual integrated report 2019", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information that we obtained prior to the date of this auditor's report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going-concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Impala Platinum Holdings Limited for 46 years.

PricewaterhouseCoopers Inc.
Director: CS Masondo
Registered Auditor

Johannesburg

5 September 2019

DIRECTORS' REPORT

PROFILE

Nature and business of the Company

Impala Platinum Holdings Limited (Implats/Company/Group) is one of the foremost producers and suppliers of Platinum Group Metals (PGMs) to industrial economies. The Company's holdings in various mining and exploration activities as at 30 June 2019 are described below:

Company	Effective interest %	Activity
Impala Platinum Limited (Impala and Impala Refining Services division)	96	PGM mining processing and refining. Purchase of concentrate and/or smelter matte. Processing of concentrate and matte by the smelting, refining and sale of resultant PGMs and base metals, and toll refining
Afplats Proprietary Limited	74	PGM mining (project on hold)
Marula Platinum Proprietary Limited	73	PGM mining
Zimplats Holdings Limited	87	PGM mining
Mimosa Investments Limited	50*	PGM mining
Two Rivers Platinum Proprietary Limited	46*	PGM mining
Makgomo Chrome Proprietary Limited	50*	Purchase of chrome in tailings. Processing and sale of the product
Impala Chrome Proprietary Limited	65	Purchase of chrome in tailings. Processing and sale of the product

* *Equity-accounted entities.*

SHARE CAPITAL

AUTHORISED SHARE CAPITAL	944 008 000	ordinary no par value shares
ISSUED SHARE CAPITAL	734 778 378	ordinary no par value shares
UNISSUED SHARE CAPITAL	209 229 622	ordinary no par value shares

The authorised share capital has remained unchanged at 944 008 000 no par value shares. As at 30 June 2019, the issued share capital of the Company was unchanged from the previous financial year at 734 778 378; however, in a post-year-end event the Company issued 64 255 769 ordinary no par value shares. The additional shares were issued as a result of the induced conversion of the US dollar denominated 2022 Convertible Bond. The new issued capital has increased to 799 034 147.

American depositary receipts

At 30 June 2019, there were 11 619 983 (2018: 14 102 592) sponsored Implats American Depositary Receipts in issue through Deutsche Bank AG London and trading on the over-the-counter markets in the US. Each American depositary share is equal to one Implats ordinary share.

Treasury shares

The Group holds 16 233 994 ordinary shares which were bought in terms of an approved share buy-back scheme in prior years. No additional shares were bought by the Company during the year under review. The shares are held as "treasury shares" by a wholly owned subsidiary of the Company.

Share-based compensation

Details of participation in the share option scheme are set out in note 32 of the consolidated financial statements.

DIRECTORS' REPORT

Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2019 was as follows:

Shareholders	Number of shareholders	Number of shares (000)	%
Public	20 693	707 448	96.3
Non-public	9	27 330	3.7
Directors	3	33	0.0
Royal Bafokeng Holdings Proprietary Limited*	3	11 063	1.5
Treasury shares	3	16 234	2.2
Total	**20 702**	**734 778**	**100.0**

* *Has the right to appoint one director.*

Beneficial shareholders

>5%

Shareholders	Number of shares (000)	%
Government Employees Pension Fund	97 995	13.3
Total	**97 995**	**13.3**

Investment management shareholding

>3%

Shareholders	Number of shares (000)	%
Investec Asset Management	109 084	14.9
PIC	76 647	10.4
Allan Gray Investment Council	44 992	6.1
Sanlam Investment Managers	35 100	4.8
BlackRock Inc	35 088	4.8
Fairtree Capital (Pty) Ltd	33 781	4.6
Fidelity Management & Research Company	33 499	4.5
Old Mutual Ltd	25 197	3.4
Coronation Asset Management (Pty) Ltd	24 304	3.3
The Vanguard Group Ltd	23 215	3.2
Dimensional Fund Advisors	22 383	3.0
Total	**463 290**	**63.0**

Black economic empowerment (BEE) ownership

The Group recognises that the transformation of the equity ownership of the Company is a key strategic goal and believes that it has fully met the equity ownership objectives of the Mineral and Petroleum Resources Development Act. The Royal Bafokeng Nation originally held 13.2% of Implats, which, with the agreement of the DMR, was attributed to a 26% notional holding in Impala Platinum Limited (Impala). The Royal Bafokeng have been selling their holding down since 2016 to realise value. Their current shareholding is 1.5% (2018: 2.2%) at year end.

The Morokotso Trust, which was an ESOP established in 2006 for a 10-year period, came to an end in July 2016. At inception, the scheme managed more than 16 million Implats shares on behalf of Impala and Marula employees. In December 2015, the Group established a new Employee Share Ownership Trust which holds 4% of the issued shares in Impala.

Our other BEE partners are drawn from a wide range of groups including smaller BEE companies and community groups.

INVESTMENTS

Zimplats Holdings Limited (Zimplats)

During the period under review, the Company owns 87% (2018: 87%) of Zimplats, which in turn holds 90% (2018: 90%) of Zimbabwe Platinum Mines (Pvt) Limited – an operating company in Zimbabwe. An employee share ownership trust was issued 10% of the issued capital in the operating subsidiary Zimbabwe Platinum Mines (Pvt) Limited as part of Zimplats' plans to comply with the indigenisation legislation.

Mimosa Investments Limited (Mimosa)

The Company holds a 50% (2018: 50%) shareholding in Mimosa, with the balance being held by Sibanye Stillwater Limited. Mimosa Mining Company (Pvt) Limited (Mimosa Pvt), the operating company, is a wholly owned subsidiary of Mimosa. Implats equity-accounted its 50% interest in the joint venture.

Two Rivers Platinum Proprietary Limited (Two Rivers)

The Company owns a 46% (2018: 46%) interest in Two Rivers with the balance held by African Rainbow Minerals Limited (ARM). The mine is operated by ARM and Implats has board representation.

Marula Platinum Proprietary Limited (Marula)

The Company owns a 73% (2018: 73%) interest in Marula.

The 27% non-controlling interest comprises a 9% equity stake in Marula held by each of the following BEE entities:

- Tubatse Platinum Proprietary Limited
- Mmakau Mining Proprietary Limited
- Marula Community Trust.

Implats has consolidated the BEE interest as the vendor finance is guaranteed by Implats.

Afplats Proprietary Limited (Afplats)

The Company owns a 74% (2018: 74%) interest in Afplats, which completed the sinking of the main shaft to a depth of 1 198 metres below surface. Activities to further develop the project have been deferred. Implats continues to consolidate its interest in Afplats.

DIRECTORS' REPORT

Makgomo Chrome Proprietary Limited (Makgomo Chrome)

The Company owns a 50% (2018: 50%) stake in Makgomo Chrome, a company established pursuant to Implats' local economic development strategy for the Marula communities. Of this 50% stake, 20% is held through Marula and all dividends received by Marula are used to fund community development projects. The balance of the issued shares are held by the communities in the Marula area of operations. Implats equity accounts its interest in Makgomo Chrome.

Impala Chrome Proprietary Limited (Impala Chrome)

The Company holds 65% (2018: 65%) of the shares in issue and Chrome Traders Processing Proprietary Limited (Chrome Traders) holds 31.15% (2018: 31.15%) and 3.85% is held by a special purpose vehicle controlled by several local community members in Rustenburg. Implats consolidates its interest in Impala Chrome.

FINANCIAL AFFAIRS

Results for the year

The financial results for FY2019 have benefited from higher sales volumes, an improvement in operational performance and the partial destocking of the processing pipeline. This, together with higher rand metal prices, has resulted in substantial free cash flow generation and the consequent reduction in net debt, which has declined from net debt of R5.3 billion at the end of FY2018 to a closing net cash of R1.1 billion at 30 June 2019.

Revenue increased by 36% or R12.8 billion to R48.6 billion as a result of the following factors:

- A 12% or R4.4 billion increase due to higher sales volumes. Sales in the previous year were impacted by the transformer fire and the resultant build-up of inventory, as well as the contractual obligation to return 140 000 platinum ounces to a toll customer. In FY2019, circa 57 000 platinum ounces were released, together with other associated precious metals, from previously identified excess inventory of circa 160 000 platinum ounces.
- The 10% or R3.7 billion increase from higher realised dollar metal prices. Rhodium revenue increased by R2.8 billion while palladium revenue increased by R2.5 billion. Higher iridium and ruthenium pricing increased attributable revenue by R383 million and R342 million respectively. These gains were partially offset by the R2.3 billion negative impact of the 12% decline in platinum pricing. The overall improvement in the prices, together with changes in the sales mix, resulted in an 11% improvement in total dollar revenue per platinum ounce sold to $2 237.
- An increase of 13% or R4.6 billion due to a weaker rand. The average achieved exchange rate of R14.20/$, weakened by 11% from R12.82/$ realised in FY2018. Together with higher dollar metal prices, the rand revenue basket increased by 22% to R31 765 per platinum ounce.

Cost of sales increased by 20% or R7.1 billion to R41.8 billion for the year, largely due to:

- A R3.2 billion decrease in the movement in inventory. In FY2018 costs of R3.4 billion were deferred to inventory due to a substantial increase in pipeline stocks as a result of constrained smelting capacity after the scheduled rebuild of the No. 5 furnace at Impala Rustenburg. In FY2019, the increase in inventory only resulted in a R182 million credit to cost of sales.
- An increase of R2.1 billion in the cost of IRS metal purchases due primarily to higher rand metal prices in the current year.
- Cash costs associated with mining, processing, marketing and corporate activities increased by 7% or R1.7 billion. Calculated mining inflation of 7% was partially offset by the 3% cumulative increase in production volumes at Impala, Zimplats and Marula and resulted in the Group's stock-adjusted unit costs, including corporate and marketing spend, rising by 4% to R23 942 per platinum ounce from R22 931 in the FY2018.

Higher revenue and well-controlled costs resulted in the Group generating a gross profit of R6.8 billion for the year, a five-fold or R5.7 billion gain from R1.1 billion achieved in FY2018. Following the reclassification of certain operating items to the cost of sales (including royalties, and fair value adjustments on metals purchased), gross profit in the prior comparable period has been restated to R1.1 billion from R1.6 billion, a reduction of R440 million (refer note 26 for additional detail).

There were several cash and non-cash items accounted for in profit before tax. The investment in Afplats has been impaired by a further R2.4 billion (R2.2 billion post-tax and R2.30 per share) during the year (in FY2018 total impairments of the Impala and Afplats assets amounted to R13.6 billion, or R9.7 billion post-tax and R13.50 per share). The mark-to-market of the conversion option on the US$ bond was impacted by the higher closing share price at year-end, resulting in a non-cash expense of R1.6 billion (a non-tax-deductible expense and equating to R2.17 per share). Other income included the benefit of insurance receipts of R300 million from the No. 5 furnace fire, R516 million in Zimbabwean export incentives, a gain of R229 million on foreign exchange derivative financial instruments, and a refund in customs' duty penalties of R136 million. In FY2018, the Group incurred restructuring costs of R525 million which did not recur in the current year. In total, profit before tax increased by 125% to R3.3 billion while EBITDA improved by 90% or R5.0 billion to R10.5 billion.

The FY2019 tax charge of R2.1 billion (2018: R2.2 billion credit) was largely due to the improved profitability of the operations, partially offset by lower tax charges from Zimplats where, in FY2018, a once-off deferred tax charge of R1.2 billion relating to the conversion from the Special Mining Lease to the Mining Lease was incurred. The higher statutory tax rate associated with the Mining Lease is more than compensated for by the absence of Additional Profits Tax incurred under a Special Mining Lease resulting in an overall lower average taxation rate for Zimplats.

DIRECTORS' REPORT

Headline earnings increased to R3.0 billion from a loss of R1.2 million in the prior year. Basic earnings of R1.5 billion (2018: loss of R10.7 billion) were impacted by the attributable after-tax adjustment relating to the impairment charge of R1.7 billion (2018: R9.7 billion).

Net cash from operating activities increased by R10.7 billion, from a cash outflow of R1 million during the prior year to a cash inflow of R10.7 billion The higher cash flow was due to improved profitability at the operations and positive working capital movements of R399 million, which included a net movement in payables and receivables of R551 million and a significantly lower increase in inventories of R152 million compared to the outflow of R3.5 billion in the prior year due to the increase in inventories.

Dividends of R473 million were received, mainly from Two Rivers and Mimosa.

Cash and cash equivalents amounted to R8.2 billion after repaying R2.2 billion (2018: R1.0 billion) of borrowings. The Group ended the period in a closing net cash position of R1.1 billion (FY2018: net debt of R5.33 billion) excluding finance leases of R1.2 billion but including the financial asset of R151 million associated with the cross-currency interest rate swap (CCIRS).

The balance sheet remains strong with undrawn revolving credit facilities of R4.0 billion available until June 2021. The combination of cash balances and undrawn facilities results in headroom of R12.2 billion, ensuring that the Group has adequate liquidity and flexibility to address upcoming debt maturities, while funding the ongoing needs of the business.

The optimisation of the Group's balance sheet via the reduction and restructuring of existing debt is a key strategic pillar to reposition Implats as a profitable, sustainable and competitive business with clear capital allocation priorities. The US$ convertible bonds were identified as a priority given the higher relative risk profile and cost when combined with the CCIRS. Due to strong cash generation in FY2019, and the share price trading above the conversion price, the US$ bondholders were invited to convert their bonds early, and in doing so, extinguish a material Group debt liability.

Dividends

Given volatile local and global economy and the continued restructuring at Rustenburg, the board has resolved not to declare a final dividend for the year ended 30 June 2019 (2018: no dividend).

Capital expenditure

Capital expenditure, amounted to R3.8 billion (2018: R4.6 billion), of which R350 million (2018: R686 million) was spent on 16 and 20 Shafts and R254 million and R396 million spent on Bimha and Mupani respectively.

POST-BALANCE SHEET EVENTS

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US dollar 3.25% convertible bonds due 2022 (USD bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and condition of the bonds, to convert their USD bonds into ordinary shares in Implats. Bondholders representing US$249.8 million of the USD bonds accepted this offer. As a result, a cash consideration of R510 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in terms of the terms and conditions of the bond. The shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 million. Refer note 33.

GOING CONCERN

The consolidated financial statements have been prepared on a going-concern basis using the appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors believe that the Company and the Group will continue to be in operation in the foreseeable future.

ASSOCIATED AND SUBSIDIARY COMPANIES

Information regarding the Company's associated and subsidiary companies is given in note 2 and note 3 of the annual financial statements of the Company.

PROPERTY

Details of the freehold and leasehold land and buildings of the various companies are contained in registers which are available for inspection at the registered offices of those companies.

DIRECTORS' REPORT

DIRECTORATE

Name	Position as director	Date appointed
MSV Gantsho	Independent non-executive chairman	1 November 2010
PW Davey	Independent non-executive director	1 July 2013
D Earp	Independent non-executive director	1 August 2018
M Kerber	Chief financial officer	1 August 2018
BT Koshane	Non-executive director	27 August 2019
AS Macfarlane	Independent non-executive director	1 December 2012
FS Mufamadi	Independent non-executive director	5 March 2015
NJ Muller	Chief executive officer	3 April 2017
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
LN Samuel	Executive director	27 November 2017
PE Speckmann	Independent non-executive director	1 August 2018
ZB Swanepoel	Independent non-executive director	5 March 2015

Changes to the board

The board appointed one executive director and two independent non-executive directors in Ms Meroonisha Kerber, Ms Dawn Earp and Mr Preston Speckmann respectively. No other changes were made to the board. The average length of service of the current 10 non-executive directors is 3.8 years (2018: 3.7), while that of the three executive directors is 1.6 years (2018: 0.7). The Company announced the resignation of Mr Udo Lucht as a member of the board and the appointment of Ms Boitumelo Koshane in his place. The resignation and appointment were triggered by internal restructuring with the Royal Bafokeng structures. Both directors are nominated by a shareholder who is entitled to do so in terms of an agreement with the Company.

Board diversity

GENDER	7	Male
	6	Female
NATIONALITY	8	Black South African
	3	White South African
	2	Non-South African
INDEPENDENCE	3	Executive
	1	Non-executive
	9	Independent non-executive

DIRECTORS' REPORT

Interests of directors
The interests of directors in the shares of the Company for the year ended 30 June 2019 were as follows and did not individually exceed 1% of the issued share capital or voting control of the Company:

	Direct		Indirect	
	2019	2018	**2019**	2018
BENEFICIAL				
Directors	**33 180**	33 180	**–**	–
ZB Swanepoel	**30 000**	30 000	**–**	–
B Ngonyama	**3 180**	3 180	**–**	–
Senior management	**73 532**	53 324	**–**	–

There have been no changes to the directors' shareholding outlined above since the end of the financial year to the date of this report.

Directors' interests
No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year. No material change in the foregoing interests has taken place between 30 June 2019 and the date of this report.

Directors' remuneration
Directors' remuneration is disclosed in the annual financial statements (note 32) in line with the Companies Act requirements.

SPECIAL RESOLUTIONS PASSED
During the year, the following special resolutions were passed by the shareholders:

Approval of directors' remuneration
Shareholders approved the remuneration which was paid to non-executive directors during the year under review.

Approval of financial assistance
Shareholders approved that the Company may offer financial assistance in terms of sections 44 and 45 of the Companies Act.

Acquisition of the Company's shares by the Company or subsidiaries
A renewal of the general authority to acquire up to 5% of the Company's shares subject to the provisions of the JSE Listings Requirements and the Companies Act, provided that the authority does not extend beyond 15 months from the date of the granting of that authority.

ADMINISTRATION
Financial, administrative and technical advisers
In terms of a service agreement, Impala acted as financial, administrative and technical advisers to the Group during the year on a fee basis. Mr ZB Swanepoel, Mr PW Davey, Mr NJ Muller and Ms M Kerber had an interest in the contract by virtue of the membership of the Impala board.

Company secretary
Mr TT Llale acted as secretary to Implats and Impala. Impala acted as secretaries to other subsidiaries in the Group. The business and postal addresses of the company secretary are set out on page 112.

United Kingdom secretaries
The business and postal addresses of the United Kingdom secretaries are set out on page 112.

Public officer
Mr B Jager acted as public officer to companies in the Group for the year under review.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

The significant accounting policies, judgements and estimates, that are deemed material and have been applied in the preparation of these Group and Company financial statements, along with the transitional impact of newly adopted IFRSs are set out within the relevant notes to the financial statements and are indicated as follows:

ACCOUNTING POLICIES — AP

The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.

ESTIMATES AND JUDGEMENTS — EJ

The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

TRANSITION — TR

The implementation requirements and related impacts of a newly adopted IFRS.

Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within International Financial Reporting Standards have been disclosed. Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards, have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed. Accounting policies which are not applicable from time to time, have been removed, but will be included if the type of transaction occurs in future.

Accounting policies that refer to "consolidated or Group", apply equally to the Company financial statements where relevant. The composition of the Group is further described in note 3 of the Company financial statements. These consolidated financial statements are presented in South African rand and rounded to millions, unless otherwise stated.

The following US dollar exchange rates were used when preparing these consolidated financial statements:

Year-end rate:	R14.09 (2018: R13.73)
Annual average rate:	R14.19 (2018: R12.85)

The following Interbank RTGS dollar/US$ exchange rates were used when preparing these consolidated financial statements:

Year-end rate:	RTGS$6.02
Average rate (February to June):	RTGS$3.66

The Old Mutual Implied RTGS dollar/US$ exchange rates were:

Year-end rate:	RTGS$9.95
Annual average rate (October to June):	RTGS$5.79

On 1 July 2018 Impala Platinum and Impala Refining Services (IRS), both subsidiaries of the Group, entered into a sale of business agreement in terms of which IRS becomes a division of Impala and Impala acquired the metal purchase and toll refining operations of IRS as a going concern, using the Group roll-over relief provisions of sections 45 and 47 of the Income Tax Act No. 58 of 1962.

This transaction represented a business combination under common control and had no financial impact on the Group's consolidated financial statements.

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The principal accounting policies used by the Group are consistent with those of the previous year, except for changes from new or revised IFRSs.

1 NEW AND REVISED IFRSs NOT ADOPTED BY THE GROUP

The following new standards and amendments to standards are not effective and have not been early adopted by the Group:

IFRS 16 *LEASES*
The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. Implats has identified operating leases to the value of approximately R20 million which will have to be brought onto the balance sheet in terms of the new standard and additional disclosure will be required. The standard is effective for year-ends beginning on or after 1 January 2019. The standard will be applied using the simplified approach with the cumulative effect of initially applying the standard recognised at date of initial application (1 July 2019). The practical expedient to treat leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases will be applied.

IFRIC 23 *UNCERTAINTY OVER INCOME TAX TREATMENT*
This new interpretation standard sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The impact of the interpretation will be assessed and applied to uncertain tax positions in future. The interpretation is effective for year-ends beginning on or after 1 January 2019.

2 NEW AND REVISED IFRSs ADOPTED BY THE GROUP

The following standards became effective on 1 January 2018 and were adopted by the Group on 1 July 2018:

IFRS 15
Revenue from Contracts with Customers, refer note 19.

IFRS 9
Financial Instruments, refer "Financial Instruments – Adopting IFRS 9" on page 44.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act, Act 71 of 2008, and the Listings Requirements of the JSE Limited.

SUMMARY OF CRITICAL ESTIMATES AND JUDGEMENTS:

- Impairment of property, plant and equipment (note 2.1.4)
- Inventory valuation and quantities (note 8)
- Environmental rehabilitation provision (note 14)
- Functional currency of Zimplats operation (page 17)

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES CONTINUED

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention except for the following:
- Certain financial assets and financial liabilities are measured at fair value
- Derivative financial instruments are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured using a binomial option model.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements are prepared on the going-concern basis. It also requires management and the board to exercise their judgement in the process of applying the Group's accounting policies. The preparation of financial statements in conformity with IFRS also requires the use of certain critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered relevant, including current and expected economic conditions, expectations of future events that are believed to be reasonable under the circumstances. These estimates will seldom equal the actual results exactly. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed and in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes where necessary and indicated with EJ.

CONSOLIDATION

The consolidated financial statements include those of the parent company, Impala Platinum Holdings Limited, its subsidiaries, associates, joint ventures and structured entities, using uniform accounting policies.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SUMMARY OF ACCOUNTING POLICY SELECTIONS:

- Certain new accounting policies have been adopted
- Property, plant and equipment and intangible assets are measured on the historical-cost model
- Expenses are classified on a functional basis, with additional information on the nature of the expenses
- Operating cash flows are presented on the indirect method
- Other comprehensive income has been disclosed on a before tax basis, together with the tax effect separately for each item.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured in its functional currency, ie the currency of the primary economic environment in which the entity operates. For South African operations, the functional currency is South African rand and for Zimbabwean operations (Zimplats and Mimosa), it is US dollar. The consolidated financial statements are presented in South African rand, which is the presentation currency of the Group.

Functional currency of Zimplats operations

In 2019 the Zimbabwean government officially introduced the Real Time Gross Settlement (RTGS$) and subsequent to that, in June 2019 the multi-currency system was discontinued.

Considering the primary economic environment in which Zimplats operates, as well as considering factors such as which currency influences sales prices, the currency in whose competitive forces and regulations primarily determine sales prices, the currency which influences cost, the currency funding financing activities and the currency in which receipts from operating activities are retained, management concluded that Zimplats' functional currency is still the US$.

Before floating the RTGS$ in the open market in February 2019, Zimplats managed to realise an exchange rate of 1:1 between the US$ and RTGS$, and therefore this rate was applied to transactions during that period between October 2018 and February 2019. Reporting transactions between March and June 2019 were converted at the interbank market rate, as indicated on page 16.

The production and operating expenditure recognised in profit or loss by Zimplats amounts to US$ 448 million. This includes transactions concluded in the US$ and transactions concluded in RTGS$. The RTGS$ transactions were translated into US$ using the rates indicated above. In the absence of an official exchange rate, if the RTGS$ transactions were translated into US$ using the Old Mutual Implied Rate, the production and operating expenditure would have been reduced by between US$85 million and US$105 million and a corresponding exchange translation loss of equal value would have been recognised. (A range was provided due to the complexity involved in the calculation of the exchange translation loss.) As Implats presents its profit or loss statement by function these adjustments would not impact the amounts disclosed on the face of the profit or loss statement. The exposure to RTGS$ on statement of financial position at year-end has been disclosed in note 31.2.2.

Transactions and balances

Foreign currency transactions are accounted for at the rates of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Gains or losses arising on settlement of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Group companies

Total comprehensive income of the foreign subsidiary and joint venture is translated into South African rand at the actual exchange rate on transaction date. The average exchange rate is, where appropriate, used as an approximation of the actual rate at transaction date. Assets, including goodwill, and liabilities are translated at rates ruling at the reporting date. The exchange differences arising on translation of assets and liabilities of the foreign subsidiary and joint venture are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On proportionate disposal of the foreign entity, all of the translation differences are reclassified to profit or loss when control is lost over the entity, or the proportionate share of accumulated exchange differences are reattributed to non-controlling interest if control is not lost.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2	**34 499**	36 045
Investment property	3	**90**	90
Investment in equity-accounted entities	4	**4 437**	4 317
Deferred tax	5	**3 096**	4 757
Financial assets at fair value through other comprehensive income*	6	**265**	—
Available-for-sale financial assets*	6	**—**	198
Other financial assets	7	**316**	175
		42 703	45 582
Current assets			
Inventories	8	**11 811**	11 745
Trade and other receivables	9	**3 266**	3 513
Current tax receivable	10	**216**	896
Other financial assets	7	**232**	3
Prepayments		**484**	724
Cash and cash equivalents	11	**8 242**	3 705
		24 251	20 586
Total assets		**66 954**	66 168
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**20 536**	20 491
Retained earnings		**13 773**	12 302
Foreign currency translation reserve		**4 668**	4 324
Other components of equity		**160**	96
Equity attributable to owners of the Company		**39 137**	37 213
Non-controlling interests	13	**1 943**	2 380
Total equity		**41 080**	39 593
LIABILITIES			
Non-current liabilities			
Provision for environmental rehabilitation	14	**1 492**	1 225
Deferred tax	5	**5 503**	5 485
Borrowings	15	**6 677**	7 925
Other financial liabilities	16	**1 652**	50
Other liabilities	17	**267**	285
		15 591	14 970
Current liabilities			
Trade and other payables	18	**8 294**	8 086
Current tax payable	10	**66**	992
Borrowings	15	**1 885**	2 427
Other financial liabilities	16	**6**	69
Other liabilities	17	**32**	31
		10 283	11 605
Total liabilities		**25 874**	26 575
Total equity and liabilities		**66 954**	66 168

* *Available-for-sale financial assets were reclassified to financial assets at fair value through other comprehensive income following the adoption of IFRS 9 Financial Instruments, which was effective. Refer page 44 for the impact of the adoption of IFRS 9.*

The notes on pages 23 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm (Restated)*
Revenue	19	**48 629**	35 854
Cost of sales*	20	**(41 791)**	(34 717)
Gross profit		**6 838**	1 137
Impairment	21	**(2 432)**	(13 629)
Other income*	22	**1 424**	1 584
Other expenses*	23	**(1 799)**	(1 154)
Finance income	24	**368**	350
Finance cost	25	**(1 136)**	(1 051)
Net foreign exchange transaction losses		**(362)**	(662)
Share of profit of equity-accounted entities	4	**398**	383
Profit/(loss) before tax		**3 299**	(13 042)
Income tax (expense)/credit	27	**(2 120)**	2 249
Profit/(loss) for the year		**1 179**	(10 793)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets	6	**—**	19
Deferred tax thereon	5	**—**	(3)
Share of other comprehensive income of equity-accounted entities	4	**65**	108
Deferred tax thereon	5	**(6)**	(11)
Exchange differences on translating foreign operations		**387**	650
Deferred tax thereon		**(51)**	(84)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		**(28)**	—
Deferred tax thereon	5	**(2)**	—
Actuarial loss on post-employment medical benefit	16	**—**	(1)
Deferred tax thereon	5	**—**	—
Total comprehensive income/(loss)		**1 544**	(10 115)
Profit/(loss) attributable to:			
Owners of the Company		**1 471**	(10 679)
Non-controlling interest	13	**(292)**	(114)
		1 179	(10 793)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**1 785**	(10 070)
Non-controlling interest		**(241)**	(45)
		1 544	(10 115)
Earnings/(loss) per share (cents)			
Basic	28	**205**	(1 486)
Diluted	28	**203**	(1 486)

* *Comparatives have been restated as a result of changes in the classification of certain expense items during the current year. Refer notes 20 and 26.*

The notes on pages 23 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2017	18	17 614	2 368
ZAR bond conversion option (note 15.3)	—	450	—
Shares purchased – Long-term Incentive Plan (note 12)	—	(78)	—
Share-based compensation expense (note 12)	—	—	119
Total comprehensive (loss)/income	—	—	—
– Loss for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Cash distributions to non-controlling interest	—	—	—
Balance at 30 June 2018	**18**	**17 986**	**2 487**
Adjustment on initial application of IFRS 9	—	—	—
Shares purchased – Long-term Incentive Plan (note 12)	—	(111)	—
Share-based compensation expense (note 12)	—	—	156
Total comprehensive income/(loss)	—	—	—
– Profit/(loss) for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Cash distributions to non-controlling interest	—	—	—
Balance at 30 June 2019	**18**	**17 875**	**2 643**

The table above excludes the treasury shares. Additional information for total share capital is disclosed in note 12.

The notes on pages 23 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to: Owners of the Company Rm	Attributable to: Non-controlling interest Rm	Total equity Rm
20 000	22 982	3 745	80	46 807	2 425	49 232
450	—	—	—	450	—	450
(78)	—	—	—	(78)	—	(78)
119	—	—	—	119	—	119
—	(10 680)	579	16	(10 085)	(30)	(10 115)
—	(10 679)	—	—	(10 679)	(114)	(10 793)
—	(1)	579	16	594	84	678
—	—	—	—	—	(15)	(15)
20 491	**12 302**	**4 324**	**96**	**37 213**	**2 380**	**39 593**
—	—	—	94	94	—	94
(111)	—	—	—	(111)	—	(111)
156	—	—	—	156	—	156
—	1 471	344	(30)	1 785	(241)	1 544
—	1 471	—	—	1 471	(292)	1 179
—	—	344	(30)	314	51	365
—	—	—	—	—	(196)	(196)
20 536	**13 773**	**4 668**	**160**	**39 137**	**1 943**	**41 080**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	11 844	2 360
Finance cost paid (net of interest capitalised)		(963)	(1 025)
Income tax paid	10	(223)	(1 336)
Net cash from/(used in) operating activities		10 658	(1)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including interest capitalised)		(3 877)	(4 667)
Proceeds from sale of property, plant and equipment		74	26
Purchase of investment property		—	(1)
Purchase of interest in associate – Waterberg	4	—	(408)
Waterberg shareholder funding		(19)	(17)
Interest received from held-to-maturity financial assets		—	3
Loans granted		(1)	—
Finance income received		358	182
Dividends received		473	253
Net cash used in investing activities		(2 992)	(4 629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares purchased – Long-term Incentive Plan		(111)	(78)
Repayments of borrowings	15	(2 169)	(999)
Proceeds from borrowings net of transaction costs	15	—	1 500
Cash distributions paid to non-controlling interest		(196)	(15)
Net cash (used in)/from financing activities		(2 476)	408
Net increase/(decrease) in cash and cash equivalents		5 190	(4 222)
Cash and cash equivalents at the beginning of the year		3 705	7 839
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		(653)	88
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	8 242	3 705

The notes on pages 23 to 95 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SEGMENT INFORMATION

Notes to operating segment analysis

The Group distinguishes its segments between the different mining operations (Mining), processing and refining (Impala Refining Services), chrome processing (Impala Chrome) and "all other segments". Afplats is included in the "all other segments".

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 2).

The reportable segments' measure of profit or loss is profit after tax. This is reconciled to the entities' consolidated profit after tax.

Impala mining segment's two largest sales customers amounted to 10% each of total sales (2018: 11% and 8%) each.

	Revenue		Capital expenditure		Non-current assets#	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Other segment information						
South Africa	51 644	37 882	2 158	2 867	22 186	26 351
Zimbabwe	8 954	7 485	1 628	1 739	16 080	14 914
Inter-segment revenue	(11 969)	(9 513)	—	—	—	—
	48 629	35 854	3 786	4 606	38 266	41 265

 # Excludes investment in equity-accounted entities.

Non-current assets and capital expenditure are allocated according to the location of the asset.

Revenues are allocated based on the country from which the sale originates.

Additional disaggregation of revenue by category, per segment, has been disclosed to meet the requirements of IFRS 15.

Reconciliation (loss)/profit comprises the following items:	2019 Rm	2018 Rm
Unrealised profit in stock consolidation adjustment	(457)	(211)
IRS pre-production Group consolidation adjustment	(259)	217
Inventory adjustments made on consolidation	(30)	—
(Loss)/profit for the year	(746)	6

Reconciliation of assets comprises the following items:	2019 Rm	2018 Rm
Intercompany accounts eliminated	(35 524)	(34 869)
Intercompany treasury accounts eliminated	(3 832)	(7 888)
Unrealised profit in stock, NRV and other inventory adjustments	(1 476)	(886)
Segmental deferred tax asset/liability allocations	(725)	—
Total consolidated assets	(41 557)	(43 643)

Reconciliation of liabilities comprises the following items:	2019 Rm	2018 Rm
Intercompany accounts eliminated	(36 152)	(35 782)
Intercompany treasury accounts eliminated	(3 832)	(7 888)
Deferred income tax raised on consolidation (foreign entities FCTR and reserves)	1 559	1 234
Segmental deferred tax asset/liability allocations and deferred tax from consolidation	(1 138)	(93)
Inventory adjustments	—	(554)
Total consolidated liabilities	(39 563)	(43 083)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SEGMENT INFORMATION CONTINUED
Operating segments – June 2019

	Mining segments			Total mining segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm
Segment profit				
Revenue from:				
Platinum	8 739	2 761	835	12 335
Palladium	6 233	3 365	1 257	10 855
Rhodium	3 625	744	562	4 931
Nickel	696	700	34	1 430
Other metals	2 229	911	132	3 272
Movements in commodity prices	–	473	156	629
Treatment income	–	–	–	–
Revenue	21 522	8 954	2 976	33 452
Production costs				
On-mine operations	(12 878)	(2 781)	(2 027)	(17 686)
Processing operations	(3 089)	(1 564)	(264)	(4 917)
Refining and selling	(826)	–	–	(826)
Depreciation of operating assets	(2 330)	(941)	(211)	(3 482)
Other costs				
Metals purchased	–	–	–	–
Corporate costs	(252)	(587)	–	(839)
Royalty expense	(222)	(303)	(119)	(644)
Change in metal inventories	(303)	(46)	–	(349)
Chrome operation – cost of sales	–	–	–	–
Treatment charge	–	(15)	(4)	(19)
Other	(145)	(55)	(51)	(251)
Cost of sales	(20 045)	(6 292)	(2 676)	(29 013)
Gross profit/(loss)	1 477	2 662	300	4 439
Impairment@	–	–	–	–
Other income/(expense)	634	669	(56)	1 247
Finance income	48	16	6	70
Finance expense	(829)	(30)	(14)	(873)
Net foreign exchange gains/(losses)	191	(286)	–	(95)
Share of profit of equity-accounted entities	–	–	–	–
Profit/(loss) before tax	1 521	3 031	236	4 788
Income tax (expense)/credit	(336)	(1 132)	(87)	(1 555)
Profit/(loss) for the year	1 185	1 899	149	3 233
External revenue#	21 502	–	–	21 502

* *Total reconciliation loss of R746 million is explained on page 23.*
\# *External revenue excludes inter-group sales. During the year Impala Refining Services (IRS) became a division of Impala, enabling it to generate external revenue. IRS no longer sells to Impala, but directly to external customers. Historically IRS sold material to Impala who onsold to external customers. Impala now only sells Impala produced material.*
@ *Afplats included in the "all other segments". Refer note 21 for impairment.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impala Refining Services Rm	Impala Chrome Rm	All other segments@ Rm	Reconciliation* Rm	Total Rm
9 057	—	—	(3 596)	17 796
9 415	—	—	(4 622)	15 648
3 848	—	—	(1 306)	7 473
1 622	—	—	(734)	2 318
2 434	247	—	(1 063)	4 890
—		—	(629)	—
523	—	—	(19)	504
26 899	247	—	(11 969)	48 629
—	—	—	—	(17 686)
(493)	—	—	—	(5 410)
(795)	—	—	—	(1 621)
—	(6)	—	—	(3 488)
(23 676)	—	—	11 930	(11 746)
(142)	—	—	—	(981)
—	(2)	—	—	(646)
1 572	(4)	—	(1 037)	182
—	(144)	—	—	(144)
—	(20)	—	39	—
—	—	—	—	(251)
(23 534)	(176)	—	10 932	(41 791)
3 365	71	—	(1 037)	6 838
—	—	(2 432)	—	(2 432)
76	1	(1 699)	—	(375)
23	5	848	(578)	368
(76)	—	(765)	578	(1 136)
(191)	(1)	(75)	—	(362)
—	—	398	—	398
3 197	76	(3 725)	(1 037)	3 299
(1 117)	(22)	283	291	(2 120)
2 080	54	(3 442)	(746)	1 179
26 880	247	—	—	48 629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SEGMENT INFORMATION CONTINUED
Operating segments – June 2019 continued

	Mining segments			Total mining segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm
Segment assets and liabilities				
Non-current segment assets	20 291	16 080	2 419	38 790
Property, plant and equipment	16 055	16 080	2 329	34 464
Investment in equity-accounted entities	—	—	—	—
Deferred tax	3 821	—	—	3 821
Other	415	—	90	505
Current segment assets	8 559	5 152	1 093	14 804
Inventories	5 659	783	47	6 489
Trade and other receivables	1 912	142	29	2 083
Intercompany accounts	368	2 835	1 017	4 220
Intercompany treasury accounts	—	—	—	—
Prepayments	36	448	—	484
Cash and cash equivalents	352	944	—	1 296
Other	232	—	—	232
Total assets	28 850	21 232	3 512	53 594
Non-current segment liabilities	2 439	4 357	222	7 018
Deferred tax	—	4 069	1	4 070
Borrowings	1 104	—	63	1 167
Provisions	1 031	285	157	1 473
Other	304	3	1	308
Current segment liabilities	32 971	1 825	3 914	38 710
Trade and other payables	2 835	1 002	558	4 395
Intercompany accounts	26 192	166	3 353	29 711
Intercompany treasury accounts	3 832	—	—	3 832
Borrowings	74	598	3	675
Other	38	59	—	97
Total liabilities	35 410	6 182	4 136	45 728
Segmental cash flow@				
Net increase/(decrease) in cash and cash equivalents	2 694	983	(2)	3 675
Net cash from/(used in) operating activities	3 736	3 429	524	7 689
Net cash (used in)/from investing activities	(1 860)	(1 707)	(144)	(3 711)
Net cash from/(used in) financing activities	818	(739)	(382)	(303)
Capital expenditure	2 006	1 628	152	3 786

* *Reconciliation of assets of R41 557 million and liabilities of R39 563 million is explained on page 23.*
@ *For additional information on RTGS$ exposure at Zimplats, refer note 31.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impala Refining Services Rm	Impala Chrome Rm	All other segments Rm	Reconciliation* Rm	Total Rm
—	35	4 603	(725)	42 703
—	35	—	—	34 499
—	—	4 437	—	4 437
—	—	—	(725)	3 096
—	—	166	—	671
18 701	60	31 518	(40 832)	24 251
6 794	4	—	(1 476)	11 811
1 143	15	25	—	3 266
8 690	1	22 613	(35 524)	—
1 841	35	1 956	(3 832)	—
—	—	—	—	484
22	2	6 922	—	8 242
211	3	2	—	448
18 701	95	36 121	(41 557)	66 954
781	10	7 361	421	15 591
781	10	221	421	5 503
—	—	5 510	—	6 677
—	—	19	—	1 492
—	—	1 611	—	1 919
8 974	10	2 573	(39 984)	10 283
3 827	10	62	—	8 294
5 147	—	1 294	(36 152)	—
—	—	—	(3 832)	—
—	—	1 210	—	1 885
—	—	7	—	104
9 755	20	9 934	(39 563)	25 874
2 867	26	(1 378)	—	5 190
3 352	59	(442)	—	10 658
23	2	694	—	(2 992)
(508)	(35)	(1 630)	—	(2 476)
—	—	—	—	3 786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SEGMENT INFORMATION CONTINUED
Operating segments – June 2018

	Mining segments			Total mining segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm
Segment profit				
Revenue from:				
Platinum	6 730	2 870	864	10 464
Palladium	3 194	2 575	957	6 726
Rhodium	1 814	552	386	2 752
Nickel	506	685	31	1 222
Other metals	1 011	803	119	1 933
Treatment income	—	—	—	—
Revenue	13 255	7 485	2 357	23 097
Production costs				
On-mine operations	(11 909)	(2 613)	(1 870)	(16 392)
Processing operations	(2 997)	(1 562)	(247)	(4 806)
Refining and selling	(689)	—	—	(689)
Depreciation of operating assets	(2 806)	(841)	(184)	(3 831)
Other costs				
Metals purchased	—	—	—	—
Corporate costs	(193)	(393)	—	(586)
Royalty expense	(158)	(134)	(57)	(349)
Change in metal inventories	2 609	15	—	2 624
Chrome operation – cost of sales	—	—	—	—
Treatment charge	—	(30)	(4)	(34)
Other	(121)	(16)	(36)	(173)
Cost of sales	(16 264)	(5 574)	(2 398)	(24 236)
Gross profit/(loss)	(3 009)	1 911	(41)	(1 139)
Impairment	(13 019)	—	—	(13 019)
Other income/(expense)	(300)	244	(25)	(81)
Finance income	62	30	30	122
Finance expense	(815)	(67)	(12)	(894)
Net foreign exchange gains/(losses)	(26)	(3)	28	(1)
Share of profit of equity-accounted entities	—	—	—	—
(Loss)/profit before tax	(17 107)	2 115	(20)	(15 012)
Income tax credit/(expense)	4 775	(2 075)	(10)	2 690
(Loss)/profit for the year	(12 332)	40	(30)	(12 322)
External revenue#	34 876	—	—	34 876

** Total reconciliation profit of R6 million is explained on page 23.*
 # External revenue excludes inter-group sales.
@ Afplats included in the "all other segments".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impala Refining Services Rm	Impala Chrome Rm	All other segments[@] Rm	Reconciliation* Rm	Total Rm
9 500	—	—	(3 537)	16 427
6 778	—	—	(3 858)	9 646
1 854	—	—	(843)	3 763
1 441	—	—	(800)	1 863
1 719	226	—	(441)	3 437
752	—	—	(34)	718
22 044	226	—	(9 513)	35 854
—	—	—	—	(16 392)
(534)	—	—	—	(5 340)
(833)	—	—	—	(1 522)
—	(7)	—	—	(3 838)
(20 090)	—	—	10 439	(9 651)
(124)	—	—	—	(710)
—	(1)	—	—	(350)
1 090	5	—	(315)	3 404
—	(146)	—	—	(146)
—	(25)	—	59	—
—	—	—	1	(172)
(20 491)	(174)	—	10 184	(34 717)
1 553	52	—	671	1 137
—	—	(610)	—	(13 629)
608	—	566	(663)	430
35	4	831	(642)	350
(34)	—	(765)	642	(1 051)
(482)	9	(188)	—	(662)
—	—	383	—	383
1 680	65	217	8	(13 042)
(470)	(18)	49	(2)	2 249
1 210	47	266	6	(10 793)
752	226	—	—	35 854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SEGMENT INFORMATION CONTINUED
Operating segments – June 2018 continued

	Mining segments			Total mining segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm
Segment assets and liabilities				
Non-current segment assets	21 001	14 914	2 759	38 674
Property, plant and equipment	16 309	14 914	2 359	33 582
Investment in equity-accounted entities	—	—	—	—
Deferred tax	4 355	—	310	4 665
Other	337	—	90	427
Current segment assets	9 062	5 698	1 037	15 797
Inventories	5 933	862	48	6 843
Trade and other receivables	2 197	277	156	2 630
Intercompany accounts	763	2 241	831	3 835
Intercompany treasury accounts	—	—	—	—
Prepayments	39	685	—	724
Cash and cash equivalents	127	1 633	2	1 762
Other	3	—	—	3
Total assets	30 063	20 612	3 796	54 471
Non-current segment liabilities	2 502	4 232	371	7 105
Deferred tax	211	3 341	224	3 776
Borrowings	1 175	584	67	1 826
Provisions	832	307	79	1 218
Other	284	—	1	285
Current segment liabilities	38 167	2 683	4 163	45 013
Trade and other payables	3 588	995	453	5 036
Intercompany accounts	26 536	114	3 708	30 358
Intercompany treasury accounts	7 888	—	—	7 888
Borrowings	55	583	2	640
Other	100	991	—	1 091
Total liabilities	40 669	6 915	4 534	52 118
Segmental cash flow				
Net (decrease)/increase in cash and cash equivalents	(6 588)	408	—	(6 180)
Net cash (used in)/from operating activities	(3 521)	2 511	(198)	(1 208)
Net cash (used in)/from investing activities	(2 686)	(1 794)	(97)	(4 577)
Net cash (used in)/from financing activities	(381)	(309)	295	(395)
Capital expenditure	2 766	1 739	101	4 606

* *Reconciliation of assets of R43 643 million and liabilities of R43 083 million is explained on page 23.*
\# *Property, plant and equipment of R2 421 million and deferred tax liability of R195 million of Afplats is included in the "all other segments".*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impala Refining Services Rm	Impala Chrome Rm	All other segments# Rm	Reconciliation* Rm	Total Rm
92	42	6 774	—	45 582
—	42	2 421	—	36 045
—	—	4 317	—	4 317
92	—	—	—	4 757
—	—	36	—	463
8 242	108	40 082	(43 643)	20 586
5 781	7	—	(886)	11 745
1 686	32	61	—	4 409
—	—	31 034	(34 869)	—
764	37	7 087	(7 888)	—
—	—	—	—	724
11	32	1 900	—	3 705
—	—	—	—	3
8 334	150	46 856	(43 643)	66 168
—	12	6 712	1 141	14 970
—	12	556	1 141	5 485
—	—	6 099	—	7 925
—	—	7	—	1 225
—	—	50	—	335
6 553	22	4 241	(44 224)	11 605
3 520	22	62	(554)	8 086
3 033	—	2 391	(35 782)	—
—	—	—	(7 888)	—
—	—	1 787	—	2 427
—	—	1	—	1 092
6 553	34	10 953	(43 083)	26 575
(1 112)	74	2 996	—	(4 222)
1 202	89	(84)	—	(1)
26	—	(78)	—	(4 629)
(2 340)	(15)	3 158	—	408
—	—	—	—	4 606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

	Shafts, mining development and infrastructure Rm	Metallurgical and refining plants Rm	Land and buildings Rm	Assets under construction Rm	Other assets Rm	Total Rm
Cost						
30 June 2017	42 666	15 233	5 227	8 456	4 275	75 857
Capital expenditure	2 434	325	—	1 323	524	4 606
Interest capitalised	—	—	—	61	—	61
Transfer from assets under construction	179	373	16	(590)	22	—
Disposals	(36)	(95)	(4)	—	(364)	(499)
Rehabilitation adjustment (note 14)	(34)	—	—	—	—	(34)
Exchange adjustment	339	325	126	111	124	1 025
30 June 2018	45 548	16 161	5 365	9 361	4 581	81 016
Capital expenditure	1 818	414	—	1 273	281	3 786
Interest capitalised	—	—	—	89	—	89
Transfer from assets under construction	1 477	267	11	(2 000)	245	—
Disposals	(5)	(35)	(9)	—	(245)	(294)
Rehabilitation adjustment (note 14)	123	—	—	—	—	123
Exchange adjustment	181	178	69	52	67	547
30 June 2019	49 142	16 985	5 436	8 775	4 929	85 267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Shafts, mining develop-ment and infra-structure Rm	Metal-lurgical and refining plants Rm	Land and buildings Rm	Assets under construc-tion Rm	Other assets Rm	Total Rm
Accumulated depreciation and impairment						
30 June 2017	14 540	6 016	1 177	2 872	3 454	28 059
Depreciation (notes 20 and 29)	2 487	671	286	—	394	3 838
Disposals	(19)	(94)	—	1	(361)	(473)
Impairment (note 21)	11 910	—	—	1 334	—	13 244
Exchange adjustment	213	84	(77)	—	83	303
30 June 2018	29 131	6 677	1 386	4 207	3 570	44 971
Depreciation (notes 20 and 29)	2 239	680	177	—	392	3 488
Disposals	(2)	(35)	—	—	(242)	(279)
Impairment (note 21)	—	—	—	2 430	2	2 432
Exchange adjustment	52	44	16	—	44	156
30 June 2019	31 420	7 366	1 579	6 637	3 766	50 768
Carrying amount at 30 June 2018	16 417	9 484	3 979	5 154	1 011	36 045
Carrying amount at 30 June 2019	17 722	9 619	3 857	2 138	1 163	34 499

Included in property, plant and equipment are land and buildings with a carrying amount of R598 million (2018: R676 million), refining plants with a carrying amount of R48 million (2018: R59 million) and other assets with a carrying amount of R1 million (2018: R3 million) arising from finance leases capitalised (note 15.6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	2019 Rm	2018 Rm
Assets under construction		
Assets under construction consist mainly of (carrying amount):		
Impala	39	731
Afplats (Leeuwkop)#	—	2 421
Zimplats (Mupani mine and Bimha mine redevelopment)	2 099	2 002
	2 138	5 154

\# *The decrease is as a result of the impairment (note 21).*

	2019 Rm	2018 Rm
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	915	823
Information technology	244	186
Other immaterial items	4	2
	1 163	1 011
Commitments in respect of property, plant and equipment:		
Commitments contracted for	1 462	1 703
Approved expenditure not yet contracted	4 946	8 071
	6 408	9 774
Less than one year	3 394	4 017
Between one and five years	3 014	5 757
	6 408	9 774

This expenditure will be funded internally and from borrowings, where necessary. Apart from finance leases, assets are not encumbered by loans. No assets were pledged as collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

AP

Property, plant and equipment

Carrying amount

Property, plant and equipment are recognised at cost less accumulated depreciation and less any accumulated impairment losses.

Components

Property, plant and equipment comprising major components with different useful lives are accounted for separately. Significant expenditure to replace or modify a major component is capitalised after derecognition and a write off to the income statement of the existing carrying amount, prior to capitalisation. All maintenance costs are expensed.

Cost

Pre-production expenditure is capitalised, subsequent to the directors approving the project and thus concluding that future economic benefits are probable. Mining development and infrastructure, including evaluation costs and professional fees, incurred to establish or expand productive capacity, to support and maintain that productive capacity incurred on mines are capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net mining income earned, while the item is not yet capable of operating as intended, reduces the cost capitalised.

Interest on general or specific borrowings to finance the establishment or expansion of mining assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred. Interest paid is included as additions to property, plant and equipment in the cash flow statement under investment activities.

The present value of decommissioning cost, which is the dismantling and removal of the asset included in the environmental rehabilitation obligation, is included in the cost of the related pre-production assets and changes in the liability resulting from changes in the estimates are accounted for as follows:

- Any decrease in the liability reduces the cost of the related asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- Any increase in the liability increases the carrying amount of the related asset. An increase to the cost of an asset is tested for impairment when there is an indication of impairment
- These assets are depreciated over their useful lives.
- Information technology software purchased and any direct expenditure incurred in customisation and installation thereof are capitalised. Internally developed software is capitalised only if it meets the criteria for capitalising development expenditure. All other software development expenditure is charged to the income statement.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All repairs and maintenance costs are expensed during the financial period in which they are incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal, retirement or scrapping of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Assets are depreciated over their useful lives taking into account historical and expected performance for straight-line depreciation and actual usage, in the case of units-of-production (UOP) method. Depreciation is calculated on the carrying amount less residual value of the assets or components of the assets, where applicable, and ceases when the residual value equals or exceeds the carrying amount of the asset. Depreciation on operating assets is charged to profit or loss and depreciation incurred in constructing an asset is capitalised to the cost of the asset.

The UOP method of depreciation is based on the actual production of economically recoverable proved and probable mineral reserves over expected estimated economically recoverable proved and probable mineral reserves to be produced or concentrated or refined by that asset. Residual value of assets is determined by estimating the amount the entity would currently realise from disposal after disposal costs, if the asset was already in the condition expected at the end of its life.

Depreciation methods and depreciation rates are applied consistently within each asset class except where significant individual assets or major components of assets have been identified which have different depreciation patterns.

Depreciation methods, residual values and useful lives are reviewed annually. The depreciation calculation is adjusted prospectively for changes in the residual value and useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED
2.1 Areas of judgement

EJ

Shafts, mining development and infrastructure
Individual mining assets are depreciated using the units-of-production (UOP) method for the units associated with the assets (note 2.1.1).

Metallurgical and refining plants
Metallurgical and refining assets are depreciated using the UOP method (note 2.1.1).

Land, buildings and general infrastructure
Assets in this category are depreciated over the life of mine using the UOP method because it is expected that the infrastructure would lose its value when the mine closes. Depreciation ceases when the residual value exceeds the carrying amount. The useful life of land and buildings subject to a finance lease is limited to the 15-year lease term. Land is not depreciated.

Other assets
Other assets are depreciated using the straight-line method over the useful life of the asset limited to the life of mine as follows:

Asset type	Estimated useful life
• Information technology	3 years
• Mobile equipment	5 or 10 years

2.1.1 Units of production

EJ

Management has elected to use the centares mined in relation to centares proved and probable mineral reserves as an appropriate units-of-production depreciation methodology. Changes in proved and probable mineral reserves will impact the useful lives of the assets depreciated on the UOP method and this will similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of mine.

For purposes of calculating depreciation and taking into account board-approved projects and reserve centares for the depreciation calculation, the following average life of mines have resulted: Impala 12 years, Zimplats 30 years and Marula 12 years.

2.1.2 Mineral reserves estimations

EJ

The estimation of reserves impacts the depreciation of property, plant and equipment and the recoverable amount of property, plant and equipment. Factors impacting the determination of proved and probable reserves are:
- The grade of mineral reserves may vary significantly from time to time (ie differences between actual grades mined and resource model grades)
- Differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues at mine sites
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Expectations regarding future profitability would impact the decision to continue mining and consequently, the continued classification as proved and probable mineral reserves.

During the year, proved and probable mineral reserves were reassessed.

2.1.3 Production start date

EJ

The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location.

When a mine construction project is ready for use and moves into the production stage, the capitalisation of mine construction costs ceases and further costs are either regarded as inventory or expensed, except for costs qualifying for capitalising related to mining asset additions or improvements, underground mine development or mineable reserve development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT continued
2.1.4 Impairment

AP

Property, plant and equipment

These assets are assessed for indicators of impairment at each reporting date. An impairment loss is recognised in profit or loss, equal to the amount by which the carrying amount exceeds the higher of the asset's fair value less cost to sell and its value in use. When impairments reverse due to change in circumstances, reversals are limited to the initial impairment, what the carrying amount would have been net of depreciation if the impairment was not recognised and the newly calculated recoverable amount.

Property, plant and equipment is grouped at subsidiary level, which is the lowest level for which separately identifiable cash flows are available (cash-generating units). The assets within a cash-generating unit can include a combination of board-approved projects and mineral resources outside the approved mine plans.

EJ

Long-term mining assets forming part of board-approved projects are valued based on estimates of future discounted cash flows (DCFs) of the latest board-approved business forecasts regarding production volumes, costs of production, capital expenditure, metal prices and market forecasts for foreign exchange rates. The discount rate is a risk adjusted discount rate, taking into account specific risks relating to the CGU where cash flows have not been adjusted for the risk.

Mineral resources outside the approved mine plans are valued based on the *in situ* 4E ounce value. Comparable market transactions are used as a source of evidence adjusting specifically for the nature of each underlying ore body and the prevailing platinum price.

All the above estimates are subject to risks and uncertainties including achievement of mine plans, future metal prices and exchange rates. It is therefore possible that changes can occur which may affect the recoverability of the mining assets.

The key financial assumptions used in the impairment calculations are:
- Long-term real basket price per platinum ounce sold of R28 900 (2018: R29 200 in equivalent 2019 terms)
- Long-term real discount rate – a range of 8.5% to 16.7% (2018: 8% to 13%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US$1.80 and US$9.00 (2018: US$1.80 and US$ 9.00) per 4E ounce depending on whether the resource is inferred, indicated and measured.

For Impala, if the long-term metal prices were to increase by 5%, the recoverable amount would increase by approximately R3 billion. Conversely, a decrease of 5% would negatively affect the recoverable amount by approximately R3.2 billion, which would result in an impairment of approximately R1.9 billion. A 10% increase or decrease in the in situ 4E value would affect the recoverable amount by approximately R157 million.

If the real discount rate were to increase by 50 basis points, the recoverable amount will decrease by approximately R268 million. A decrease. of the real discount rate by 50 basis points, will increase the recoverable amount by approximately R280 million.

Apart from the decease in long-term prices, changes in the other assumptions would not result in an impairment.

3. INVESTMENT PROPERTY

	2019 Rm	2018 Rm
Cost	220	220
Accumulated depreciation and impairment	130	130
Carrying amount	**90**	90

Rental income of R6 million (2018: R5 million) was received during the year after cost. The carrying amount of investment property of R90 million (2018: R90 million) comprising undeveloped land and residential houses has a fair value of R92 million (2018: R110 million). This fair value is categorised within level 3 of the fair value hierarchy (note 31.1). Fair value was calculated using a discounted cash flow valuation technique and an 8.9% (2018: 8.4%) discount rate was applied.

Investment property is depreciated over the expected useful life of the asset. The residual value of residential houses exceeds the carrying amount. No depreciation is provided on land.

AP

Investment property

Investment property comprises land and houses held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is recognised initially at cost, including transaction costs. Subsequent recognition of investment property is at cost, less accumulated depreciation and less any accumulated impairment losses.

Refer note 2 for the cost model and impairment policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

Details of the Group's material joint venture and associates at the end of the reporting period are as follows:

				Proportion of ownership and voting rights held by the Group		Investment	
Company	Principal activity	Place of incorporation	Place of business	2019 %	2018 %	2019 Rm	2018 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	**50**	50	**2 353**	2 268
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	**46**	46	**1 569**	1 528
Individually immaterial associates*						**515**	521
Total investment in equity-accounted entities						**4 437**	4 317

* *Includes 15% investment in Waterberg of R411 million (2018: R410 million) which is currently in exploration phase.*

Movement in investment in equity-accounted entities	2019 Rm	2018 Rm
Beginning of the year	**4 317**	3 316
Acquisition of interest in associate – Waterberg	**—**	408
Shareholder funding – Waterberg	**19**	17
Share of profit	**475**	473
Gain – Two Rivers change of interest (note 22)	**—**	248
Share of other comprehensive income	**65**	108
Dividends received	**(439)**	(253)
End of the year	**4 437**	4 317
Share of profit of equity-accounted entities is made up as follows:		
Share of profit	**475**	473
Movement in unrealised profit in stock	**(77)**	(90)
Total share of profit of equity-accounted entities	**398**	383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES CONTINUED

AP

Equity-accounted investments

Associates

Associates are undertakings in which the Group has a long-term interest and over which it exercises significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures

A joint venture is a joint arrangement where the parties (joint venturers) that have joint control of the arrangement have rights to the net assets through an equity holding of the arrangement.

Both investments in associated undertakings and joint ventures are accounted for using the equity method of accounting.

Equity method of accounting

The equity method of accounting is used to account for the acquisition of associates and joint ventures by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Equity accounting involves recognising in profit or loss and in other comprehensive income respectively, the Group's share of the associate's or joint venture's post-acquisition profit or loss for the year, and its share of post-acquisition movements in other comprehensive income. Under the equity method, the investment in the associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss and movement in other comprehensive income of the investee, after the date of acquisition. Dividends and other equity receipts received reduce the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

No goodwill relating to an associate or a joint venture is recognised. It is included in the carrying amount of the investment and is not amortised.

Impairment

Equity-accounted investments are assessed for impairment at each reporting date. The carrying amount of each equity-accounted investment is tested for impairment separately. An impairment loss is provided for, in profit or loss, equal to the amount by which the carrying amount exceeds the higher of fair value less cost to sell and value in use (Group's share of expected cash flows) and reduces the carrying amount of the investment.

When impairments reverse, due to change in circumstances, reversals are limited to the initial impairment and the newly equity-accounted investment value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES CONTINUED

Summarised financial information of the Group's material joint venture and associates is set out below (100%):

	Mimosa		Two Rivers	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Capital and reserves	4 706	4 536	3 411	3 322
Non-current liabilities	1 471	1 387	1 361	1 152
Current liabilities	670	417	719	661
	6 847	6 340	5 491	5 135
Non-current assets	4 682	4 301	3 870	3 653
Current assets	2 165	2 039	1 621	1 482
	6 847	6 340	5 491	5 135
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	66	423	14	18
Current financial liabilities (excluding trade and other payables and provisions)	78	27	358	336
Non-current financial liabilities (excluding trade and other payables and provisions)	63	—	140	87
Revenue	4 106	3 601	3 772	3 995
Profit for the year	348	398	605	575
Total comprehensive income	348	398	605	575
The above profit for the year includes the following:				
Depreciation and amortisation	478	417	338	324
Interest income	2	—	12	11
Interest expense	39	28	32	25
Income tax expense	243	289	253	235
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the consolidated financial statements:				
Net assets of the entity	4 706	4 536	3 411	3 322
Proportion of the Group's ownership interest in the investment	2 353	2 268	1 569	1 528
Dividends received by the Group	153	—	241	253

Aggregate information of associates that are not individually material

	2019 Rm	2018 Rm
The Group's share of profit	20	1
The Group's share of total comprehensive income	20	1
Aggregate carrying amount of the Group's interest in these associates	515	521

There are no unrecognised losses or significant restrictions on the ability of joint ventures or associates to transfer funds to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. DEFERRED TAX

	2019 Rm	2018 Rm
The analysis of the deferred tax assets and deferred tax liabilities presented in the consolidated statement of financial position is as follows:		
Deferred tax		
Deferred tax assets	3 096	4 757
Deferred tax liabilities	5 503	5 485
Total	2 407	728

The deferred tax assets relate to the carried forward tax losses of Impala and Marula, as well as the royalty prepayment tax deduction claimed over the next 20 years. The deferred tax assets will be recoverable using the estimated future taxable income based on the business plans of the entities. These business plans are based on board – approved projects and include cash flow forecasts and corresponding future taxable income based on forecast production volumes, costs of production, capital expenditure, metal prices and market forecasts for foreign exchange rates. Refer to note 2.1.4 for key assumptions in cash flow forecasts.

There are unrecognised temporary differences of R6 507 million (2018: R1 898 million) in the Group, relating to certain subsidiaries. This comprises unredeemed capex of R2 145 million (2018: R394 million), capital losses of R3 443 million (2018: R1 504 million) and assessed losses of R909 million (2018: Rnil).

Currently, the reversal of these temporary differences is uncertain and deferred tax has therefore not been provided.

Deferred tax movements are attributable to the following temporary differences ((assets)/liabilities) and unused tax losses:

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Closing balance Rm
2019				
Property, plant and equipment	4 564	403	81	5 048
Exploration and evaluation assets	409	(409)	–	–
Royalty prepayment	(2 141)	113	–	(2 028)
Convertible bonds	(16)	(33)	–	(49)
Fair value of assets and liabilities	47	170	–	217
Rehabilitation and post-retirement medical provisions	(269)	(38)	(3)	(310)
Lease liabilities	(176)	(8)	–	(184)
Share-based compensation	(19)	(143)	–	(162)
Leave pay	(208)	(23)	–	(231)
Unrealised profit in metal inventories	(48)	(286)	–	(334)
Assessed losses	(3 044)	1 784	–	(1 260)
Other	285	37	5	327
Sub-total	(616)	1 567#	83	1 034

 # Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. DEFERRED TAX CONTINUED

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(49)	(30)	—	(79)
Sub-total	(665)	1 537	83	955

	Opening balance Rm	Recognised in other compre-hensive income Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 213	57	—	1 270
Other	5	2	—	7
Sub-total	553	1 596	83	2 232

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Equity portion of convertible bonds	175	—	—	175
Total	728	1 596	83	2 407

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
2018					
Property, plant and equipment	7 406	(4 176)	177	1 157	4 564
Exploration and evaluation assets	365	44	—	—	409
Royalty prepayment	(2 254)	113	—	—	(2 141)
Convertible bonds	—	(16)	—	—	(16)
Fair value of assets and liabilities	96	(49)	—	—	47
Rehabilitation and post-retirement medical provisions	(193)	(33)	(5)	(38)	(269)
Lease liabilities	(164)	(12)	—	—	(176)
Share-based compensation	(37)	21	—	(3)	(19)
Leave pay	(189)	(19)	—	—	(208)
Unrealised profit in metal inventories	(64)	16	—	—	(48)
Assessed losses	(2 216)	(828)	—	—	(3 044)
Other	145	21	8	111	285
Sub-total	2 895	(4 918)#	180	1 227	(616)

 # Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. DEFERRED TAX CONTINUED

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(14)	(35)	—	—	(49)
Sub-total	2 881	(4 953)	180	1 227	(665)

	Opening balance Rm	Recognised in other compre-hensive income Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 118	95	—	—	1 213
Other	2	3	—	—	5
Sub-total	4 001	(4 855)	180	1 227	553

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Change in tax rate Rm	Closing balance Rm
Equity portion of convertible bonds	—	175	—	—	175
Total	4 001	(4 680)	180	1 227	728

AP

Deferred tax

Deferred tax is provided for on the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability, as a result of a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided resulting from upstream transactions with subsidiaries and equity-accounted entities, when eliminating unrealised profit in stock.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are calculated at the prevailing tax rates of the different fiscal authorities where the asset or liability originates. The normal company tax rate of the relevant fiscal authority is applied if the asset or liability is expected to be realised through use or settled in the normal course of business. If management, however, expects the asset or liability to be realised or settled in any other manner the applicable tax rate would then be applied.

Deferred tax assets and deferred tax liabilities of the same taxable entity are offset only when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL INSTRUMENTS – ADOPTING IFRS 9

The disclosure below describes the impact of the Group's adoption of IFRS 9 and provides context to the disclosure of the various financial instruments in the notes to follow:

TR

IFRS 9 *Financial Instruments*
This standard replaces IAS 39 *Financial Instruments*.

The adoption of IFRS 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and resulted in an adjustment to opening "other reserves". The adjustment of R94 million is a result of the valuation of the equity investment in Rand Mutual Assurance (RMA) which was previously measured at cost (Rnil) in accordance with IAS 39 and has now been measured at fair value through other comprehensive income. The Group has not restated comparatives on transition because the Group was not able to meet the requirement in the standard to do so without the use of hindsight. IFRS 9 adoption has impacted both the classification and impairment requirements of financial assets. The Group now classifies former loans and receivables and held-to-maturity financial assets as measured at amortised cost. Derivative financial instruments and available-for-sale financial assets have now been classified as measured at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI) respectively. There were no changes in the classification of non-derivative financial liabilities, which will continue to be measured at amortised cost with the exception of metal purchase trade payables. On adoption of IFRS 9, the Group elected to classify and measure these metal purchase trade payables at fair value through profit or loss. Derivative financial liabilities will also continue to be measured at fair value through profit or loss.

The following table indicates the reclassifications and adjustments recognised for each individual line item per the statement of financial position at 1 July 2018:

IAS 39 classifications			IFRS 9 classifications			
	Balance at 30 June 2018 Rm	Reclassi-fication Rm	Amortised cost Rm	Fair value through profit or loss Rm	Fair value through other compre-hensive income* Rm	**Balance at 1 July 2018 Rm**
Financial assets						
Available-for-sale financial assets*	198	(198)	—	—	292	**292**
Other financial assets	178	(178)	157	21	—	**178**
Derivative financial asset#	21	(21)	—	21	—	**21**
Held-to-maturity financial asset@	73	(73)	73	—	—	**73**
Loans carried at amortised cost@	84	(84)	84	—	—	**84**
Trade and other receivables@	2 506	(2 506)	2 506	—	—	**2 506**
Cash and cash equivalents	3 705	(3 705)	3 705	—	—	**3 705**
Total financial assets	6 587	(6 587)	6 368	21	292	**6 681**
Financial liabilities						
Borrowings@	10 352	(10 352)	10 352	—	—	**10 352**
Other financial liabilities	119	(119)	69	50	—	**119**
Derivative financial liability#	50	(50)	—	50	—	**50**
Future commitment@	69	(69)	69	—	—	**69**
Trade and other payables@	6 546	(6 546)	3 501	3 045	—	**6 546**
Total financial liabilities	17 017	(17 017)	13 922	3 095	—	**17 017**

\# *Continues to be measured subsequently at fair value through profit or loss.*
@ *Continues to be measured subsequently at amortised cost, except for "Trade payables – metal purchases" measured subsequently at fair value through profit or loss.*
* *Includes R94 million investment in equity instrument (Rand Mutual Assurance) that was previously measured at Rnil.*

The reclassification detailed in the table above was informed by the Implats business models for managing financial assets and the following Implats financial asset characteristics:

Reclassifying equity instruments previously classified as available-for-sale to FVOCI

The Group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income, due to the Group's business model to hold these assets for value appreciation over the long term as well as collecting contractual cash flows. The cumulative fair value gains and losses on these instruments were not reclassified and will continue to be recognised in "other reserves" in equity. The gains and losses on these investments will not be reclassified to profit or loss upon derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL INSTRUMENTS – ADOPTING IFRS 9 CONTINUED

Reclassification to amortised cost
Held-to-maturity financial assets and loans and receivables (including cash and cash equivalents) carried at amortised cost were reclassified to financial assets at amortised cost. This is in line with the Group's business model to hold the assets to maturity, and to collect contractual cash flows that consist solely of payments of principal and interest on the outstanding amount.

Financial assets and liabilities at fair value through profit or loss
The derivative financial assets do not meet the criteria for classification at either amortised cost or FVOCI. The derivative financial assets are therefore classified as measured at FVPL. The derivative financial liabilities are measured in accordance with IFRS 9 at FVPL.

Impairment of financial assets
The Group has five types of financial assets that are subject to IFRS 9's new expected credit-loss model (ECL):
- Trade receivables for sales of inventory and tolling refining services
- Other receivables, which consist mainly of employee receivables
- Interest-free housing loans to employees
- Debt instruments carried at amortised cost
- Cash and cash equivalents.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected loss allowance for all trade receivables.

The lifetime ECL was applied to the outstanding trade receivable balances at 1 July 2018 which resulted in a negligible amount of impairment. All trade receivable balances have been recovered in full for the past five years.

The 12-month ECL (general approach ECL) has been applied to the following financial assets whose credit risk is considered to be low:
- Housing loans
- Employee receivables
- Debt instruments held at a financial institution
- Cash and cash equivalents.

Housing loans consist of housing loans advanced to Implats employees in terms of the Implats housing scheme. These loans are secured by a second bond over residential properties. Prior to granting the loan, employees undergo a screening process by an institutional bank to assess their creditworthiness for the entire value of the loan (bank and Implats loan value). After the bank's approval Implats issues the employee with the housing loan, secured by a secondary bond over the property. An impairment rate of 0.5% was applied to housing loans. This impairment assumption is based on expected default rates on the overdue loans, by employees showing signs of financial distress and adverse expected changes in macro economic circumstances that could affect employees such as increases in interest and inflation rates, which would move the loan from a low credit risk category to a higher risk category.

Employee receivables consist of short-term advances. These receivables are generally recovered from the employees' salaries within 30 days, and due to their short-term nature, are considered to have a low credit risk. Indicators of increased credit risk include failure to recover the advances within 30 days.

Long-term debt instruments at amortised cost are considered to have low credit risk and are mostly held with investment grade entities. The loss assessment on the total carrying amount of the investments was therefore limited to 12 months expected losses.

The Group's cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The Group's cash is held at investment grade financial institutions, which are considered to have a low credit risk and the expected credit losses were immaterial.

General factors of an increase in credit risk in long-term debt investments and cash and cash equivalents include a downgrade in the sovereign or financial institution's credit ratings.

The outcome of the general approach ECL model assessments on the above financial assets was immaterial at 1 July 2018, therefore no adjustment was made to opening retained earnings.

At 30 June 2019 the ECL was reassessed. There were no significant changes in the circumstances that impact credit risk, therefore no changes in the value of the provisions were required since initial adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL INSTRUMENTS – ADOPTING IFRS 9 CONTINUED

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Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contract. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification

The Group classifies its financial assets in the following categories on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income.

Purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Investments in debt instruments (notes 7, 9 and 11)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is currently only one measurement category to which the Group classifies its debt instruments:

Financial asset measured at amortised cost

Assets that are held for collecting contractual cash flows where those cash flows are comprised solely of payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income on the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented separately in the statement of profit or loss. These assets are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at hand, bank overdrafts, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are offset against cash and cash equivalents in the cash flow statement but included in current liabilities in the statement of financial position.

Impairment of financial assets

The ECL associated with debt instruments carried at amortised cost are assessed by the Group on a forward-looking basis. The impairment methodology applied is determined by whether there has been a significant increase in credit risk.

Prepayments

Prepayments are not financial assets and comprise deposits on property, plant and equipment, consumables, and other prepaid operating expenditure.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. These liabilities, which include derivatives that are liabilities, are subsequently measured at fair value.

Effective interest method

The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees paid or received forming an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2019 Rm	2018 Rm
Equity instruments – Environmental rehabilitation investments	6.1	190	—
Equity instruments – Other	6.2	75	—
Available-for-sale financial assets	6.1	—	198
		265	198

6.1 The Group holds an equity investment through the Impala Pollution Control, Rehabilitation and Closure Trust Fund (note 14). These investments were previously classified as available-for-sale financial assets (2018: R198 million) prior to the Group's adoption of IFRS 9 in the current year. The fair value of the listed instruments as at the close of business is the stock exchange quoted prices. The investment is restricted for use by the Group by virtue of its nature.

6.2 Other equity instruments include an interest in an insurance cell captive investment of R15 million (2018: R15 million, previously included in the prior year's available-for-sale carrying amount), and a Rand Mutual Assurance (RMA) equity investment of R60 million that was previously valued at its historical cost of Rnil prior to adoption of IFRS 9.

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Investments in equity instruments

Implats subsequently measures all equity investments at fair value.

Financial asset measured at fair value through other comprehensive income:

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

7. OTHER FINANCIAL ASSETS

	Notes	2019 Rm	2018 Rm
Subsequently carried at fair value through profit or loss			
Cross-currency interest rate swap (CCIRS)	7.1	151	21
Foreign exchange rate collars	7.2	230	—
Subsequently carried at amortised cost			
Long-term debt instrument	7.3	80	—
Held-to-maturity financial assets	7.3	—	73
Loans carried at amortised cost	7.4	87	84
		548	178
Current		232	3
Non-current		316	175

Refer note 31 for fair value and financial risk disclosure.

7.1 Cross-currency interest rate swap (CCIRS)

Implats entered into a CCIRS amounting to U$250 million to hedge the foreign exchange risk on the US$ convertible bond, being: exchange rate risk on the dollar interest payments and the risk of a future cash settlement of the bonds at a rand-dollar exchange rate weaker than R13.025/US$. US$250 million was swapped for R3 256 million on which Implats pays a fixed interest rate to Standard Bank of 9.8%. Implats receives the 3.25% coupon on the US$250 million on the same date which Implats pays-on externally to the bondholders and the interest thereon. In June 2022, Implats will receive U$250 million for a payment of R3 256 million.

The CCIRS is carried at its fair value of R151 million (2018: R21 million). No hedge accounting has been applied in respect of this derivative financial instrument.

7.2 Foreign exchange rate collars

Implats entered into foreign exchange rate collars (FERC) to hedge the US$ foreign exchange risk on future metal sales. The collars hedge the risk of exchange rate movements below a range of R14.15/US$ to R14.30/US$ and above a range of R16.67/US$ to R17.13/US$.

The FERC are carried at their fair value of R230 million . No hedge accounting has been applied in respect of these financial instruments.

7.3 Long-term debt instruments

The investment is held through the Impala Pollution Control, Rehabilitation and Closure Trust Fund and was classified as a held-to-maturity financial asset prior to the adoption of IFRS 9 in the current period. The fund is an irrevocable trust under the Group's control. The interest rate on interest-bearing investments is 10% on average with a maturity date in the 2021 financial year. The investment is restricted for use by the Group by virtue of its nature (refer note 14).

7.4 Loans carried at amortised cost

The interest-free loans of R87 million (2018: R84 million) relate to the employee home-ownership scheme. Non-interest-bearing loans are provided to qualifying employees of Impala and Marula. These loans are repayable over 20 years from grant date. The average remaining repayment period is between 10 and 20 years. The market-related effective weighted average interest rate is 9.6% (2018: 9.5%). These loans are secured by a second bond over residential properties.

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Financial assets measured at fair value through profit or loss (note 7.1)

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are classified as measured at fair value through profit or loss. These include the cross-currency interest rate swap (CCIRS) as the foreign exchange rate collar (FERC).

Impairment

The general expected credit loss (ECL) model is applied to other receivables (note 9) and other financial assets at amortised cost. The expected credit loss allowance recognised during the period is therefore limited to the probability of default in the next 12 months, on the entire carrying amount of the financial asset. These instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

When financial assets at amortised cost (other than trade receivables) have an increase in credit risk, the lifetime ECL model, which is the result of all possible default events over the expected life of the financial instrument, is used to impair the asset.

The calculation of the loss allowances for financial assets is based on assumptions about risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical information, existing market conditions such as interest rates and the sovereign and financial institutions' credit ratings, which influence our forward-looking estimates, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. INVENTORIES

	2019 Rm	2018 Rm
Mining metal		
Refined metal	518	1 381
Main products – at cost	447	219
Main products – at net realisable value	—	909
By-products – at net realisable value	71	253
In-process metal	5 036	4 585
At cost	5 036	828
At net realisable value	—	3 757
	5 554	5 966
Purchased metal#		
Refined metal	1 571	776
Main products – at cost	1 015	776
By-products – at net realisable value	556	—
In-process metal	3 818	4 120
At cost	3 818	4 120
	5 389	4 896
Total metal inventories	10 943	10 862
Stores and materials	868	883
Total carrying amount	11 811	11 745

Refer note 31: During the current year, the fair value exposure on purchased metal and resultant stock has been designated as a hedged item and is included in the calculation of the cost of inventories. The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract.

The net realisable value (NRV) adjustment included in inventory in the prior period comprises R250 million for refined metal and R1 268 million for in-process metal.

Included in refined metal is ruthenium on lease to third parties of 25 600 ounces (2018: 45 000 ounces). Metal lease fee income is disclosed in note 24.

Purchased metal consists mainly of inventory held by Impala Refining Services.

No inventories are encumbered.

EJ

Platinum, palladium, rhodium and nickel are treated as main products and other platinum group and base metals produced as by-products. Average cost of normal pre-smelter production for mining metal are determined by dividing mining production cost with mining output on a 12-month rolling average basis. Purchased metal is measured based on acquisition cost determined on a six-month rolling average basis. Refining costs (further conversion through smelter, BMR and PMR) are determined by dividing refining costs with total output (both mining and purchased) on a 12-month rolling average basis.

Change in engineering estimate

Quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Changes in engineering estimates of metal contained in-process resulted in an increase of in-process metal of R404 million (2018: R435 million).

Change in accounting estimate

Due to the increase in the value of nickel, relative to total revenue for the Group, management has changed the classification of nickel from a by-product to a main product with effect from 1 July 2018. In terms of IFRS, by-products by nature should be immaterial. When assessed, total by-product revenue including nickel would be in excess of 10% of total revenue. Nickel therefore can no longer be considered immaterial and a by-product.

Following the reclassification of nickel as a main product, the metal inventory cost allocation methodology was reassessed and amended to allocate production costs, net of by-product revenue, based on relative sales value. In the previous years, production costs, net of by-product revenue, was allocated on the basis of ounces. However, given that nickel is measured in tonnes, a different basis of cost allocation was required.

This change in cost allocation methodology resulted in an overall increase in inventory value of R510 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. INVENTORIES CONTINUED

AP

Inventory

Metal inventories

Costs incurred in the production process are appropriately accumulated as stockpiles, metal in process and product inventories.

In-process and final inventories are carried at the lowest of average cost of normal production and net realisable value. Costs relating to inefficiencies in the production process are charged to the income statement as incurred.

Net realisable value tests are performed, at least, on each reporting date and represent the expected sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

The average cost of normal production includes total costs incurred on mining and refining, including depreciation, less net revenue from the sale of by-products at the point where by-products become separately identifiable, allocated to main products based on the relative sales value of main products sold. Stock values are adjusted for upstream intra-group transactions with subsidiaries and equity-accounted entities within the Group, eliminating intra-group profits in profit or loss and share of profit from equity-accounted entities, where applicable.

Refined by-products are valued at net realisable value and quantities of in-process metals are based on latest available assays. Recoverable metal quantities are continually tested for reasonableness by comparing the grade of ore with the metal actually recovered. Engineering estimates are used to determine recoverable metal quantities and these estimates and the methodologies applied are improved on an ongoing basis. Metal quantities are adjusted without affecting production and impacting the calculation of unit cost per ounce produced.

Operating metal lease receipts are accounted for in profit or loss and the metal is carried as inventory.

Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average basis. Obsolete, redundant and slow-moving stores are identified and written down to net realisable value which is the estimated selling price in the ordinary course of business, less selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. TRADE AND OTHER RECEIVABLES

	2019 Rm	2018 Rm
Trade receivables	**1 403**	1 299
Advances	**974**	765
Other receivables	**197**	230
Employee receivables	**187**	212
Value added taxation	**505**	1 007
	3 266	3 513
The foreign currency denominated balances, included above, were as follows:		
Trade receivables (US$ million)	**54**	49
Advances (US$ million)	**68**	60
The credit exposures of trade receivables and advances by country are as follows:		
Asia	**131**	29
Australia	**—**	9
Europe	**483**	315
North America	**68**	6
South Africa	**691**	911
Zimbabwe	**1 004**	794
	2 377	2 064

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Impairment

The Group applies the simplified impairment approach to trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, among others, include the failure of a debtor to engage in a repayment agreement with the Group. Refer note 7 for the impairment policy for other receivables.

Refer note 31 for fair value and financial risk disclosure.

EJ

Advances

Due to the time involved in toll refining metals, certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal being purchased. The weighted average effective interest rate on advances was 2.5% (2018: 1.8%). The associated purchase liability serves as collateral for the advance.

The contractually agreed percentage generally provides a sufficient safety margin for normal price fluctuations not to expose the Group to undue credit risk. However, in times of significant price decreases, there is a risk that the fair value of the in-process metal creditor that serves as collateral, could decrease below the carrying amount of the advance. In the current year, the value of this metal creditor is higher than the advances.

In cases where the carrying amount of advances is not fully supported by the fair value of in-process metal creditors that serves as collateral, management uses judgement to determine the recoverability of the advances.

10. CURRENT TAX

	2019 Rm	2018 Rm
Current tax payable	**66**	992
Current tax receivable	**(216)**	(896)
Net current tax (receivable)/payable	**(150)**	96
Beginning of the year	**96**	(25)
Income tax expense (note 27)	**553**	1 442
Payments made during the year	**(223)**	(1 336)
Interest and penalties refund/(payment)	**67**	(37)
Exchange adjustment#	**(643)**	52
End of the year	**(150)**	96

 # The exchange adjustment mainly arose from the settlement and translation of Zimbabwe dollar denominated income tax liabilities to US dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. CASH AND CASH EQUIVALENTS

	2019 Rm	2018 Rm
Short-term bank deposits	6 872	1 929
Cash at bank	1 370	1 776
	8 242	3 705
The weighted average effective interest rate on short-term bank deposits was 7.4% (2018: 7.1%) and these deposits have a maximum maturity of 32 (2018: 60) days.		
Exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US$ million)	92	153
Bank balances (RTGS$ million)	2	—
The exposures by country are as follows:		
South Africa	7 290	2 064
Europe	901	970
Zimbabwe – US$	39	663
Zimbabwe – RTGS$	4	—
Asia	8	8
	8 242	3 705
The following cash and cash equivalents, included above, are restricted for use by the Group by virtue of their nature and not timing:		
Impala Pollution Control, Rehabilitation and Closure Trust Fund* (note 14)	4	4
Morokotso Trust	11	12
	15	16

* *This cash has been invested by the Trust.*

Fair value and financial risk disclosure, and credit limit facilities are disclosed in note 31.

12. SHARE CAPITAL

	2019 Rm	2018 Rm
Ordinary shares	18	18
Share premium	17 875	17 986
Share-based payment reserve	2 643	2 487
Total share capital	**20 536**	20 491

The authorised share capital of the holding company consist of 944.01 million (2018: 944.01 million) ordinary no par value shares.

	(million)	(million)
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	734.78	734.78
Treasury shares	(16.23)	(16.23)
Number of ordinary shares issued outside the Group	**718.55**	718.55
The movement of ordinary shares during the year was as follows:		
Beginning of the year	718.55	718.55
Shares issued – Long-term Incentive Plan	3.64	2.07
Shares purchased – Long-term Incentive Plan	(3.64)	(2.07)
End of the year	**718.55**	718.55

The authorised share capital of the Company is 944.01 million ordinary shares. The authorised but unissued share capital is 209.23 million ordinary shares and remains under the control of the directors. The issued share capital remained unchanged at 734.78 million. 16 233 994 treasury shares which were bought in terms of a share buy-back is held at the discretion of the Group. Subsequent to year-end, the US$ bonds were converted, resulting in 64.26 million ordinary shares issued to bondholders. The number of ordinary shares in issue, post the conversion, increased to 799.03 million (note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. SHARE CAPITAL CONTINUED
12.1 Equity-settled share-based compensation

The Group issues equity-settled and cash-settled (note 17) share-based payments to employees. Equity-settled schemes include the Long-term Incentive Plan 2012 (LTIP 2012), comprising Share Appreciation Rights (SAR) and Conditional Share Plan (CSP) which consist of shares with a nil exercise price. This scheme was discontinued during the current year and replaced with a new scheme. The new scheme, referred to as the Long-term Incentive Plan 2018 (LTIP 2018), comprise a Bonus Share Plan (BSP) as well as a Performance Share Plan (PSP), which both consist of shares with a nil exercise price.

During the year, R156 million and R95 million (2018: R119 million) was expensed in terms of the LTIP 2018 and LTIP 2012 schemes (note 20).

Implats Long-term Incentive Plan 2018 (LTIP 2018)

The fair value of the equity-settled share-based payments were valued using the share price on valuation date as well as performance conditions for the PSP. The weighted average option value as well as the weighted average share price on valuation date was R33.15 and R8.56 for the BSP and PSP respectively.

	2019		2018	
	BSP (000)	PSP (000)	BSP (000)	PSP (000)
Long-term Incentive Plan — 2018				
Movement in the number of share options outstanding was as follows:				
Beginning of the year	—	—	—	—
Granted	4 235	2 835	—	—
Forfeited	(98)	—	—	—
End of the year	4 137	—	—	—
Exercisable	—	—	—	—
Not yet exercisable	4 137	2 835	—	—

Share options (BSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2020 (000)	Vesting year 2021 (000)	Total number (000)
Total 2019	2 068	2 069	4 137

Share options (PSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2022 (000)	Total number (000)
Total 2019	2 835	2 835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. SHARE CAPITAL CONTINUED

12.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2012 (LTIP 2012)

The fair value of the equity-settled share-based payments were calculated using the binomial option model for non-vested shares, except for full value shares which are valued using the share price on valuation date, adjusted for the present value of expected dividends during the vesting period as well as performance conditions.

The average inputs for determining the fair value are as follows:

	Long-term Incentive Plan (SAR)		Long-term Incentive Plan (CSP)	
	2019	2018	**2019**	2018
Weighted average option value (Rand)[1]	**19.46**	18.35	**26.14**	18.32
Weighted average share price on valuation date (Rand)[2]	**45.85**	44.55	**43.91**	28.82
Weighted average exercise price (Rand)[3 and 5]	**44.67**	44.15	**Nil**	Nil
Volatility (%)[4]	**41.58**	40.98	**N/A**	N/A
Dividend yield (%)	**0.03**	0.04	**Nil**	Nil
Risk-free interest rate (%)	**7.49**	7.46	**7.62**	5.27

1 *The weighted average option value of equity-settled shares is calculated on grant date.*
2 *Weighted average share price for valuation of equity-settled shares is calculated taking into account the market price on all grant dates.*
3 *The weighted average exercise price is calculated taking into account the exercise price on each grant date.*
4 *Volatility for equity-settled shares is the 400-day moving average historical volatility on Implats' shares on each valuation date.*
5 *The weighted average market price of the share on date of issue approximates the weighted average exercise price. Options are granted based on the market price at the date of issue.*

	2019		2018	
SAR	**Number (000)**	**Weighted average exercise price (R)**	Number (000)	Weighted average exercise price (R)
Movement in the number of share options outstanding was as follows:				
Beginning of the year	**8 349**	**44.15**	6 281	54.97
Granted	**72**	**17.92**	4 003	38.62
Forfeited	**(2 313)**	**35.16**	(1 935)	81.03
Exercised	**(381)**	**35.16**	—	—
End of the year	**5 727**	**44.67**	8 349	44.15
Exercisable	**844**		598	
Not yet exercisable	**4 883**		7 751	
	5 727		8 349	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. SHARE CAPITAL CONTINUED
12.1 Equity-settled share-based compensation continued

Share options outstanding at the end of the year have the following vesting terms:

Price per share	Vesting year 2019 (000)	Vesting year 2020 (000)	Vesting year 2021 (000)	Vesting year 2022 (000)	Total number (000)
< R50	—	146	3 578	72	3 796
R50 – R100	—	1 087	—	—	1 087
Total 2019	**—**	**1 233**	**3 578**	**72**	**4 883**
Total 2018	2 509	1 363	3 879	—	7 751

The share options have a contractual life of three years after vesting date.

CSP	2019 Number (000)	2018 Number (000)
Movement in the number of share options outstanding was as follows:		
Beginning of the year	20 319	15 819
Granted	88	8 812
Forfeited	(4 136)	(2 246)
Exercised/shares issued	(3 477)	(2 066)
End of the year (not yet exercisable)	12 794	20 319

Share options outstanding (number in thousands) at the end of the year have the following vesting terms:

	Vesting year 2019 (000)	Vesting year 2020 (000)	Vesting year 2021 (000)	Vesting year 2022 (000)	Total number (000)
Total 2019	**—**	**4 509**	**8 197**	**88**	**12 794**
Total 2018	6 856	4 825	8 638	—	20 319

The share options are full value shares. The contractual life ends on the vesting date.

Refer note 32 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. SHARE CAPITAL CONTINUED
12.1 Equity-settled share-based compensation continued

Long-term Incentive Plan

Long-term Incentive Plan (LTIP 2018)

Performance Share Plan (PSP)

The performance shares are Implats shares purchased by the Group, awarded free of charge to designated participants, at a vesting period determined at the discretion of the remuneration committee. On the date of award, participants are only granted conditional rights to acquire these shares at a future date, and are not entitled to any shareholder rights prior to vesting date. For the shares to vest, participants must remain employed by a company in the Implats Group and subject to the satisfaction of the performance conditions measured over the performance period.

Bonus Share Plan (BSP)

The bonus share award is also comprised of fully paid shares awarded free of charge to participants at the end of a two-year vesting period. Fifty percent of the awarded shares vest one year after date of the award, and the remaining 50% at the end of two years after the award date. At the date of award, participants are only granted conditional rights to receive these shares at a future date, and are not entitled to any shareholder rights prior to vesting date. For the shares to vest, participants are primarily required to remain employed by a company in the Implats Group.

Long-term Incentive Plan (LTIP 2012)

Conditional share plan (CSP)

Fully paid shares are awarded free of charge to the participants at the end of a three-year vesting period. On the date of award, participants are only granted conditional rights to acquire these shares at a future date, and only become shareholders with dividend and voting rights from vesting onwards. There are two CSPs in effect. For the shares to vest in both instances, participants must remain employed by a company in the Implats Group but, for certain of these shares, vesting of the shares are subject to the achievement of defined performance vesting conditions over the performance period.

Share Appreciation Rights (SAR)

Conditional rights are awarded to participants to receive shares in Implats. The number of shares awarded are calculated with reference to the increase in the share price from the award date until the date on which the SAR is exercised by the participants. A three-year vesting period applies, during which time the participants have no rights in respect of the underlying shares. Vesting is conditional on continued employment and a prescribed level of corporate performance. The participants are only entitled to exercise the SARs subsequent to and to the extent that vesting has taken place. Participants become shareholders following the exercise of the SARs. All unexercised SARs lapse after six years from date of allocation.

AP

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share-based payments

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis, with a corresponding increase in equity, as services are rendered over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

			Proportion of ownership and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Company	Place of incorporation	Place of business	2019 (%)	2018 (%)	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Zimplats Holdings Limited	Guernsey	Zimbabwe	13%	13%	273	(25)	1 914	1 751
Afplats (Pty) Limited*	South Africa	South Africa	26%	26%	(584)	(106)	5	590
Individually immaterial subsidiaries					19	17	24	39
Total					(292)	(114)	1 943	2 380

* *Includes the purchase price allocation on initial recognition as well as subsequent impairment provisions. Note 21.*

Summarised financial information (100%) in respect of each of the Group's subsidiaries that has material non-controlling interests

The summarised financial information below presents amounts before intra-group eliminations. Zimplats' financial information disclosed below was translated using the closing and annual average US dollar exchange rates as on page 16.

	Zimplats Holdings Limited		Afplats (Pty) Limited	
	2019 Rm	2018 Rm	2019 Rm#	2018 Rm
Non-current assets	16 079	14 915	–	1 727
Current assets	5 128	5 676	41	58
Total assets	21 207	20 591	41	1 785
Equity	15 024	13 675	20	1 769
Non-current liabilities	4 357	4 231	19	7
Current liabilities	1 827	2 685	1	9
Total equity and liabilities	21 207	20 591	40	1 785

For more information on the impairment of Afplats refer note 21.

	Zimplats Holdings Limited		Afplats (Pty) Limited	
	2019 Rm	2018 Rm	2019 Rm#	2018 Rm
Revenue	8 954	7 485	–	–
Gross profit	2 985	2 042	(11)	(23)
Profit before tax	1 820	2 126	(1 747)	(21)
Income tax expense	(858)	(2 099)	(1)	(1)
Profit for the year	962	27	(1 748)	(22)
Net cash from/(used in) operating activities	2 687	2 505	(17)	(14)
Net cash (used in)/from investing activities	(1 615)	(1 572)	17	14
Net cash (used in)/from financing activities	(1 809)	–	–	–
Net increase/(decrease) in cash and cash equivalents	(737)	933	–	–
Dividends paid to non-controlling interests	161	–	–	–

For more information on the impairment of Afplats refer note 21.

There are no significant restrictions on the ability of the Group to access and use assets, or settle liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. PROVISIONS FOR ENVIRONMENTAL REHABILITATION

	2019 Rm	2018 Rm
Beginning of the year	1 225	1 099
Change in estimate – rehabilitation asset (note 2)	123	(34)
Change in estimate – cost of sales (note 20)	75	90
Interest accrued (note 25)	118	100
Utilised – rehabilitation done	(58)	(44)
Exchange adjustment	9	14
End of the year	1 492	1 225

The current rehabilitation cost estimates and financial provisions are made up as follows:

	Current cost estimates		Financial provisions	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Impala Rustenburg	1 278	1 234	805	631
Impala Springs	268	255	226	201
Marula	300	279	157	79
Afplats	19	16	19	7
Zimplats	565	594	285	307
	2 430	2 378	1 492	1 225

EJ

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life-of-mine estimates and discount rates can affect the carrying amount of this provision.

In particular from 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). Although these regulations allow for a transition period up to February 2020, the current closure cost is already closely aligned with the new regulations, resulting in an increase in the rehabilitation provision in the previous year.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements.

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R2 430 million (2018: R2 378 million). Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations
The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 8.7% and 9.8% (2018: between 9.0% and 9.7%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 3.0% (2018: 3.3%).

Zimbabwe operations
The discount rate used was 9.6% (2018: 9.3%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 2.0% (2018: 2.0%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. PROVISIONS FOR ENVIRONMENTAL REHABILITATION CONTINUED

Guarantees, an insurance policy and the funds in the Impala Pollution Control, Rehabilitation and Closure Trust Fund are available to the Department of Mineral Resources to satisfy the requirements of the National Environmental Management Act with respect to environmental rehabilitation (note 30).

Pollution Control, Rehabilitation and Closure Trust Fund	2019 Rm	2018 Rm
The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:		
Cash and cash equivalents (note 11)	4	4
Long-term investment in debt instrument (note 7.3)	80	—
Held-to-maturity financial asset (note 7.3)	—	73
Financial assets at FVOCI (note 6.1)	190	—
Available-for-sale financial assets (note 6.1)	—	183
	274	260

The income earned on monies contributed to a trust fund created in accordance with statutory requirements, to provide for the estimated cost of rehabilitation during and at the end of the life of the Group's mines, is accounted for as investment income. The trust investments are included under FVOCI financial assets, other financial assets, and cash equivalents.

The trust is a special purpose entity controlled by the Group and is consolidated accordingly.

AP

Provision for environmental rehabilitation

These long-term obligations result from environmental disturbances associated with the Group's mining operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Decommissioning costs

The costs arise from rectifying the damage caused before production commences. The net present value of future decommissioning cost estimates at year-end is recognised and fully provided for in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are used to calculate the present value.

Changes in the measurement of the liability, apart from unwinding of the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (note 2).

Restoration costs

These costs arise from rectifying the damage caused after production commences. The net present value of future restoration cost estimates at year-end is recognised and fully provided for in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are used to calculate the present value.

Changes in the measurement of the liability, apart from unwinding of the discount, which is recognised in profit or loss as a finance cost, are expensed to profit or loss.

Ongoing rehabilitation cost

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. BORROWINGS

	Notes	2019 Rm	2018 Rm
Standard Bank Limited – BEE Partners Marula	15.1	888	887
Standard Bank Limited – Zimplats term loan	15.2	599	1 167
Convertible bonds – ZAR	15.3	2 764	2 631
Convertible bonds – US$	15.4	3 067	2 858
Revolving credit facility	15.5	—	1 510
Finance leases	15.6	1 244	1 299
		8 562	10 352
Current		1 885	2 427
Non-current		6 677	7 925
Reconciliation			
Beginning of the year		10 352	9 461
Proceeds		—	1 500
Interest accrued (note 25)		906	928
Interest repayments		(639)	(689)
Capital repayments		(2 169)	(999)
Exchange adjustments		112	151
End of the year		8 562	10 352

	(%)	(%)
The effective interest rates for all borrowings for the year were as follows:		
Bank loans ZAR	12	12
Bank loans US$	9	8

Refer note 31 for fair value and financial risk disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. BORROWINGS CONTINUED

15.1 Standard Bank Limited – BEE partners Marula

BEE partners obtained term loans of R753 million, which carry interest at the six-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 basis points (2018: 130 basis points) and revolving credit facilities of R105 million which carry interest at JIBAR plus 145 basis points (2018: 145 basis points) to purchase a 27% share in Marula. The BEE partners' shareholding in Marula and their loans are consolidated as the loans are guaranteed by Implats. The loans are repayable in June 2020.

15.2 Standard Bank Limited – Zimplats term loan

US$ denominated revolving credit facility of US$85 million (2018: US$85 million) bears interest at three-month London Interbank Offered Rate (LIBOR) plus 700 basis points (2018: 700 basis points). The first capital repayment instalment amounting to US$42.5 million was made during the year and the balance is repayable on 31 December 2019.

15.3 Convertible bonds – ZAR

The ZAR denominated bonds have a par value of R3 250 million and carry a coupon of 6.375% (R207.2 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bondholder has the option to convert the bonds to Implats shares at a price of R50.01. The value of this conversion option derivative was R676 million on issue. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 12.8%.

15.4 Convertible bonds – US$ (note 16.1)

The US$ denominated bonds have a par value of US$250 million and carry a coupon of 3.25% (US$8.1 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bondholder has the option to convert the bonds to Implats shares at a price of US$3.89. The value of this conversion option derivative was R559 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. Subsequent to year-end, Implats has induced conversion of the bonds, refer note 33. The effective interest rate is 8.38%. (Refer notes 7 and 16 for additional information regarding the conversion option and the CCIRS entered into to hedge foreign exchange risk on this bond).

15.5 Revolving credit facility

In the previous financial year, Implats drew down R1 500 million on the Standard Bank facility, which was repaid in full during the current period. The facility bore interest at 10.2%. During the year, the Company converted its bilateral facilities with three different banks into a club facility. The facility of R4 billion bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 350 basis points and mature on 30 June 2019.

15.6 Finance leases

The finance leases mainly comprise the houses leased from Friedshelf (an associate of the Group), bear an effective interest rate of 10.2% and are repayable over the next nine years. The houses were previously sold to Friedshelf as part of a sale and leaseback transaction. Also included in the finance lease liability is a lease arrangement for a Sasol hydrogen pipeline and an oxygen and nitrogen plant with a remaining life of seven years and four years respectively, and an effective interest rate of 11.5% as well as forklifts with a remaining life of two years and at an effective interest rate of 8.5%. The finance leases were capitalised (note 2).

	2019			2018		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
Lease liabilities						
Less than one year	204	127	77	191	134	57
Between one and five years	936	390	546	888	442	446
More than five years	715	94	621	963	167	796
	1 855	611	1 244	2 042	743	1 299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. BORROWINGS CONTINUED

15.7 Capital management

The Group defines total capital as equity plus debt in the consolidated statement of financial position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce required cost of capital.

In order to maintain or improve the capital structure, the Group may vary the dividends paid to shareholders, return capital or issue shares to shareholders.

The Group monitors the debt-to-equity ratio. This ratio is calculated as net debt to net debt plus equity. The Group excludes leases in its determination of net debt. Gearing ratio as at 30 June 2019 was 0% (2018: 11.9%).

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Borrowings

All borrowings are subsequently measured at amortised cost.

When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs that are attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred until completion of construction.

Effective interest method

The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees paid or received forming an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

Leases

Determining whether an arrangement is, or contains a lease, is based on the substance of the arrangement, and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to control the asset.

Leases of assets under which substantially all the benefits and risks of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are expensed to profit or loss on the straight-line basis over the life of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance leases

Leases where the lessee assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lower of the estimated present value of the underlying lease payments and the fair value of the asset. Each lease payment is allocated between the liability and finance charges using the effective interest method. The corresponding rental obligations, net of finance charges, are included in other long-term and short-term payables respectively. The interest element is expensed to profit or loss, as a finance charge, over the lease period.

The property, plant and equipment acquired under finance leasing contracts is depreciated in terms of the Group accounting policy, limited to the lease contract term, if there is no reasonable certainty that ownership will be obtained by the end of the lease term (note 2).

Compound financial instruments

The component parts of compound instruments (such as the convertible ZAR bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities or equity instruments. Conversion options to be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is accounted for in equity.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is reported as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's maturity date. When the liability is extinguished and converted to equity, the carrying amount of the liability is reclassified to equity as share premium. The equity component is recognised initially at the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

Transaction costs relating to the issue of the convertible notes are allocated to the liability and the equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. OTHER FINANCIAL LIABILITIES

	Notes	2019 Rm	2018 Rm
Conversion option – US$ convertible bond	16.1	**1 611**	50
Future commitment – Royal Bafokeng	16.2	**47**	69
		1 658	119
Current		**6**	69
Non-current		**1 652**	50

16.1 Conversion option – US$ convertible bond (note 14.5)

The US$ bondholders have the option to convert the bonds to Implats shares at a price of US$3.89. The conversion option was valued at its fair value of R1 611 million at year-end, resulting in a R1 560 million loss (2018: R497 million profit) for the period which was reflected in other expense/income.

The main inputs into the binomial model fair value calculation are as follows:	2019	2018
Exercise price (US$)	**3.89**	3.89
Share price on valuation date (US$)	**4.95**	1.47
Volatility (%)	**32.72**	32.01
US$ interest rate (%)	**1.72**	2.65

16.2 Future commitment – Royal Bafokeng

During the year, amendments to the Impala Converted Mining Rights relating to the empowering provision was approved, allowing the trustees to dissolve the Impala Bafokeng Trust (IBT). Impala Platinum Limited committed to contribute the remaining balance (R64 million) of the original R170 million commitment to the IBT by spending R10 million a year for community projects through its CSI programmes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. OTHER LIABILITIES

	Notes	2019 Rm	2018 Rm
Summary			
Post-employment medical benefits	17.1	68	68
Cash-settled share-based compensation	17.2	14	1
Deferred profit on sale and leaseback of houses (note 15.6)		217	247
		299	316
Current		32	31
Non-current		267	285

17.1 Post-employment medical benefits

		2019 Rm	2018 Rm
Beginning of the year		68	67
Finance cost		6	6
Actuarial loss		—	1
Benefits paid		(6)	(6)
End of the year		68	68
Current		—	—
Non-current		68	68

The Company historically provided post-employment medical benefits to qualifying employees. Post-employment medical benefits for remaining employees and retirees are an unfunded liability. A 1% increase in the medical inflation rate results in a R6.3 million (2018: R6.3 million) increase in the provision and a decrease of 1% results in a decrease in the provision of R5.4 million (2018: R5.4 million). Subsidies of R6.5 million (2018: R6.4 million) are expected to be paid in the next financial year.

Qualifying active employees have an average age of 53 (2018: 52) years and an average service period of 25 (2018: 24) years. Retirees have an average age of 76 (2018: 76) years.

EJ

The determination of Implats' obligation for post-retirement healthcare liabilities depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among others, the discount rate, healthcare inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age before the mine reaches the end of its life. While Implats believes that these assumptions are appropriate, significant changes in the assumptions may materially affect post-retirement obligations as well as future expenses, which may result in an impact on earnings in the periods that the changes in the assumptions occur.

As at 30 June 2019, actuarial parameters used by independent valuators assumed 6.9% (2018: 8.1%) as the long-term medical inflation rate and 8.9% (2018: 9.4%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

17.2 Cash-settled share-based compensation

The Group issues equity-settled (note 12) and cash-settled share-based payments to employees. The fair value of share-based payments is calculated using the binomial option pricing model. Allocations under this cash-settled share-based scheme ceased in November 2012 and lapse in 2022. There were 10 million (2018: 13 million) options at the end of the period, with an average option value of R1.11 (2018: R0.01), all exercisable at year-end.

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Employee benefits

Defined contribution retirement plans

Employee retirement schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates or participates in several defined contribution retirement plans for its employees. The pension plans are funded by payments from the employees and by the relevant Group companies to insurance companies or trustee-administered funds, determined by periodic actuarial calculations, and contributions to these funds are expensed as incurred. The assets of the different plans are held by independently managed trust funds. These funds are governed by either the South African Pension Funds Act of 1956 or Zimbabwean law.

Post-employment medical benefit plan

The expected costs of these benefits are accrued over the period of employment. A valuation of this obligation is carried out annually by independent qualified actuaries. Actuarial gains or losses as a result of these valuations are recognised in other comprehensive income as incurred. Interest on the defined benefit liability is recognised in profit or loss as finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

18. TRADE AND OTHER PAYABLES

	2019 Rm	2018 Rm
Trade payables	**3 296**	6 535
Trade payables as fair value through profit or loss – metal purchases[1]	**3 504**	—
Leave liability[2]	**973**	891
Royalties payable	**295**	225
Value added taxation	**218**	424
Other payables	**8**	11
	8 294	8 086
The foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US$ million)	**76**	74
Trade and other payables (RTGS U$ million)	**16**	—

Refer note 31 for fair value and financial risk disclosure.

[1] *During the current year, the fair value exposure on purchased metal and resultant stock has been designated as a hedged item on adoption of IFRS 9 and is included in the calculation of the cost of inventories (note 8). The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract. Refer note 31 for hedge accounting disclosures.*

[2] *Employee entitlements to annual leave are recognised on an ongoing basis. The liability for annual leave as a result of services rendered by employees is accrued up to the reporting date.*

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Trade and other payables

The Group has made an irrevocable election to measure trade payables relating to metal purchases at fair value through profit or loss. Trade payables contracts host two embedded derivatives, namely fluctuations in PGM prices, and foreign currency exchange rates. This financial liability is used as a hedging instrument in the fair value hedge of a recognised asset, being purchased inventory.

All other trade payables are subsequently carried at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. REVENUE

		2019 Rm	2018 Rm
19.1	**Analysis of revenue by category**		
	Sales of goods		
	Precious metals		
	Platinum	17 796	16 427
	Palladium	15 648	9 646
	Rhodium	7 473	3 763
	Ruthenium	902	477
	Iridium	1 346	798
	Gold	1 524	1 148
	Silver	24	22
		44 713	32 281
	Base metals		
	Nickel	2 318	1 863
	Copper	610	537
	Cobalt	59	86
	Chrome	425	369
		3 412	2 855
	Revenue from services		
	Toll refining	504	718
		48 629	35 854
19.2	**Analysis of revenue by destination**		
	Main products (Pt, Pd, Rh and Ni)		
	Asia	19 654	14 286
	North America	5 826	5 374
	Europe	9 238	5 032
	South Africa	8 517	5 144
		43 235	29 836
	By products		
	South Africa	1 813	2 595
	Asia	1 382	1 123
	Europe	1 029	1 174
	North America	613	370
	Australia	53	38
		4 890	5 300
	Toll refining		
	South Africa	501	718
	North America	3	—
		504	718
		48 629	35 854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. REVENUE
19.2 Analysis of revenue by destination continued

TR

Adoption of IFRS 15 *Revenue from Contracts with Customers*

In accordance with the transition provisions in IFRS 15, the new rules were adopted under the modified retrospective approach, to open, unfulfilled customer contracts on 1 July 2017, and the effect of the adoption reflected in current year opening retained earnings. The financial impact of the application of the revenue recognition adjustments to opening retained earnings was Rnil. The Group's accounting policy has been revised to align with IFRS 15, and additional disclosures have been introduced, particularly on the disaggregation of revenue as per note 1.

AP

The Group generates revenue from the mining, concentrating, refining and the sale of platinum group metals (PGMs) and associated base metal. Revenue is measured based on the consideration specified in the customer contract.

Sales revenue

The Group recognises revenue on inventory sold to a customer on delivery to the contractually agreed upon delivery point. This is the point at which the performance obligation is satisfied and a receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due. No element of financing is present due to the short-term nature of Group contracts and credit terms are consistent with market practice. The total consideration in the sales contract is allocated to each product based on the contractually agreed upon metal prices. Metal sales prices are determined based on observable spot prices when revenue is recognised.

Toll income

The Group derives toll income revenue from processing and refining of metal concentrate and matte. Income is recognised when the refined metals have been produced, have passed through the value creating stages of production, and are contractually due to be returned to the customer. Toll income is measured at the fixed transaction price agreed under the contract.

Due to the nature of the Group's revenue streams and contractual terms with customers, no other significant judgements in respect of accounting for contracts with customers was necessary.

Note 1 contains additional disclosure of revenue per reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. COST OF SALES

	2019 Rm	2018 Rm (Restated)*
Production costs		
On-mine operations	17 686	16 392
Wages and salaries	10 438	9 836
Materials and consumables	5 823	5 262
Utilities	1 425	1 294
Processing operations	5 410	5 340
Wages and salaries	1 154	1 057
Materials and consumables	2 589	2 714
Utilities	1 667	1 569
Refining and selling	1 621	1 522
Wages and salaries	578	531
Materials and consumables	869	830
Utilities	174	161
Depreciation of operating assets (notes 2 and 29)	3 488	3 838
Other costs		
Metals purchased	11 746	9 651
Corporate costs	981	710
Wages and salaries	514	396
Other costs	467	314
Royalty expense	646	350
Change in metal inventories	(182)	(3 404)
Chrome operation – cost of sales	144	146
Other	251	172
	41 791	34 717
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	2 088	1 990
Operating lease rentals	33	40
Employment benefit expense comprises:		
Wages and salaries	11 864	10 972
Pension costs – defined contribution plans	840	863
Share-based compensation	177	82
Cash-settled (note 17.2)	21	(37)
Equity-settled (note 12.1)	156	119
	12 881	11 917

Key management compensation is disclosed in note 32.

* *Royalty expense, previously presented separately in the "Consolidated statement of profit or loss and other comprehensive income" and the movement in the rehabilitation provision previously presented in "other operating expenses" were reclassified to cost of sales. These items have been reclassified due to their nature, which is directly related to cost of production. Refer note 26.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

20. COST OF SALES

AP

Employee benefits

Short-term employee benefits

Remuneration to employees is charged to profit or loss on an ongoing basis. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration production and safety performance. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

Post-employment benefits

Additional information on these benefits is provided in note 17, and include defined contribution plans, and defined benefit plans.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Share-based payments

For share-based payments' accounting policy refer note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

21. IMPAIRMENT

	2019 Rm	2018 Rm
Impairment of non-financial assets is made up of the following:		
Property, plant and equipment (note 2.1.4)	2 432	13 244
Exploration and evaluation assets	—	385
	2 432	13 629

June 2019
The carrying amount of the Afplats project was fully impaired in the current period. At this stage, the Group does not have the intention to continue with the project which resulted in an impairment to its recoverable amount of Rnil.

June 2018
In the prior year, property, plant and equipment of R13 019 million of the Impala operating segment was impaired, comprising shafts of R11 910 million, as well as assets under construction of R1 109 million. Assets under construction of R225 million and exploration and evaluation assets of R385 million, which formed part of the Afplats operating segment, were also impaired. The Afplats operating segment is included in the "all other segments", as disclosed in note 1. This was mainly due to the strategic review of Impala Rustenburg, the associated revision of the production profile and the Group's view of long-term metal prices. A strategic review was initiated to determine the most effective structural changes required to return Impala Rustenburg to profitability in the prevailing platinum price environment. The conclusion from this review was that Impala Rustenburg must contract to a smaller, more focused operation positioned around its best assets. Operations will therefore cease at depleted end-of-life and uneconomic shafts. Future mining activity will be focused on profitable, lower-cost, high-value and generally longer-life assets. On a fair value less cost to sell basis, the recoverable amount of Impala is R17 300 million. The recoverable amount is based on future discounted cash flows, including an *in situ* 4E ounce value for mineral resources outside the approved mine plan. This is a level 3 valuation in terms of the fair value hierarchy (note 31.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

22. OTHER INCOME

	2019 Rm	2018 Rm (Restated)*
Zimplats export incentive	516	174
Insurance proceeds – business interruption (No. 5 furnace fire)	236	—
Insurance proceeds – asset damage (No. 5 furnace fire)	64	—
Derivative financial instruments – fair value movements		
– Foreign exchange rate collar	230	—
– Conversion options	—	509
Customs duty penalty refund	136	—
A1 legal action – recovery	76	443
Profit on disposal of property, plant and equipment	60	—
Profit on sale and leaseback of houses	30	30
Dividend income – Rand Mutual Assurance (RMA)	34	—
Gain – Two Rivers change in interest (note 5)	—	248
Recovery of RBZ debt	—	133
Guarantee fees	—	30
Other	42	17
	1 424	1 584

* *The comparative amount was restated as a result of changes in the classification of certain expense items. Refer note 26.*

AP **Deferred profit on sale and leaseback of houses**
The excess of the proceeds over the carrying amount of the asset sold is amortised over the lease term.

23. OTHER EXPENSES

	2019 Rm	2018 Rm Restated)*
Derivative financial instruments – fair value movements		
– Conversion option – US$ convertible bond (note 16.1)	1 560	—
– Cross-currency interest rate swap (note 7.1)	72	143
Non-production-related corporate cost	82	33
Audit remuneration	19	16
Restructuring costs	—	525
Trade payables – commodity price adjustments	—	272
Tax penalties	—	56
Exploration expenditure	—	4
Other	66	105
	1 799	1 154
Audit remuneration comprise:	19	16
Other services	3	1
Audit services including interim review	16	15

* *The comparative was restated as a result of changes in the classification of certain expense items. Refer note 26.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCE INCOME

	2019 Rm	2018 Rm
Cash and cash equivalents	274	208
Trade and other receivables	61	123
Other	29	19
	364	350
Metal lease fees	4	—
	368	350

AP

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

25. FINANCE COST

	2019 Rm	2018 Rm
Borrowings (note 15)	906	928
Provision for environmental rehabilitation (note 14)	118	100
Trade and other payables	135	78
Other	66	6
Finance costs	1 225	1 112
Less: Borrowing cost capitalised (note 2)[1]	(89)	(61)
	1 136	1 051

[1] *The average rate calculated for the capitalisation was 9.6% (2018: 8.8%). This interest has been capitalised insofar as qualifying capital expenditure has been incurred.*

26. RESTATEMENT DUE TO CHANGE IN CLASSIFICATION IN THE STATEMENT OF PROFIT OR LOSS

	2018 Rm		
	Previous classification	Re-classification	New classification
Cost of sales (note 20)	(34 277)	(440)	(34 717)
Royalty expense*	(350)	350	—
Other operating income*	180	(180)	—
Other operating expenses*	(944)	944	—
Other income (note 22)	1 404	180	1 584
Other expenses (note 23)	(300)	(854)	(1 154)
Total	(34 287)	—	(34 287)

* *The June 2018 royalty expense, other operating income and other operating expenses have been reallocated as disclosed in the table above to cost of sales, other income and other expense respectively.*

The June 2018 royalty expense of R350 million, which was previously disclosed separately on the "Consolidated statement of profit or loss and other comprehensive income", and the prior year's movement in the rehabilitation provision expense of R90 million, previously included in other operating expenses, were reclassified to cost of sales in the current financial year.

These items were reclassified due to their nature, which is directly related to cost of production.

The residual other operating income and expense items were not directly related to cost of production and were therefore reclassified to other income and other expenses respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

27. INCOME TAX (EXPENSE)/CREDIT

	2019 Rm	2018 Rm
Current tax		
South African company tax	(341)	(604)
Current tax on profits for the year	(135)	(691)
Prior year adjustment	(206)	87
Other countries' company tax	(212)	(838)
Current tax on profits for the year	(41)	(307)
Withholding and additional profits tax	(167)	(559)
Prior year adjustment	(4)	28
Total current tax (note 10)	(553)	(1 442)
Deferred tax		
Temporary differences	(1 542)	4 969
Prior year adjustment	(25)	(51)
Change in tax rate (Zimbabwe corporate tax)	—	(1 227)
Total deferred tax (note 5)	(1 567)	3 691
Total income tax credit	(2 120)	2 249
The tax of the Group's profit/(loss) differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	(924)	3 652
Adjusted for:		
Disallowable expenditure:		
Income tax interest and penalties	—	(8)
Finance cost accruals	(24)	(20)
Consulting fees	(4)	(7)
Head office costs	(15)	(17)
Royalty	(106)	(19)
Fair value adjustments	(735)	—
Other	(40)	(81)
Exempt income:		
Profit on sale of assets	2	1
Fair value adjustments	—	20
Export incentive	133	28
Income tax interest and penalties	35	—
Other	38	2
Equity-settled share-based compensation expense	110	(20)
Prior year adjustment	(235)	64
Change in tax rate (Zimbabwe corporate tax)	—	(1 227)
Deferred tax not recognised (impairment and other)	(368)	15
Effect of after-tax share of profit from associates	112	177
Effect of different taxes of foreign subsidiaries	(75)	248
Additional profits tax	(24)	(559)
Income tax (expense)/income	(2 120)	2 249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

27. INCOME TAX (EXPENSE)/CREDIT CONTINUED

EJ

Income tax

Income tax includes current tax, additional profits tax, deferred tax and withholding taxes. Current tax is calculated by applying enacted or substantively enacted tax rates to taxable income, including adjustments to tax payable in respect of prior years.

Additional profits tax (APT)

APT is a tax levied above the normal income tax payable by Zimbabwean companies operating under a special mining lease and becomes payable when these companies have positive accumulated net cash positions.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues 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 reported, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

At 30 June 2019, the Group had certain unresolved tax matters. SARS has issued additional assessments relating to the matters covering the 2013 year of assessment. The Group is in the process of preparing an objection to this assessment after consultation with external tax and legal advisers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

28. EARNINGS/(LOSS) PER SHARE

The weighted average number of ordinary shares in issue outside the Group for the purposes of basic and headline earnings per share are calculated as follows:

	2019 Millions	2018 Millions
Number of ordinary shares issued outside the Group (note 12)	718.55	718.55
Adjusted for weighted average number of ordinary shares issued during the year	—	—
Weighted average number of ordinary shares in issue for basic earnings and headline earnings per share	718.55	718.55
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	6.15	3.56
Weighted average number of ordinary shares for diluted earnings per share	724.70	722.11

	Rm	Rm
Profit/(loss) attributable to the owners of the Company	1 471	(10 679)
Basic earnings		
Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for basic earnings per share.		

	Cents	Cents
Basic earnings/(loss) per share	205	(1 486)
Diluted earnings		
Diluted earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. The convertible bonds could potentially dilute basic earnings per share in the future, but were anti-dilutive for the current year. Potential ordinary shares are only treated as dilutive when their conversion would decrease earnings per share.		
Diluted earnings/(loss) per share	203	(1 486)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

28. EARNINGS/(LOSS) PER SHARE CONTINUED

	Millions	Millions
Headline earnings		
Weighted average number of ordinary shares in issue for headline earnings per share	718.55	718.55
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	6.15	3.56
Dilutive potential ordinary shares relating to ZAR convertible bonds	64.99	—
Weighted average number of ordinary shares for diluted headline earnings per share	789.69	722.11

Profit attributable to owners of the Company is adjusted as follows:	Rm	Rm
Profit/(loss) attributable to owners of the Company	1 471	(10 679)
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment (note 22)	(43)	—
Earnings remeasurement	(60)	—
Tax effects	17	—
Impairment (notes 1, 2 and 21)	1 656	9 699
Earnings remeasurement	2 432	13 629
Tax effects	(194)	(3 816)
Non-controlling interests	(582)	(114)
Gain – Two Rivers change in interest (notes 4 and 22)	—	(248)
Earnings remeasurement	—	(248)
Tax effects	—	—
Insurance compensation relating to scrapping of property, plant and equipment (note 22)	(46)	—
Earnings remeasurement	(64)	—
Tax effects	18	—
Headline earnings/(loss)	3 038	(1 228)
Adjusted for:		
Interest on potential dilutive ZAR convertible bonds (after tax at 28%)	245	—
Headline earnings used in the calculation of diluted headline earnings per share	3 283	(1 228)

Headline earnings

Headline earnings per share is calculated by dividing the headline earnings/(loss) attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for headline earnings per share.

	Cents	Cents
Headline earnings/(loss) per share	423	(171)

Diluted headline earnings

Diluted headline earnings per share is calculated by dividing the adjusted headline earnings/(loss) attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted headline earnings per share. The US$ convertible bonds could potentially dilute headline earnings per share in the future, but were anti-dilutive in the current year due to the increase in headline earnings per share if the combined impact of the interest, fair value adjustment of the conversion option and the foreign exchange loss on the US$ bond were added back. The ZAR bonds were dilutive for the headline earnings per share in the current year. Potential ordinary shares are only treated as dilutive when their conversion would decrease headline earnings per share.

Diluted headline earnings/(loss) per share	416	(171)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

29. CASH GENERATED FROM OPERATIONS

	2019 Rm	2018 Rm
Profit/(loss) before tax	3 299	(13 042)
Adjustment for:		
Depreciation (notes 2 and 20)	3 488	3 838
Finance income (note 24)	(368)	(350)
Finance cost (note 25)	1 136	1 051
Share of profit of equity-accounted entities	(398)	(383)
Dividend received (note 22)	(34)	—
Employee benefit provisions	(6)	(6)
Share-based compensation	168	76
Provision for community development	(5)	(5)
Rehabilitation provisions	18	47
Foreign currency adjustment	336	100
Profit on disposal of property, plant and equipment (note 22)	(60)	—
Deferred profit on sale and leaseback of houses (note 22)	(30)	(30)
Impairments (note 21)	2 432	13 629
Prepayments utilised	—	173
Fair value adjustments on derivative financial instruments	1 402	(366)
Tax penalties and interest	67	(37)
	11 445	4 695
Changes in working capital:		
Decrease in trade and other receivables	239	60
Increase in inventories	(152)	(3 521)
Increase in trade and other payables	312	1 126
Cash generated from operations	**11 844**	2 360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

30. CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities

At year-end the Group had contingent liabilities in respect of matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Guarantees

The Group has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (refer note 15).

	2019 Rm	2018 Rm
Guarantees		
Friedshelf*	100	109
Standard Bank**	1 487	2 054
Total guarantees	1 587	2 163

** Guarantees to Friedshelf are in respect of rental of houses sold to and leased back from Friedshelf by Marula.*
*** The guarantees to Standard Bank are in respect of the Marula BEE loan amounting to R888 million (2018: R887 million) and the Zimplats revolving credit facility R599 million (2018: R1 167 million).*

The following guarantees have been issued by third parties and financial institutions on behalf of the Group to the following holders:

	2019 Rm	2018 Rm
Guarantees		
Department of Mineral Resources (DMR)	1 755	1 355
Eskom	111	111
South African Revenue Service (SARS)	6	6
Registrar of Medical Aids	5	5
Total guarantees	1 877	1 477

Guarantees to the DMR are in respect of future environmental rehabilitation. In this regard, a provision amounting to R1 492 million (2018: R1 225 million) has been raised (note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

31.1 Financial instruments

The following table summarises the Group's classification of financial instruments:

	2019 Rm	2018 Rm
Financial assets		
Financial assets at amortised cost	**11 170**	6 368
Other financial assets (notes 7.3 and 7.4)	**167**	157
Trade receivables (note 9)	**1 403**	1 299
Advances (note 9)	**974**	765
Other receivables (note 9)	**197**	230
Employee receivables (note 9)	**187**	212
Cash and cash equivalents (note 11)	**8 242**	3 705
Financial assets at fair value through profit or loss		
Derivative financial instruments (notes 7.1 and 7.2)	**381**	21
Financial assets at fair value through other comprehensive income (note 6)	**265**	—
Available-for-sale financial assets (note 6)	**—**	198
Total financial assets	**11 816**	6 587
Financial liabilities		
Financial liabilities at amortised cost	**11 913**	16 967
Borrowings (note 15)	**8 562**	10 352
Other financial liability (note 16.2)	**47**	69
Trade payables (note 18)	**3 296**	6 535
Other payables (note 18)	**8**	11
Financial liabilities at fair value through profit or loss		
Trade payables – metal purchases (note 18)	**3 504**	—
Other financial liabilities (note 16.1)	**1 611**	50
Total financial liabilities	**17 028**	17 017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

31.1 Financial instruments continued

Fair value

IFRS establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument
Level 2 – Valuation techniques for which significant inputs are based on observable market data
Level 3 – Valuation techniques for which any significant input is not based on observable market data

The following financial instruments are carried at fair value:

Financial instrument	Fair value 2019 Rm	Fair value 2018 Rm	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVOCI (note 6)				
– Listed securities	190	—	Level 1	Quoted market price for the same instrument
– Other	75	—	Level 3	Discounted cash flow. Risk-free ZAR interest rate
Available-for-sale financial assets (note 6)				
– Listed securities	—	198	Level 1	Quoted market price for the same instrument
Financial instruments at fair value through profit or loss (assets) (note 7)				
– Cross-currency interest rate swap (CCIRS) (note 7.1)	151	21	Level 2	Discounted cash flow. Risk-free ZAR interest rate, risk-free US$ interest rate, US$ exchange rate
– Foreign exchange rate collars (note 7.2)	230	—	Level 2	Discounted cash flow. Risk-free US$ interest rate, US$ exchange rate
Financial instruments at fair value through profit or loss (liabilities)				
– Conversion option – US$ convertible bond (note 16.1)	1 611	50	Level 2	Binomial option valuation. Risk-free US$ interest rate, US$ exchange rate, Implats share price, Implats share volatility
– Trade payables – metal purchases (note 18)	3 504	—	Level 2	Quoted market metal price and exchange rate

There have been no transfers between fair value hierarchy levels in the current year.

The carrying amount of financial assets and liabilities which are not carried at fair value, is a reasonable approximation of their fair value, except where otherwise indicated (note 31.2.2).

Financial instrument income/(expenses):

	2019 Rm	2018 Rm
Net fair value movement on derivative financial instruments	(1 403)	366
Net fair value movement on FVOCI financial assets:		
– Recognised in other comprehensive income	(28)	—
Net fair value movement on available-for-sale financial assets:		
– Recognised in other comprehensive income	—	19
Finance income for financial assets using effective-interest method	355	350
Finance expense for financial liabilities using effective-interest method	(1 041)	(1 006)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

31.2 Financial risk management

Introduction

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group, from time to time, uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department. Policies are approved by the board of directors, which sets guidelines to identify, evaluate and hedge financial risks in close cooperation with the Group's operating units. The risk and audit committees approve written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

Sovereign risk arises from foreign government credit risk, the risk that a foreign central bank or government will impose exchange regulations and the risk associated with negative events relating to taxation policy or other changes in the business climate of a country. These risks are monitored by management by actively engaging with both local and foreign government officials and by operating within the set frameworks.

31.2.1 Fair value hedge accounting

To address in part the market risk described above, management has in the current year adopted a hedging strategy and accounting policy to manage the fair value risk (commodity price and foreign currency exchange risk) to which purchased metal (note 8), the hedged instrument, is exposed. The financial instrument used to hedge this risk is trade payables, related to metal purchases (note 18), measured at fair value through profit or loss. The fair value movements on this financial liability have been designated to hedge the price and foreign currency exchange risk on purchased metal inventory.

To the extent that the hedging relationship is effective, that is, when the fair value gains and losses on both the hedged item and hedged instrument are offset against each other, the gains and losses on trade payables (R545 million loss) and purchased metal inventory (R545 million gain) respectively, are recognised in profit or loss in other income and expenses for the year.

Included in the R545 million loss and gain above is an accumulated fair value hedge gain of R73 million in trade payables and a R73 million loss in purchased metal inventory respectively. These relate to metal purchases that were still in the refining process at year-end.

Due to the high correlation between the fair value movements in trade payables and inventory, there has been no hedge ineffectiveness, nor identified sources thereof, in the hedging relationship during the current period.

31.2.2 Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities.

To manage foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities, the Group, from time to time, uses forward exchange contracts within board-approved limits.

The Group entered into a cross-currency interest rate swap (CCIRS) amounting to US$250 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds. The exchange rate risk on the dollar interest payments is hedged and the risk relating to future capital cash settlement of the bonds at a rand/dollar exchange rate weaker than R13.025/US$ is hedged. Excluding the foreign exchange effect of dollar interest rate change, a 10% movement in the exchange rate will result in a R352 million (2018: R343 million) on the capital portion of the hedge, which offsets the borrowing (US$ bond) exposure in the sensitivity analysis below.

Implats also entered into foreign exchange rate collars (FERC) to hedge against the foreign currency exchange risk on future metal sales. The collars hedge the risk of exchange rate movements below a range of R14.15/US$ to R14.30/US$ and above a range of R16.67/US$ to R17.13/US$. The FERC are carried at their fair value of R230 million.

No hedge accounting has been applied in respect of either the CCIRS or FERC.

Sensitivity analysis

Foreign exchange risk sensitivity analysis presents the effect of a 10% change in the year-end exchange rate on financial instruments denominated in US dollar or RTGS dollar in profit or loss. The US dollar exposure below excludes companies whose functional currency is US dollar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
31.2 Financial risk management continued
31.2.2 Market risk continued
Foreign exchange risk continued

	Year-end US$ exposure		Profit/loss effect	
	2019 US$m	2018 US$m	2019 Rm	2018 Rm
Financial assets				
Trade receivables and advances	122	109	±172	±150
Cash and cash equivalents	25	34	±35	±47
Financial liabilities				
Borrowings	(218)	(208)	±307	±285
Trade and other payables^	(5)	(2)	±7	±3
	(76)	(67)	±107	±91

^ *Represents foreign currency exchange risk exposure excluding metal purchase trade payables, which have been designated as a hedging instrument in a fair value hedge (refer note 31.2.1). The foreign exchange exposure on metal purchase trade payables has a Rnil effect on the statement of profit or loss after hedge accounting.*

	Year-end RTGS $ exposure		Profit/loss effect	
	2019 RTGS $m	2018 RTGS $m	2019 Rm	2018 Rm
Financial assets				
Trade and other receivables	34	—	±7	—
Cash and cash equivalents	2	—	±0	—
Financial liabilities				
Borrowings				
Trade and other payables	16	—	±3	—
	20	—	±4	—

± *Refers to an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest.*

Securities price risk
The Group is exposed to insignificant equity securities price risk because of financial assets at FVOCI held by the Group.

Commodity price risk
Commodity price risk refers to the risk of changes in fair value or cash flow of financial instruments as a result of commodity prices where the Group holds forward sales contracts, metal purchase commitments, included in trade and other payables which are determined with reference to commodity prices. This exposes the Group to commodity price risk.

From time to time, the Group enters into metal forward sales contracts, options or lease contracts to manage the fluctuations in metal prices, thereby preserving and enhancing its cash flow streams.

Sensitivity analysis
Commodity price risk sensitivity analysis presents the effect of a 10% change in the commodity prices on commodity-based financial instruments in profit or loss.

	Year-end commodity exposure		Profit/loss effect	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Financial assets	—	—	—	—
Financial liabilities				
Trade payables – metal purchases^	(3 504)	(3 262)	±0	±326
	(3 504)	(3 262)	±0	±326

± *Refers to an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.*
^ *The commodity price exposure has a Rnil effect on the statement of profit or loss after hedge accounting (note 31.2.1).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
31.2 Financial risk management continued
31.2.2 Market risk continued

Interest rate risk

The Group is exposed to fair value interest rate risk in respect of fixed rate financial assets and liabilities. Movement in interest rates will have an impact on the fair value of these instruments but will not affect profit or loss as these financial assets and liabilities are carried at amortised cost using the effective interest method.

The US$ convertible bond (carrying amount R3 067 million) has a fair value of approximately R3 430 million, and the ZAR convertible bond (carrying amount R2 764 million) has a fair value of approximately R3 002 million. These fair values are categorised within level 3 of the fair value hierarchy. A discounted cash flow valuation technique was used using a 4.25% discount rate on the US$ convertible bond and 9.57% discount rate on the ZAR convertible bond.

Fixed interest rate exposure:

	2019 Rm	2018 Rm
Financial assets		
Loans carried at amortised cost (note 7.4)	87	84
Financial liabilities		
Borrowings (note 15)	(5 831)	(5 489)
	(5 744)	(5 405)

The Group is exposed to cash flow interest rate risk in respect of its variable rate financial assets and liabilities.

The Group monitors its exposure to fluctuating interest rates. Cash and cash equivalents and rehabilitation trust investments are primarily invested with short-term maturity dates, which expose the Group to cash flow interest rate risk.

Sensitivity analysis

Cash flow interest rate risk sensitivity analysis presents the effect of a 100 basis points up and down fluctuation in the interest rate in profit or loss.

	Variable interest rate exposure		Profit/loss effect	
	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Financial assets				
Long-term debt instrument (note 7.3)	80	—	±1	—
Held-to-maturity financial assets (note 7.3)	—	73	—	±1
Trade and other receivables (note 9)	974	765	±10	±8
Cash and cash equivalents (note 11)	8 242	3 705	±82	±37
Financial liabilities				
Borrowings (note 15)	(1 487)	(3 564)	±15	±36
	7 809	979	±78	±10

± *Refers to an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
31.2 Financial risk management continued
31.2.3 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The Group minimises credit risk by ensuring that the exposure is spread over a number of counterparties.

The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Group could have to pay if the guarantees are called on (note 30).

There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans.

Cash and cash equivalents

The Group has policies that limit the amount of credit exposure related to cash and cash equivalents to any single financial institution by only dealing with well-established financial institutions of high credit quality standing. The credit exposure to any one of the counterparties is managed by setting exposure limits which are approved by the board.

	Exposure	
Banks' credit ratings	2019 Rm	2018 Rm
South African operations		
AA (zaf)	**1 839**	2 064
AA+ (f)(zaf)	**5 451**	—
Overseas operations		
AA (zaf)	**737**	1 211
BBB-	**206**	—
No rating	**9**	430
	8 242	3 705

Foreign currency exposure and exposure by country for cash and cash equivalents is analysed further in note 11.

Trade and other receivables

The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Trade debtors comprise a number of customers, dispersed across different geographical areas. Credit evaluations are performed on the financial condition of these and other receivables from time to time. Trade receivables are presented in the statement of financial position net of any provision for impairment. No trade receivables are past due.

Advances are made to customers based on "in-process metal purchases". Credit risk on advances where sufficient in-process metal creditors serve as collateral is low (note 9).

The table below provides an analysis of the Group's customer mix:

	New customers	2 years and less	From 2 to 5 years	Longer than 5 years	Total
Financial year 2018					
Number of customers	—	2	6	43	51
Value at year-end (R million)	—	12	221	1 831	2 064
Financial year 2019					
Number of customers	**2**	**1**	**5**	**33**	**41**
Value at year-end (R million)	**8**	**—**	**15**	**2 354**	**2 377**

No customers are in default at year-end (2018: nil).

Credit risk exposure in respect of trade receivables and advances is analysed further in note 9.

Credit risk exposure in respect of employee receivables is limited taking the employee's annual earnings into account.

Only an insignificant amount of these employee receivables are past due, as a result of employees having left the employment of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
31.2 Financial risk management continued
31.2.3 Credit risk continued

Financial assets at FVOCI and financial assets at amortised cost

The Group limits the amount of credit exposure related to these investments to any single financial institution and by only dealing with well-established financial institutions of high credit quality standing. The comparative amounts represent available-for-sale and held-to-maturity financial assets.

Financial institutions' credit ratings	Exposure 2019 Rm	Exposure 2018 Rm
AA (zaf)	89	81
BBB (zaf)	92	89
No rating	164	101
	345	271

Loans

Credit risk relating to loans mainly consists of employee housing loans. These loans are secured by a second bond over residential properties.

No loans are past due.

31.2.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has undrawn general banking facilities with various financial institutions as indicated below. The Group had a R4 billion committed facility at year end with a club of three South African banks. In the prior year, the Group had three committed facilities totalling R4 billion in aggregate, available with three South African banks. During the year, the Group converted its bilateral revolving credit facilities into a club facility with the same group of South African banks.

Committed credit limit facility – Impala Platinum Holdings Limited

Banks' credit ratings	Credit limit facilities 2019 Rm	Credit limit facilities 2018 Rm
AA (zaf)	4 000	4 000

None of these facilities (2018: R1 500 million) had been drawn down at year-end. The R4 billion committed facility bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 350 basis points and mature on 30 June 2021.

Revolving discounting facility (US$34 million) – Zimbabwe Platinum Mines (Private) Limited

Banks' credit ratings	Credit limit facilities 2019 Rm	Credit limit facilities 2018 Rm
AA (zaf)	479	466

This facility had not been drawn down at year-end. This facility is renewed annually.

Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 11) on the basis of expected cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
31.2 Financial risk management continued
31.2.4 Liquidity risk continued

The table below analyses the Group's financial liabilities and derivative financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Financial assets relevant to the understanding of future cash flow related to financial liabilities have been disclosed below:

	Total carrying amount Rm	Contractual interest Rm	Total un-discounted contractual cash flow Rm	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At June 2018							
Financial assets							
Loans carried at amortised cost (note 7.4)	84	83	167	10	10	30	117
Trade and other receivables (note 9)	2 506	–	2 506	2 506	–	–	–
Cash and cash equivalents (note 11)	3 705	–	3 705	3 705	–	–	–
Cross-currency interest rate swap (note 7.1)	21	633*	654	207	207	240	–
Financial liabilities							
Borrowings (note 15)	10 352	3 485	13 837	2 757	1 212	8 905	963
Other financial liabilities (note 16.2)	69	–	69	69	–	–	–
Trade and other payables (note 18)	6 546	–	6 546	6 546	–	–	–
At June 2019							
Financial assets							
Loans carried at amortised cost (note 7.4)	**87**	**61**	**148**	**10**	**10**	**29**	**99**
Trade and other receivables (note 9)	**2 761**	**–**	**2 761**	**2 761**	**–**	**–**	**–**
Cash and cash equivalents (note 11)	**8 242**	**–**	**8 242**	**8 242**	**–**	**–**	**–**
Cross-currency interest rate swap (note 7.1)	**151**	**197***	**348**	**205**	**205**	**(62)**	**–**
Financial liabilities							
Borrowings (note 15)#	**8 562**	**2 618**	**11 180**	**2 115**	**539**	**7 813**	**713**
Other financial liabilities (note 16.2)	**47**	**17**	**64**	**15**	**10**	**30**	**9**
Trade and other payables (note 18)	**6 808**	**–**	**6 808**	**6 808**	**–**	**–**	**–**

* *Represents the net cash flow of interest payment and receipts as well as the net swap for future capital.*
\# *Subsequent to year-end, Implats has induced conversion of the US$ bonds (carrying amount R3 067 million), refer note 33.*

Current financial assets are sufficient to cover financial liabilities for the next two years. Thereafter, retained cash and cash generated from operations are envisaged to be sufficient to settle the liabilities. Should the cash generated from operations not be sufficient, the Group can access its facilities or curtail its capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS

	2019 Rm	2018 Rm
(i) Associates		
Two Rivers		
Transactions with related parties:		
Refining fees	33	33
Purchases of metal concentrates	5 175	3 749
Year-end balances arising from transactions with related parties:		
Payables to associates	1 361	1 145
Makgomo Chrome		
Transactions with related parties:		
Refining fees	7	5
Sale of metal concentrates	7	5
Friedshelf		
Transactions with related parties:		
Interest accrued	122	125
Repayments	160	148
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	1 154	1 192
The finance leases have an effective interest rate of 10.2%.		
(ii) Joint venture		
Mimosa		
Transactions with related parties:		
Refining fees	317	285
Interest received	17	11
Purchases of metal concentrates	4 876	3 372
Year-end balances arising from transactions with related parties:		
Payables to joint venture	1 166	965
Receivables from joint venture	1 004	793

Transactions with related parties were entered into on an arm's-length basis at prevailing market rates. No related-party transactions were legally entered into with Mimosa, but are entered into with an intermediate. For accounting purposes these transactions are treated on a substance over form basis and included in related-party disclosure as if entered into with Mimosa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED

(iii) Directors' remuneration and key management compensation

The following tables summarise the fixed and variable remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2019:

Fixed remuneration

Individual	Package (R'000)	Retirement funds (R'000)	Other benefits (R'000)	Total 2019 (R'000)	Total 2018 (R'000)
Executive directors					
NJ Muller	9 739	1 404	18	11 161	10 450
M Kerber$	3 794	477	7	4 278	—
LN Samuel	5 188	652	18	5 858	4 006
Prescribed officers					
J Andrews@	4 355	509	12	4 876	—
PD Finney#	2 588	276	62	2 926	4 461
M Munroe	5 724	720	18	6 462	2 668
V Nhlapo@	3 658	239	11	3 908	—
K Pillay@	2 824	356	7	3 187	—
GS Potgieter	8 540	239	12	8 791	6 075
S Sibiya@	2 028	168	74	2 270	—
J Theron@	4 934	238	169	5 341	—
A Mhembere*	599*	90*	58*	747*	733*
Company secretary					
TT Llale	2 142	206	52	2 400	2 064

$ Appointed 1 August 2018.
 # Resigned 31 December 2018.
** (US$'000).*
@ Remuneration only disclosed from FY2019.

Variable remuneration

Individual	Bonus 2018 (R'000)	Retention (R'000)	Gains on LTIs and shares sold (R'000)	Total 2019 (R'000)	Total 2018 (R'000)
Executive directors					
NJ Muller	3 990	—	101	4 091	6 032
M Kerber$	—	1 350	—	1 350	—
LN Samuel	1 417	—	—	1 417	—
Prescribed officers					
J Andrews@	712	—	129	841	—
PD Finney#	1 004	—	390	1 394	2 403
M Munroe	2 298	—	—	2 298	—
V Nhlapo@	510	—	—	510	—
K Pillay@	44	—	—	44	—
GS Potgieter	2 366	—	536	2 902	4 635
S Sibiya@	579	—	166	745	—
J Theron@	785	—	334	1 119	—
A Mhembere*	467*	—	68*	535*	433*
Company secretary					
TT Llale	355	—	160	515	433

$ Appointed 1 August 2018.
 # Resigned 31 December 2018.
** (US$'000).*
@ Remuneration only disclosed from FY2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED

(iii) Directors' remuneration and key management compensation continued

Non-executive directors' fees in aggregate for the year:

	Board (R'000)	Audit committee (R'000)	Health, safety, environment and risk committee (R'000)	Nominations, governance and ethics committee (R'000)	Social, trans-formation and remu-neration committee (R'000)	Capital allocation and investment committee (R'000)	*Ad hoc* meetings (R'000)	Total (R'000)
MSV Gantsho	2 025	—	—	—	—	—	—	2 025
PW Davey	394	186	120	140	—	140	70	1 050
D Earp	361	361	—	—	—	119	122	963
UH Lucht (RBH)	394	—	—	—	—	140	35	569
AS Macfarlane	394	—	311	—	—	—	53	758
FS Mufamadi	394	—	—	140	—	—	35	569
B Ngonyama	1 239	31	—	—	11	—	34	1 315
MEK Nkeli	394	15	140	—	311	—	53	913
PE Speckmann	361	174	—	—	119	—	53	707
ZB Swanepoel	394	—	140	—	—	311	52	897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED

(iii) Directors' remuneration and key management compensation continued

The following table reflects the status of shares and unexercised options held by executive directors, prescribed officers and other senior executives and the gains made by them as a result of past awards during the year ended 30 June 2019:

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
Directors									
N Muller									
Sign-on	225 074	—		—	112 537	3 Apr 19	112 537		
							112 537	44.43	3 Apr 20
LTIP SAR	631 481	—		—	—		631 481		
							145 781	43.29	16 May 20
							485 700	36.75	21 Nov 20
LTIP CSP	288 859	—		—	—		288 859		
							80 379	—	16 May 20
							208 480	—	21 Nov 20
LTIP BSP	—	85 042	20 Nov 18	—	—		85 042		
							42 521	—	20 Nov 19
							42 521	—	20 Nov 20
LTIP PSP	—	236 004	20 Nov 18	—	—		236 004		
							236 004	—	20 Nov 21
M Kerber									
LTIP SAR	—	34 211	20 Sep 18	—	—		34 211	17.92	20 Sep 21
							34 211		
LTIP CSP	—	20 095	20 Sep 18	—	—		20 095		
							20 095	—	20 Sep 21
LTIP PSP	—	76 136	20 Nov 18	—	—		76 136		
							76 136	—	20 Nov 21
LN Samuel									
LTIP SAR	87 444	—		—	—		87 444		
							87 444	36.75	21 Nov 20
LTIP CSP	56 301	—		—	—		56 301		
							56 301	—	21 Nov 20
LTIP BSP	—	30 215	20 Nov 18	—	—		30 215		
							15 107	—	20 Nov 19
							15 108	—	20 Nov 20
LTIP PSP	—	94 834	20 Nov 18	—	—		94 834		
							94 834	—	20 Nov 21

 # For associated gains refer table on page 88.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED
(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
Company secretary									
TT Llale									
Share appreciation scheme	12 896	–		3 846	–		9 050		
							494	171.39	4 Nov 11
							1 000	209.09	13 May 12
							1 224	193.83	1 Nov 12
							1 540	193.79	12 May 13
							853	171.76	10 Nov 13
							3 939	145.48	24 May 14
LTIP SAR	36 830	–		9 194	4 591	20 Nov 18	23 045		
							1 038	81.90	13 Nov 17
							7 041	54.29	9 Nov 19
							14 966	80.97	21 Nov 20
LTIP CSP	47 779	–		11 029	5 507	12 Nov 18	31 243		
							11 971	–	9 Nov 19
							19 272	–	21 Nov 20
LTIP BSP	–	7 568	20 Nov 18	–	–		7 568		
							3 784	–	20 Nov 19
							3 784	–	20 Nov 20
LTIP PSP	–	31 990	20 Nov 18	–	–		31 990		
							31 990	–	20 Nov 21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED
(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
Prescribed officers									
J Andrews									
Share appreciation scheme	48 788	—		—	—		**48 788**		
							8 348	171.39	4 Nov 11
							2 882	209.09	13 May 12
							19 260	193.83	1 Nov 12
							2 675	193.79	12 May 13
							13 219	171.76	10 Nov 13
							2 404	145.48	24 May 14
LTIP SAR	145 475	—		—	38 499	20 Nov 18	**106 976**		
							4 121	134.91	11 Nov 16
							3 937	81.90	13 Nov 17
							17 374	35.16	12 Nov 18
							26 102	54.29	9 Nov 19
							55 442	80.97	21 Nov 20
LTIP CSP	89 176	—		—	10 421	12 Nov 18	**78 755**		
							22 188	—	9 Nov 19
							35 696	—	21 Nov 20
LTIP BSP	—	15 165	20 Nov 18	—	—		**15 165**		
							7 582	—	20 Nov 19
							7 583	—	20 Nov 20
LTIP PSP	—	63 148	20 Nov 18	—	—		**63 148**		
							63 148	—	20 Nov 21
PD Finney									
Share appreciation scheme	74 950	—		74 950	—		**—**		
LTIP SAR	185 996	—		185 996	—		**—**		
LTIP CSP	144 499	—		144 499	—		**—**		
M Munroe									
LTIP SAR	90 770	—		—	—		**90 770**		
							90 770	29.27	6 Mar 21
LTIP CSP	54 363	—	—	—	—		**54 363**		
							54 353	—	6 Mar 21
LTIP BSP	—	17 013	20 Nov 18	—	—		**17 013**		
							8 506	—	20 Nov 19
							8 507	—	20 Nov 20
LTIP PSP	—	137 746	20 Nov 18	—	—		**137 746**		
							137 746	—	20 Nov 21

 # For associated gains refer table on page 88.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED
(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
V Nhlapo									
LTIP SAR	62 129	—		—	—		62 129		
							62 129	80.97	21 Nov 20
LTIP CSP	40 002			—	—		40 002		
							40 002	–	21 Nov 20
LTIP BSP	—	10 867	20 Nov 18	—	—		10 867		
							5 434	–	20 Nov 19
							5 433	–	20 Nov 20
LTIP PSP	—	53 743	20 Nov 18	—	—		53 743		
							53 743	–	20 Nov 21
K Pillay									
LTIP SAR	42 394	—		—	—		42 394		
							42 934	80.97	17 May 21
LTIP CSP	27 294			—	—		27 294		
							27 294	–	5 June 21
LTIP BSP	—	932	20 Nov 18	—	—		932		
							466	–	20 Nov 19
							466	–	20 Nov 20
LTIP PSP	—	41 587	20 Nov 18	—	—		41 587		
							41 587	–	20 Nov 20
GS Potgieter									
Share appreciation scheme	98 878	—		—	—		98 878		
							93 783	186.60	1 Jul 12
							5 095	171.76	10 Nov 13
LTIP SAR	255 145	—		68 187	—		186 958		
							7 174	134.91	11 Nov 16
							8 228	81.90	13 Nov 17
							30 773	35.16	12 Nov 18
							45 067	54.29	9 Nov 19
							95 716	36.75	21 Nov 20
LTIP CSP	155 363	—		36 969	18 457	12 Nov 18	99 937		
							38 310	–	9 Nov 19
							61 627	–	21 Nov 20
LTIP BSP	—	50 449	20 Nov 18	—	—		50 449		
							25 224	–	20 Nov 19
							25 225	–	20 Nov 20
LTIP PSP	—	137 060	20 Nov 18	—	—		137 060		
							137 060	–	20 Nov 21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED
(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
S Sibiya									
Share appreciation scheme	13 483	–		–	–		**13 483**		
							1 220	171.39	4 Nov 11
							1 914	209.09	13 May 12
							1 383	193.83	1 Nov 12
							885	193.79	12 May 13
							1 893	171.76	10 Nov 13
							6 188	145.48	24 May 14
LTIP SAR	38 787	–		8 375	6 669	20 Nov 18	**23 743**		
							777	134.91	11 Nov 16
							1 078	81.90	13 Nov 17
							7 000	54.29	9 Nov 19
							14 888	80.97	21 Nov 20
LTIP CSP	48 274	–		11 029	5 507	12 Nov 18	**31 738**		
							11 971	–	9 Nov 19
							19 171	–	21 Nov 20
LTIP BSP	–	12 347	20 Nov 18	–	–		**12 347**		
							6 173	–	20 Nov 19
							6 174	–	20 Nov 20
LTIP PSP	–	38 388	20 Nov 18	–	–		**38 388**		
							38 388	–	20 Nov 21
J Theron									
Share appreciation scheme	80 344	–		30 913	–		**49 421**		
							7 272	171.39	4 Nov 11
							2 062	209.09	13 May 12
							19 236	193.83	1 Nov 12
							3 848	193.79	12 May 13
							12 658	171.76	10 Nov 13
							4 345	145.48	24 May 14
LTIP SAR	158 332	–		42 459	–		**115 873**		
							4 477	134.91	11 Nov 16
							4 329	81.90	13 Nov 17
							19 167	35.16	12 Nov 18
							28 102	54.29	9 Nov 19
							59 798	36.75	21 Nov 20
LTIP CSP	96 911	–		23 025	11 496	12 Nov 18	**62 390**		
							23 889	–	9 Nov 19
							38 501	–	21 Nov 20
LTIP BSP	–	16 737	20 Nov 18	–	–		**16 737**		
							8 369	–	20 Nov 19
							8 368	–	20 Nov 20
LTIP PSP	–	68 522	20 Nov 18	–	–		**68 522**		
							68 522	–	20 Nov 21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32. RELATED-PARTY TRANSACTIONS CONTINUED
(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2018	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2019	Allocation price (R)	First vesting date
A Mhembere									
LTIP SAR	409 989	–		119 501	–		290 488		
							10 620	134.91	11 Nov 16
							9 900	81.90	13 Nov 17
							55 338	35.16	12 Nov 18
							69 178	54.29	9 Nov 19
							145 452	36.75	21 Nov 20
LTIP CSP	252 131	–		66 480	33 191	12 Nov 18	152 460		
							58 807	–	9 Nov 19
							93 653	–	21 Nov 20
LTIP BSP	–	153 310	20 Nov 18	–	–		153 310		
							76 655	–	20 Nov 19
							76 655	–	20 Nov 20
LTIP PSP	–	263 861	20 Nov 18	–	–		263 861	–	20 Nov 21

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US$ 3.25% convertible bonds due 2022 (US$ bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and condition of the bonds, to convert their US$ bonds into ordinary shares in Implats. Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R510 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his $200 000 bond into 51 404 shares in terms of the terms and conditions of the bond. The shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 million.

At year-end, the US bonds did not have a dilutive impact on earnings per share or headline earnings per share.

On the conversion date, Implats will:
- Expense the cash consideration of R510 million paid to bondholders
- Transfer the carrying value of its US$ bonds at that date to ordinary share capital (the carrying value at 30 June 2019 was R3 067 million (note 15.4))
- Transfer the fair value of the US$ bond conversion option at that date to other equity reserves (the carrying value at 30 June 2019 was R1 611 million (note 16.1)).

The movement in the carrying value of the US$ bonds and fair value of the US$ bond conversion option between 1 July 2019 to the conversion date, will be accounted for in the profit or loss for the period.

In addition, the 64.3 million ordinary shares will be included in the weighted average number of ordinary shares in issue from the date of issue.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Non-current assets			
Investments in associates and joint venture	2	1 083	1 064
Investments in subsidiaries	3	1 629	3 281
Loans to subsidiaries	3	22 496	23 144
Other financial assets	4	166	75
		25 374	27 564
Current assets			
Trade and other receivables		6	207
Loan to subsidiaries	3	2 108	7 883
Current tax receivable		—	33
Cash and cash equivalents	5	6 897	1 415
		9 011	9 538
Total assets		34 385	37 102
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	6	22 557	22 557
Retained earnings		3 968	6 192
Other components of equity		11	11
Total equity		26 536	28 760
LIABILITIES			
Non-current liabilities			
Deferred tax	7	98	245
Borrowings	8	5 709	5 405
Other financial liabilities	9	1 611	50
		7 418	5 700
Current liabilities			
Trade and other payables		26	29
Current tax payable		7	—
Borrowings	8	398	2 613
		431	2 642
Total liabilities		7 849	8 342
Total equity and liabilities		34 385	37 102

The notes on pages 100 to 111 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
Revenue	10	2 284	3 457
Finance cost		(716)	(675)
Other income	11	4	509
Other expenses	12	(3 892)	(735)
(Loss)/profit before tax		(2 320)	2 556
Income tax credit/(expense)	13	96	(106)
(Loss)/profit for the year		(2 224)	2 450
Other comprehensive income, comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets		–	10
Total comprehensive (loss)/income for the year		(2 224)	2 460

The notes on pages 100 to 111 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Total share capital Rm	Retained earnings Rm	Other compo-nents of equity Rm	Total equity Rm
Balance at 30 June 2017	18	20 195	1 894	22 107	3 742	1	25 850
ZAR bond conversion option	—	450	—	450	—	—	450
Total comprehensive income	—	—	—	—	2 450	10	2 460
– Profit for the year	—	—	—	—	2 450	—	2 450
– Other comprehensive income	—	—	—	—	—	10	10
Balance at 30 June 2018	**18**	**20 645**	**1 894**	**22 557**	**6 192**	**11**	**28 760**
Total comprehensive income	—	—	—	—	(2 224)	—	(2 224)
– Loss for the year	—	—	—	—	(2 224)	—	(2 224)
– Other comprehensive income	—	—	—	—	—	—	—
Balance at 30 June 2019	**18**	**20 645**	**1 894**	**22 557**	**3 968**	**11**	**26 536**

The notes on pages 100 to 111 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	15	37	(67)
Dividends received	10	1 422	2 621
Finance income		526	669
Finance cost		(537)	(686)
Income tax paid		(11)	(48)
Net cash from operating activities		1 437	2 489
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of interest in associate – Waterberg		—	(408)
Waterberg shareholder funding		(19)	(17)
Return on investment: Impala Chrome		20	—
Loans to subsidiaries		—	(7 782)
Loan repayments from subsidiaries		6 288	—
Net cash from/(used in) in investing activities		6 289	(8 207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		35	2 465
Repayments of borrowings		(2 279)	(660)
Net cash (used in)/from financing activities		(2 244)	1 805
Net increase/(decrease) in cash and cash equivalents		5 482	(3 913)
Cash and cash equivalents at the beginning of the year		1 415	5 328
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		6 897	1 415

The notes on pages 100 to 111 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and principal accounting policies are disclosed on pages 16 and 17.

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Subsidiaries, associated undertakings and joint ventures

Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the Company financial statements.

Revenue

Revenue of the Company mainly comprises dividend income and finance income. Dividend income is recognised when the shareholder's right to receive payment is established. Interest income is recognised on a time-proportion basis using the effective interest method.

1.1 Adoption IFRS 9 *Financial instruments*

The disclosure below describes the impact of the Company's adoption of IFRS 9 and provides context to the disclosure of the various financial instruments in the notes to follow:

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IFRS 9 *Financial Instruments*

This standard replaces IAS 39 *Financial Instruments*.

The adoption of IFRS 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies. The Company has not restated comparatives on transition because the Company was not able to meet the requirement in the standard to do so without the use of hindsight. IFRS 9 adoption has impacted both the classification and impairment requirements of financial assets. The Company now classifies former loans and receivables as measured at amortised cost. Derivative financial instruments and available-for-sale financial assets have now been classified as measured at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI) respectively.

The following table indicates the reclassifications and adjustments recognised for each individual line item per the statement of financial position at 1 July 2018:

IAS 39 classifications			IFRS 9 classifications			
	Balance at 30 June 2018 Rm	Reclassi-fication Rm	Amortised cost Rm	Fair value through profit or loss Rm	Fair value through other compre-hensive income* Rm	Balance at 1 July 2018 Rm
Financial assets						
Available-for-sale financial assets	15	(15)	—	—	15	**15**
Loans[@]	31 027	(31 027)	31 027	—	—	**31 027**
Other financial assets	60	(60)	39	21	—	**60**
Derivative financial asset[#]	21	(21)	—	21	—	**21**
Loans carried at amortised cost[@]	39	(39)	39	—	—	**39**
Trade and other receivables[@]	207	(207)	207	—	—	**207**
Cash and cash equivalents	1 415	(1 415)	1 415	—	—	**1 415**
Total financial assets	32 724	(32 724)	32 688	21	15	**32 724**
Financial liabilities						
Borrowings[@]	8 018	(8 018)	8 018	—	—	**8 018**
Other financial liabilities	50	(50)	—	50	—	**50**
Derivative financial liability[#]	50	(50)	—	50	—	**50**
Trade and other payables[@]	26	(26)	26	—	—	**26**
Total financial liabilities	8 094	(8 094)	8 044	50	—	**8 094**

 # Continues to be measured subsequently at fair value through profit or loss.

@ Continues to be measured subsequently at amortised cost.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES CONTINUED
1.1 Adoption IFRS 9 *Financial instruments* continued
The reclassification detailed in the table above was informed by the following Implats business models and financial asset characteristics:

Reclassifying equity instruments previously classified as available-for-sale to FVOCI
The Company elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income. The cumulative fair value gains and losses on these instruments were not reclassified and will continue to be recognised in "other reserves" in equity. The gains and losses on these investments will not be reclassified to profit or loss upon derecognition.

Reclassification to amortised cost
Loans and receivables (including cash and cash equivalents) carried at amortised cost were reclassified to financial assets at amortised cost. The Company intends to hold the assets to maturity, to collect contractual cash flows that consists solely of payments of principal and interest on the outstanding amount.

Financial assets and liabilities at fair value through profit or loss
The derivative financial assets do not meet the criteria for classification at either amortised cost or FVOCI. The derivative financial assets are therefore classified as measured at FVPL. The derivative financial liabilities are measured in accordance with IFRS 9 at FVPL.

Impairment of financial assets
The impairment policy for financial assets on the new expected credit loss model (ECL), is consistent with that of the Group as disclosed on page 45 of the consolidated Group financial statements.

Loans to subsidiaries
Intra-group loans are measured at amortised cost. They generally do not bear interest, and have no repayment terms. The general ECL model is applied to these instruments. All intra-group loans are considered to be low credit risk as they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The expected credit loss allowance recognised during the period is limited to the probability of default in the next 12 months, on the full carrying amount of the financial asset.

General factors of a significant increase in the credit risk in intra-group loans are a reduced or negative net asset value or a significant decrease on the debtor company's discounted cash flow valuation. When this is the case, the loan is considered to be credit impaired and is immediately evaluated on the lifetime ECL model, which is the result of all possible default events over the expected life of the financial instrument.

At 30 June 2019 the ECL was reassessed, and the necessary ECL provisions raised (note 12).

The write-off policy for intra-group loans is consistent with that of the Group.

Financial liabilities
All non-derivative financial liabilities will continue to be measured at amortised cost. Derivative financial liabilities will also continue to be measured at fair value through profit or loss.

2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

	2019 Rm	2018 Rm
Associates		
Waterberg (note 4 of the Group annual financial statements)	444	425
Two Rivers Platinum (note 4 of the Group annual financial statements)	202	202
Makgomo Chrome (note 4 of the Group annual financial statements)	61	61
Joint venture		
Mimosa (note 4 of the Group annual financial statements)	376	376
Total investments in associates and joint venture	1 083	1 064

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. INVESTMENTS IN SUBSIDIARIES

(All amounts in rand millions unless otherwise stated)	Issued share capital	% interest 2019	% interest 2018	Carrying amount Investment 2019	Carrying amount Investment 2018	Carrying amount Loans# 2019	Carrying amount Loans# 2018
Company and description							
Impala Holdings Limited	*	100	100	–	–	11 346	11 346
Investment holding company							
Impala Platinum Limited (note 3.1)	*	100	100	–	–	8 386	14 159
Mines, refines and markets PGMs							
Impala Platinum Investments (Pty) Limited	*	100	100	–	–	–	–
Impala Platinum Properties (Rustenburg) (Pty) Limited	*	100	100	–	–	–	–
Impala Platinum Properties (Johannesburg) (Pty) Limited	*	100	100	–	–	–	–
Own properties							
Employee Share Ownership Trust						1 080	1 080
Biz Afrika 1866 (Pty) Limited	*	–	–	–	–	–	–
Afplats (Pty) Limited		74	74	15	1 647	–	–
Owns mineral rights							
Imbasa Platinum (Pty) Limited	*	60	60	–	–	–	47
Owns mineral rights							
Inkosi Platinum (Pty) Limited	*	49	49	–	–	–	133
Owns mineral rights							
Gazelle Platinum Limited	*	100	100	–	–	220	220
Investment holding company							
Impala Platinum Japan Limited[1]	¥10m	100	100	2	2	–	–
Marketing representative							
Impala Platinum Zimbabwe (Pty) Limited	*	100	100	73	73	233	351
Investment holding company							
Impala Platinum BV[2]	€0.02	100	100	900	900	–	–
Investment holding company							
Zimplats Holdings Limited**[3]	US$10.8m	87	87	–	–	–	–
Investment holding company							
Zimbabwe Platinum Mines (Pvt) Limited[4]	US$30.1m	87	87	–	–	–	–
Owns mineral rights and mines PGMs							
Marula Platinum (Pty) Limited	*	73	73	607	607	3 339	3 691
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	*	65	65	32	52	–	–
Total				1 629	3 281	24 604	31 027
Total investments at cost						26 233	34 308

* *Share capital less than R50 000.*
** *Listed on the Australian Securities Exchange.*
# *Loans are non-interest bearing and have no fixed term of repayment, except as per note 3.1*
[1] *Incorporated in Japan.*
[2] *Incorporated in the Netherlands.*
[3] *Incorporated in Guernsey.*
[4] *Incorporated in Zimbabwe.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. INVESTMENTS IN SUBSIDIARIES CONTINUED

	Notes	2019 Rm	2018 Rm
3.1 Loan to Impala Platinum Limited			
Loan – convertible bonds	3.1.1	**6 394**	6 350
Intra-group loan	3.1.2	**1 992**	7 809
		8 386	14 159
Current		**2 108**	7 883
Non-current		**6 278**	6 276

3.1.1 Loan – convertible bonds
The loan to Impala Platinum Limited is in respect of the cash obtained from the 2022 convertible bonds issue. Interest on the loan is charged at 9% with bi-annual payments ending on 7 June 2022.

3.1.2 Intra-group loan
The Company made a loan to Impala Platinum Limited, which is unsecured and bears interest at rates agreed upon from time to time by the parties. There are no fixed terms of repayment.

4. OTHER FINANCIAL ASSETS

	Notes	2019 Rm	2018 Rm
Financial assets at FVOCI	4.1	**15**	—
Available-for-sale investment	4.1	**—**	15
Loans	4.2	**—**	39
Derivative financial asset	4.3	**151**	21
		166	75

4.1 Financial assets at FVOCI
With the adoption of IFRS 9 in the current year, the financial assets that were previously classified as available-for-sale financial asset comprising shares in Guardrisk, an insurance cell captive (2018: R15 million) was reclassified to financial assets at FVOCI. The fair value of these shares is equal to the underlying net value of assets in the investment vehicle.

4.2 Loans
The loans were granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Platinum Mining (Pty) Limited in terms of a BEE transaction. The loan was written off as it is expected to be irrecoverable.

4.3 Derivative financial instruments
Implats entered into a CCIRS amounting to $250 million to hedge the foreign exchange risk on the US$ convertible bond, being: exchange rate risk on the dollar interest payments and the risk of a future cash settlement of the bonds at a rand-dollar exchange rate weaker than R13.025/US$. US$250 million was swapped for R3 256 million on which Implats pays a fixed interest rate to Standard Bank of 9.8%. Implats receives the 3.25% coupon on the US$250 million on the same date which Implats pays-on externally to the bondholders and the interest thereon. In June 2022, Implats will receive $250 million for a payment of R3 256 million.

The CCIRS is carried at its fair value of R151 million asset (2018: R21 million asset – note 7). No hedge accounting has been applied.

Refer notes 7 and 16 of the Group annual financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. CASH AND CASH EQUIVALENTS

	2019 Rm	2018 Rm
Short-term bank deposits	6 842	1 025
Cash at bank	55	390
	6 897	1 415
Bank balances (US$ million)	2	28

Refer note 11 of the Group annual financial statements for detailed disclosure relating to cash and cash equivalents.

6. SHARE CAPITAL

	2019 Rm	2018 Rm
Ordinary shares	18	18
Share premium	20 645	20 645
Share-based payment reserve	1 894	1 894
Total share capital	22 557	22 557

The authorised share capital of the holding company consists of 944.01 (2018: 944.01) million ordinary no par value shares.

The issued share capital of the holding company consists of 734.78 (2018: 734.78) million ordinary no par value shares.

The authorised share capital of the Company is 944.01 million. The authorised but unissued share capital is 209.23 million and remains under the control of the directors. The issued share capital remained unchanged at 734.78 million. Subsequent to year-end, Implats has induced conversion of the US$ bonds, refer note 33 of the consolidated financial statements.

7. DEFERRED TAX

	2019 Rm	2018 Rm
The analysis of the deferred tax liabilities presented in the statement of financial position is as follows:		
Deferred tax liability	(98)	(245)

Deferred income taxes are calculated at the prevailing tax rates.

Deferred tax movements are attributable to the following temporary differences (assets/(liabilities) and unused tax losses:

	Opening balance Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Closing balance Rm
2019				
Equity portion of bonds	(175)	—	—	(175)
Fair value of assets and liabilities	(70)	147	—	77
	(245)	147	—	(98)

	Opening balance Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Closing balance Rm
2018				
Equity portion of bonds	—	—	(175)	(175)
Fair value of assets and liabilities	11	(81)	—	(70)
	11	(81)	—	(245)

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. BORROWINGS

	Notes	2019 Rm	2018 Rm
Convertible bonds – ZAR	8.1	**2 764**	2 630
Convertible bonds – US$	8.2	**3 067**	2 858
Intra-group borrowing – Impala Platinum Limited	8.3	**199**	164
Intra-group borrowing – Impala Refining Services Limited	8.3	**—**	764
Intra-group borrowing – other	8.3	**77**	92
Revolving credit facility	8.4	**—**	1 510
		6 107	8 018
Current		**398**	2 613
Non-current		**5 709**	5 405
Reconciliation			
Beginning of the year		**8 018**	5 873
Proceeds		**35**	2 465
Interest accrued		**591**	606
Interest repayment		**(334)**	(367)
Repayments		**(2 279)**	(660)
Exchange adjustment		**76**	101
End of the year		**6 107**	8 018

8.1 Convertible bonds – ZAR

The ZAR denominated bonds have a par value of R3 250 million and carry a coupon of 6.375% (R207.2 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bondholder has the option to convert the bonds to Implats shares at a price of R50.01. The value of this conversion option derivative was R676 million on issue. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for the specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 12.8%.

8.2 Convertible bonds – US$ (note 9.1)

The US$ denominated bonds have a par value of US$250 million and carry a coupon of 3.25% (US$8.1 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bondholder has the option to convert the bonds to Implats shares at a price of US$3.89. The value of this conversion option derivative was R559 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. Subsequent to year-end, Implats has induced conversion of the bonds, refer note 33 of the Group annual financial statements. The effective interest rate is 8.38%. (Refer notes 7 and 16 of the Group financial statements for information regarding the conversion option and the CCIRS entered into, to hedge certain aspects of the foreign exchange risk on this bond.)

8.3 Intra-group borrowing

The borrowings are from subsidiaries and interest is charged at the Company's overdraft borrowing rate which varied between 5.5% and 6.3% per annum. The loan is unsecured and has no fixed term of repayment.

8.4 Revolving credit facility

In the previous period, Implats drew down R1 500 million on the Standard Bank facility which was repaid in full during the current period. The facility bore interest at 10.2%. During the year, the Company converted its bilateral facilities with three different banks into a club facility. The facility of R4 billion bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 350 basis points and mature on 30 June 2019.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. OTHER FINANCIAL LIABILITIES

	Notes	2019 Rm	2018 Rm
Derivative financial instrument			
Conversion option – US$ convertible bond	9.1	1 611	50

9.1 Conversion option – US$ convertible bond (note 8.2)

The US$ bondholders have the option to convert the bonds to Implats shares at a price of US$3.89. The conversion option was valued at its fair value of R1 611 million at year-end, resulting in a R1 560 million loss for the period in other expense.

The main inputs into this model are as follows:	2019	2018
Exercise price (US$)	3.89	3.89
Share price on valuation date (US$)	4.95	1.47
Volatility (%)	32.72	32.01
Risk-free US$ interest rate (%)	1.72	2.65

10. REVENUE

	2019 Rm	2018 Rm
Finance income – cash and cash equivalents	258	172
Finance income – loans to subsidiaries	571	622
Dividends received	1 422	2 621
Guarantee fees	29	38
Management fee	4	4
	2 284	3 457

The Company's main sources of revenue are further disaggregated as follows:

	2019 Rm	2018 Rm
Dividends received		
Impala Refining Services Limited	–	2 340
Impala B.V.	556	–
Impala Platinum Zimbabwe Proprietary Limited	400	–
Mimosa Investment Limited	153	–
Two Rivers Platinum Proprietary Limited	241	253
Impala Chrome Proprietary Limited	45	28
Other	27	–
	1 422	2 621
Finance income		
Impala Platinum Limited	571	573
Other	–	49
	571	622

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Adoption of IFRS 15 *Revenue from Contracts with Customers*

In accordance with the transition provisions in IFRS 15, the new rules were adopted under the modified retrospective approach, to open, unfulfilled customer contracts on 1 July 2017, and the effect of the adoption reflected in current year opening retained earnings. The financial impact of the application of the revenue recognition adjustments to opening retained earnings was Rnil. The Company's accounting policy has been revised to align with IFRS 15, and additional disclosures have been introduced, particularly on the disaggregation of revenue.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. OTHER INCOME

	2019 Rm	2018 Rm
Derivative financial instruments – fair value movements		
– Other derivatives	–	509
Other	4	–
	4	509

12. OTHER EXPENSES

	2019 Rm	2018 Rm
Impairment of investment in Afplats#	1 632	339
Derivative financial instruments – fair value movements		
– (US$ convertible bond) (note 9)	1 560	–
– Cross-currency interest rate swap (CCIRS) (note 4.3)	72	143
Impairment of financial assets*	448	–
Net foreign exchange transaction losses	74	188
Corporate costs	52	33
Service fee	5	4
Other	49	28
	3 892	735

 # Refer note 21 of the consolidated financial statements for detail disclosure relating to the impairment of the investment in Afplats.
** Impairment of financial assets includes impairment of loans to subsidiaries (note 3) of R180 million and the impairment of other receivables of R268 million.*

13. INCOME TAX (CREDIT)/EXPENSE

	2019 Rm	2018 Rm
Current tax		
South African company tax	52	34
Prior year overprovision	(1)	(9)
Deferred tax		
Temporary differences	(161)	69
Prior year underprovision	14	12
Income tax (credit)/expense	(96)	106
The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on (loss)/profit before tax	(650)	716
Adjusted for:		
Disallowable expenditure	456	22
Exempt dividend income	(398)	(734)
Prior year adjustment	13	3
Deferred tax not recognised (impairment and other)	482	98
Taxable capital gain	1	1
Income tax (credit)/expense	(96)	106

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. CONTINGENT LIABILITIES AND GUARANTEES

	2019 Rm	2018 Rm
At year-end, the Company had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.		
The Company has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (refer note 15).		
Guarantees		
Standard Bank – Marula BEE parties	888	887
Standard Bank – Zimplats Pvt Ltd	599	1 167
Total guarantees	1 487	2 054

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Guarantees

The Company initially measures its guarantees at fair value and subsequently measures it guarantees at the higher of the expected credit loss of the counterparty or the present value of the difference in net cash flows between the contractual payments of the debt instrument and the payment required without the guarantee.

15. CASH GENERATED FROM/(USED IN) OPERATIONS

	2019 Rm	2018 Rm
(Loss)/profit before tax	(2 320)	2 556
Adjustment for:		
Foreign exchange losses	76	101
Fair value adjustments on derivatives	1 632	(366)
Impairment of investment in Afplats	1 632	339
Impairment and write-off of financial assets	488	—
Finance cost	591	606
Finance income	(571)	(600)
Dividend income (note 10)	(1 422)	(2 621)
	106	15
Cash movements from changes in working capital:		
Increase in trade and other receivables	(67)	(78)
Decrease in trade and other payables	(2)	(4)
Cash generated from/(used in) operations	37	(67)

16. RELATED-PARTY TRANSACTIONS

	2019 Rm	2018 Rm
Associates and joint venture (note 2)		
Two Rivers		
Transactions with related parties:		
Dividend received	241	253
Makgomo Chrome		
Transactions with related parties:		
Dividend received	27	—
Mimosa		
Transactions with related parties:		
Dividend received	153	—

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. RELATED-PARTY TRANSACTIONS CONTINUED

	2019 Rm	2018 Rm
Subsidiaries (notes 3 and 8)		
Impala		
Transactions with related parties:		
Loan repayments	(5 817)	—
Proceeds from borrowings	35	—
Interest income accrued	571	573
Interest paid	(526)	—
Balances arising from transactions with related parties:		
Loan	8 386	14 159
Borrowings	199	164
ESOT		
Balance arising from transactions with related parties:		
Loans	1 080	1 080
Impala Holdings Limited		
Balances arising from transactions with related parties:		
Loans	11 346	11 346
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Loans granted	—	296
Loan repayments	(353)	—
Balances arising from transactions with related parties:		
Loan	3 339	3 691
Impala Refining Services Limited		
Transactions with related parties:		
Dividend received	—	2 340
Loan repayments	(764)	—
Balances arising from transactions with related parties:		
Borrowings	—	764
Gazelle Platinum Limited		
Balances arising from transactions with related parties:		
Loans	220	220
Impala Platinum Zimbabwe		
Balances arising from transactions with related parties:		
Loan	233	351
Transactions with related parties:		
Dividend received	400	—
Impala BV		
Transactions with related parties:		
Dividend received	556	—

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. RELATED-PARTY TRANSACTIONS CONTINUED

	2019 Rm	2018 Rm
Impala Chrome		
Transactions with related parties:		
Dividend received	45	28
Balances arising from transactions with related parties:		
Borrowings	35	37
Afplats Proprietary Limited		
Balance arising from transactions with related parties:		
Borrowings	42	55
Imbasa Platinum Proprietary Limited		
Transactions with related parties:		
Impairment	47	–
Balances arising from transactions with related parties:		
Loans	–	47
Inkosi Platinum Proprietary Limited		
Transactions with related parties:		
Impairment	133	–
Balances arising from transactions with related parties:		
Loans	–	133

Share options granted to directors
The aggregate number of share options granted to key management (directors and executive management) is disclosed in note 32 of the Group annual financial statements.

17. FINANCIAL RISK MANAGEMENT
The Company manages its risk on a Group-wide basis. Refer note 31 of the Group annual financial statements.

17.1 Market risk
Foreign exchange risk
There are no significant concentrations of foreign exchange risk.

Interest rate risk
The Company is exposed to fair value interest rate risk in respect of fixed rate financial assets and liabilities. Movement in interest rates will have an impact on the fair value of these instruments but will not affect profit or loss as these financial assets and liabilities are carried at amortised cost using the effective interest method.

Fixed interest rate exposure:

	2019 Rm	2018 Rm
Financial assets		
At amortised cost		
Loans to subsidiaries (note 3)	24 185	27 336
Financial liabilities		
Borrowings	(5 831)	(5 488)
	18 354	21 848

The carrying amount of other financial assets and liabilities which are not carried at fair value, is a reasonable approximation of their fair value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL RISK MANAGEMENT CONTINUED

17.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 14).

The potential concentration of credit risk could arise in loans to associates, loans to subsidiaries, receivables and prepayments and trade receivables. No financial assets were past due for the current or the comparative period under review. No terms relating to financial assets have been renegotiated resulting in assets not being past due.

Loans to subsidiaries

These loans are unsecured and have no fixed terms of repayment.

Loans

Credit risk relating to these loans consist of loans to BEE companies.

Trade and trade receivables

Trade and other receivables consist mainly of guarantee fees receivable from financial institutions with high credit ratings.

17.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding for its expected future cash flow. Impala Platinum Holdings Limited's cash requirements are met by cash distributions, loans from subsidiaries, as well as from its borrowing facilities.

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 14.

17.4 Cash flow interest rate risk

The Company is not exposed to significant interest-bearing liabilities resulting in cash flow interest rate risk.

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