



# IMPLATS

Distinctly Platinum



Annual Financial Statements 2012

# Implats is one of the world's primary producers of PGMs and associated base metals.

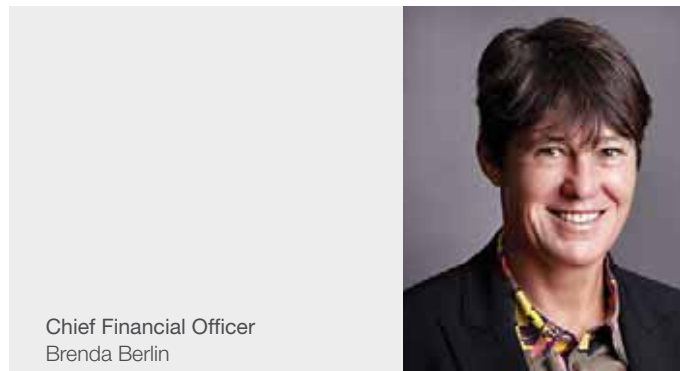
The Group has operations on the platinum group metals-bearing orebodies of the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe. Implats contributes approximately 22% of global platinum output.

Implats has a primary listing on the JSE in South Africa (IMP), a secondary listing on the LSE, United Kingdom (IPLA) and a Level 1 American Depositary Receipt programme (IMPUY) in the United States of America.



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Chief Financial Officer  
Brenda Berlin



Group Executive: Financial Control  
Francois Naudé



To view the Implats Integrated Annual Report online, please visit our website at: [www.implats.co.za](http://www.implats.co.za)

### Scope of this report

This report contains the consolidated annual financial statements for Impala Platinum Holdings Limited (Group Annual Financial Statements) and the separate annual financial statements of Impala Platinum Holdings Limited (Company Annual Financial Statements) for the year ended 30 June 2012.

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, the Listings Requirements of the JSE and the recommendations of King III.

# Audit Committee report

For the year ended 30 June 2012

## Introduction

The Audit Committee presents its report for the financial year ended 30 June 2012. The Audit Committee is an independent statutory committee, whose duties are delegated to it by the Board. In order to allow the Committee to better focus on its statutory and other delegated duties, the Board has removed the responsibility of risk management from its mandate and, with effect from 1 January 2012, the Audit and Risk Committee was reconstituted as two separate committees, being the Audit Committee and the Risk Committee. The Committee has conducted its affairs in compliance with a Board approved terms of reference, and has discharged its responsibilities contained therein.

## Objectives and scope

The overall objectives of the Committee are:

- ➔ To assist the Board in discharging its duties relating to the safeguarding of assets and the operation of adequate systems and control processes
- ➔ To control reporting processes and the preparation of financial statements in compliance with the applicable legal and regulatory requirements and accounting standards
- ➔ To provide a forum for the governance of control issues and developing recommendations for consideration by the Board
- ➔ To oversee the internal and external audit appointments and functions
- ➔ To perform duties that are attributed to it by the Companies Act 2008 (the Act), the JSE and King III.

Committee performance:

- ➔ Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes
- ➔ Reviewed the reports of both internal and external audit findings and their concerns arising out of their audits and requested appropriate responses from Management
- ➔ Made recommendations to the Board of directors regarding the corrective actions to be taken as a consequence of audit findings
- ➔ Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided did not impair their independence
- ➔ Received and dealt with concerns and complaints through “whistle-blowing” mechanisms that were reported to the Committee by the Group Internal Audit function
- ➔ Reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Company, and accordingly made recommendations to the Board
- ➔ Reviewed and recommended for adoption by the Board the financial information that is publicly disclosed, which included:
  - the Annual Financial Statements and the Integrated Annual Report for the year ended 30 June 2012
  - the interim results for the six months ended 31 December 2011
- ➔ Considered the effectiveness of internal audit, approved the three-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan
- ➔ Reviewed the performance and expertise of the Chief Financial Officer and confirmed her suitability for the position
- ➔ Satisfied itself that the internal audit function is efficient and effective and carried out its duties in an independent manner in accordance with a Board approved internal audit charter.

The Committee is satisfied that it has fulfilled its obligations in respect of its scope of responsibilities.

## Membership

The membership of the Committee comprised solely of independent non-executive directors. In addition, the Chief Executive Officer, the Chief Financial Officer, Head of Group Internal Audit, the Compliance Executive and the external auditors are also permanent invitees to the meeting. Details of membership of the Committee and the attendance record of the members is available in the Integrated Annual Report on page 98. The effectiveness of the Committee is assessed every two years. As required by the Act, the Committee is to be elected by shareholders at the forthcoming annual general meeting.

**External audit**

The Committee has satisfied itself through enquiry that the auditor of Impala Platinum Holdings Limited is independent as defined by the Act. Meetings were held with the auditor where Management was not present.

The non-audit services that were provided by the external auditors during the year under review did not compromise their independence.

The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc as the external auditor for the 2013 financial year. Mr Jean-Pierre van Staden is the designated auditor and, in terms of the rotation requirements of the Act, 2013 will be his fourth year as designated auditor of the Company. The Committee confirms that the auditor and designated auditor are accredited by the JSE.

**Integrated Annual Report and Annual Financial Statements**

The Audit Committee has evaluated the Annual Financial Statements, and the Integrated Annual Report, incorporating the Condensed Consolidated Annual Results, for the year ended 30 June 2012. The Audit Committee has also considered the sustainability information as disclosed in the Integrated Annual Report and has assessed its consistency with operational and other information known to Audit Committee members. The Committee has also considered the external assurance providers report and is satisfied that the information is reliable and consistent with the financial results. The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards. The Committee has therefore recommended the Integrated Annual Report and the Annual Financial Statements for approval to the Board. The Board has subsequently approved the Integrated Annual Report and the Annual Financial Statements, which will be open for discussion at the annual general meeting.

Based on the results of the formal documented review of the Company's system of internal financial controls which was performed by the internal audit function and external auditors, nothing had come to the attention of the Audit Committee to indicate that the internal financial controls were not operating effectively.

**JM McMahon**

*Chairman of the Audit Committee*

23 August 2012

# 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 B Berlin, CA(SA).

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the 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 the year 2012, 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; and
- ➔ the assessment by the Audit Committee and the Risk Committee.

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 therefore been prepared on a going-concern basis and the directors believe that the Company and the Group will continue to be in operation in the foreseeable future.

The Annual Financial Statements and Group Financial Statements as set out on pages 22 to 105, have been approved by the Board of directors and are signed on its behalf by:

**KDK Mokhele**  
*Chairman*

**TP Goodlace**  
*Chief Executive Officer*

23 August 2012

## Certificate by Company Secretary

In terms of section 88(2) (e) of the Companies Act 2008, as amended, I certify that the Company has lodged with the Commissioner all such returns and notices as required by the Companies Act and that all such returns and notices are true, correct and up to date.

**A Parboosing**  
*Company Secretary*

23 August 2012

## Independent auditors' report

### To the members of Impala Platinum Holdings Limited

We have audited the consolidated and separate financial statements of Impala Platinum Holdings Limited set out on pages 22 to 105, which comprise the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 as at 30 June 2012, 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.

### Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2012, we have read the Directors' report, the Audit Committee's report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**PricewaterhouseCoopers Inc.**

**Director: Jean-Pierre van Staden**

*Registered Auditor*

2 Eglin Road, Sunninghill, 2157  
Johannesburg

23 August 2012

# Directors' report

## Profile

### Business of the Company

Impala Platinum Holdings Limited (Implats/Company/Group) is principally in the business of producing and supplying platinum group metals (PGMs) to industrial economies. The Company's holdings in various mining and exploration activities as at 30 June 2012 are described below:

Company	Short name	% interest	Activity
Impala Platinum Limited	Impala	100	PGM mining, processing and refining
Impala Refining Services Limited	IRS	100	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 (Pty) Limited	Afplats	74	PGM mining (project phase)
Marula Platinum (Pty) Limited	Marula	73	PGM mining
Zimplats Holdings Limited	Zimplats	86.9	PGM mining
Mimosa Investments Limited	Mimosa	50	PGM mining
Two Rivers Platinum (Pty) Limited	Two Rivers	45	PGM mining
Makgomo Chrome (Pty) Limited	Makgomo Chrome	50	Purchase of chrome in tailings. Processing and sale of the product
Impala Chrome (Pty) Limited	Impala Chrome	100	Purchase of chrome in tailings. Processing and sale of the product

## Capital

### Authorised and issued share capital

The authorised share capital of the Company as at 30 June 2012 and 2011 was R21 100 200, divided into 844 008 000 ordinary shares of 2.5 cents each.

During the year under review, 280 392 shares from the authorised but unissued share capital were issued to the Share Incentive Trust to enable the Share Incentive Scheme to meet its commitments during the year. The issued share capital of the Company has therefore increased by the same number. As at 30 June 2012, the issued share capital numbered 631 994 412 ordinary shares of 2.5 cents each (2011: 631 714 020 ordinary shares of 2.5 cents each).

### Treasury shares

The Group holds 16 233 994 ordinary shares of 2.5 cents each in terms of an approved share buy-back scheme. No additional shares were bought by the Company during the year. 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 39 of the Consolidated Financial Statements.

The Trustees of the Share Incentive Trust are Ms NDB Orleyn and Mr JM McMahon.

The Group no longer offers employees any further options under the Implats Share Incentive Scheme (ISIS), but pays relevant employees a fully taxable bonus based on the increase in the share price over a specified period of time under the Implats Share Appreciation Bonus Scheme (ISABS). Employees will not accrue further benefits under the ISABS following approval of the proposed new long-term share incentive plan by the shareholders at the Annual General Meeting in October 2012.

The proposed new long-term incentive plan will be phased in such that relevant employees are neither materially advantaged nor prejudiced.



### Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2012 was as follows:

	Number of shareholders	Number of shares (‘000)	%
Public	59 287	523 355	82.8
Non-public	6	108 639	17.2
Directors	2	92	–
Trustees of share scheme	2	9 198	1.4
Share Incentive Trust	1	182	–
Morokotso Trust	1	9 016	1.4
Royal Bafokeng Holdings (Pty) Limited	1	83 115	13.2
Treasury shares	1	16 234	2.6
<b>Total</b>	<b>59 293</b>	<b>631 994</b>	<b>100.0</b>

The following shareholders beneficially hold 5% or more of the issued share capital:

Shareholders	Number of shares (‘000)	%
Royal Bafokeng Holdings (Pty) Limited*	83 115	13.2
Public Investment Corporation Limited	82 215	13.0

\*Right to appoint two directors

### Black economic empowerment (BEE) ownership

The Group has fully met the equity ownership objectives of the MPRDA as it recognises that the transformation of the equity ownership of the Company is a key strategic goal. Our BEE partners are drawn from a wide range of groups through the significant stake held by the Royal Bafokeng Nation to smaller BEE companies and community groups. The Morokotso Trust, an Employee Share Ownership Programme established in 2006, has delivered value to some 24 000 employees in South Africa with 40% of the shares having vested in July 2011. The remaining 60% will continue to be held by the Trust on behalf of our employees until the termination date in 2016.

### Investments

#### Zimplats Holdings Limited (Zimplats)

The Company owns 86.9% (2011: 86.9%) of Zimplats. Zimbabwe Platinum Mines (Pvt) Limited is a wholly owned subsidiary of Zimplats. A new indigenisation plan presented to the government of Zimbabwe in March 2012 was accepted in principle. Management remains in discussions with the government to finalise certain critical details of the plan.

#### Mimosa Investments Limited (Mimosa)

The Company holds a 50% (2011: 50%) shareholding in Mimosa with the balance held by Aquarius Platinum Limited. Mimosa Mining Company (Pvt) Limited, the operating company, is a wholly-owned subsidiary of Mimosa. An indigenisation plan is being advanced with the government of Zimbabwe and is receiving priority attention.

### Two Rivers Platinum Proprietary Limited (Two Rivers)

The Company owns a 45% (2011: 45%) interest in Two Rivers with the balance held by African Rainbow Minerals Limited (ARM). Upon receipt of all regulatory approvals Implats will acquire a further 4% interest in Two Rivers in exchange for vending portions 4, 5 and 6 of the farm Kalkfontein, as well as the area covered by the Tweefontein prospecting rights, to Two Rivers.

### Marula Platinum Proprietary Limited (Marula)

The Company owns a 73% (2011: 73%) interest in Marula.

A 9% equity stake in Marula is held by each of the following BEE entities:

- ➔ Tubatse Platinum (Pty) Limited
- ➔ Mmakau Mining (Pty) 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% (2011: 74%) interest in Afplats. A bankable feasibility study has been completed and presented to the Board for consideration. The Afplats Board has made a decision to approve phase one of the establishment of a 145 000 ounce per annum platinum mine in the Leeuwkop project area. The project has been subdivided into six phases, each of which will be approved subject to financing capacity, by the Board at the appropriate time.

### Makgomo Chrome Proprietary Limited (Makgomo)

Makgomo is a company established by Implats in terms of its Local Economic Development (LED) strategy in the Marula community and is 50% beneficially owned by local communities. Implats is a 30% beneficial shareholder in Makgomo and Marula holds 20% of the issued share capital. Makgomo procures chrome from Marula Platinum to process and sell to the market.

### Impala Chrome Proprietary Limited

The Company currently holds all the issued shares in Impala Chrome, a company which will process and sell chrome to the market. A 30% stake of Impala Chrome will be sold to Chrome Traders (Pty) Limited as part of the deal to acquire their chrome processing plant.

## Financial affairs

### Results for the year

The results for the year are fully dealt with in the separate Annual Financial Statements and also in an abridged format, in the Condensed Consolidated Annual Results forming part of the Integrated Annual Report. Refer pages 22 to 105.

### Dividends

An interim dividend (No 88) of 135 cents per share was declared on 16 February 2012, and a final dividend (No 89) of 60 cents per share was declared on 23 August 2012, payable on 17 September 2012, giving a total of 195 cents per share (2011: 570 cents per share). These dividends amounted to R1.2 billion for the year (2011: R3.4 billion).

### Capital expenditure

Capital expenditure for the year amounted to R8.1 billion (2011: R5.5 billion).

The estimated R6.4 billion capital expenditure by Implats envisaged for the 2013 financial year will be funded from internal resources and, if appropriate, borrowings.

### Post-balance sheet events

No material events have occurred since the date of the Annual Financial Statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

### Going concern

The Annual Financial Statements have been prepared using the appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

### Associated and subsidiary companies

Information regarding the Company's associated companies is given in note 8 of the Annual Financial Statements and regarding subsidiaries on page 106.

### 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.

### Directorate

On 26 October 2011, Ms MV Mennell retired from the Board in line with the existing Memorandum of Incorporation of the Company. Mr DH Brown announced his resignation as Chief Executive Officer and executive director on 18 January 2012 to take effect on 30 June 2012. After due consideration and on recommendation from the Nominations and Governance Committee, Mr TP Goodlace was appointed as Chief Executive Officer and executive director with effect from 1 July 2012.

Ms AA Maule was appointed as an independent non-executive director on 1 November 2011. Ms Maule was also appointed to the Audit Committee to fill a casual vacancy in line with section 94(6) of the Companies Act. Ms Maule is the Chairman of the newly constituted Risk Committee. She will retire at the 2012 Annual General Meeting (AGM) and become eligible for re-election.

Schedule 10 of the JSE Listings Requirements states that the retiring directors must be made up of one-third of non-executive directors only therefore excluding executive directors from the annual rotation schedule. Accordingly, the following directors will retire at the next AGM and, upon the recommendation of the Nominations and Governance Committee and with the full support of the Board, they have offered themselves for re-election:

- ➔ Ms AA Maule
- ➔ Dr KDK Mokhele
- ➔ Ms NDB Orleyn.

Mr JM McMahon will also retire at the next AGM and has not offered himself for re-election, despite having the full support of the Board to do so. Mr McMahon will retire from the Company after serving Implats for 22 years, both in an executive and non-executive role. The Board and management place on record their sincere appreciation to Mr McMahon for his invaluable contribution throughout the years.

### Interests of directors

The interests of directors in the shares of the Company were as follows and did not individually exceed 1% of the issued share capital or voting control of the Company:

30 June (Number of shares)	Direct		Indirect	
	2012	2011	2012	2011
<b>Directors</b>	<b>91 196</b>	153 004	<b>780</b>	780
DH Brown*	<b>90 896</b>	90 896	–	–
JM McMahon	<b>300</b>	300	<b>780</b>	780
MV Mennell (retired 26 October 2011)	–	61 808	–	–
<b>Senior management</b>	<b>240 590</b>	236 782	–	–

\* Excluding share options awarded (page 11)

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

### Directors' remuneration

Details of the executive directors, non-executive directors and senior management remuneration are set out in the Remuneration report on pages 16 to 20.

### 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 2012 and the date of this report.

### Directors' fees

Details of directors' fees paid during the 2012 financial year and fees proposed for the 2013 financial year are set out in the Remuneration report on page 21.

### Special resolutions passed

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

#### 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.

#### Increase in directors' remuneration

Authority was granted to pay directors' fees as proposed.

#### Financial assistance

Shareholders approved the granting of financial assistance, subject to the provisions of sections 44 and 45 of the Companies Act, directly or indirectly, to present and future subsidiaries, present and future directors and prescribed officers, or any related or inter-related persons for a period of two years commencing from the date of the resolution.

#### Financial, administrative and technical advisers

In terms of a service agreement, Impala Platinum Limited acted as financial, administrative and technical advisers to the Implats Group during the year on a fee basis. Messrs DH Brown and PA Dunne and Ms B Berlin had an interest in this contract to the extent that they were directors of Impala Platinum and of the Company, but they do not beneficially own any shares in Impala Platinum.

#### Company Secretaries

Ms A Parboosing acted as Secretary to Implats and Impala. Impala acted as Secretaries to other subsidiaries in the Implats Group. The business and postal addresses of the Company Secretary are set out on the inside back cover.

#### United Kingdom secretaries

The business and postal addresses of the United Kingdom secretaries are set out on the inside back cover.

#### Public Officer

Mr SF Naudé acted as Public Officer to companies in the Implats Group for the year under review.

# Remuneration report

## Introduction

The Board of Implats is ultimately responsible for the Group's remuneration philosophy and the application thereof and is materially guided in this regard by the Remuneration Committee (Remcom). The Board and Remcom continue to understand and embrace the importance of our people to the continued sustainability and growth of the Company and as such, remuneration policies are designed to motivate and retain our high-performing employees and to reward them for their individual contribution to the Group's overall performance.

## Philosophy

The Company's overall remuneration philosophy is designed to ensure that employees are fairly rewarded for their contribution to the Group's operating and financial performance in line with its corporate objectives and strategy. This design extends to ensure that the interests of all stakeholders are aligned in respect of conditions of remuneration for all employees across the Group in an evolving regulatory and statutory environment.

The remuneration philosophy, as approved by shareholders and the Company, endeavours to match the market in terms of the broad talent pool, but will lead the market in areas of critical appointments, talented individuals, equity candidates and top performers.

The Company's overall remuneration policy aims are to:

- implement a remuneration philosophy that is clear and transparent and which reinforces the Group's strategic positioning;
- promote and ensure compliance with an evolving regulatory environment, with a specific emphasis on the long-term sustainability of the Group;
- ensure alignment of the interests of the Company's Board and Management with that of our stakeholders;
- attract and retain talent at all levels;
- encourage employee behaviour that is goal-orientated and consistent with the Group's vision and values; and
- set reward levels that are consistent with emerging governance frameworks on executive and non-executive remuneration, by conducting regular benchmarking exercises.

## Remuneration Committee (Remcom)

The Remcom Chairman reports formally to the Board on the proceedings of the Remcom after each meeting and attends the Annual General Meeting of Implats to respond to any questions from shareholders regarding Remcom's areas of responsibility.

The Committee utilised the services of PricewaterhouseCoopers (PwC) and P-E Corporate Services in different capacities during the past financial year to benchmark remuneration against external comparatives and to advise on remuneration policy.

During the year under review, the Remcom took the decision to effect market-related salary adjustments for miners at the Impala mining operations to reduce turnover rates which were in excess of 25% for the first half of the financial year.

The events which led to the Impala rock drill operators strike in February and March of 2012 led to a re-examination of remuneration at an operating level. As a result, the Board and Remcom resolved to increase remuneration for rock drill operators and bring forward the 1 July 2012 increase by two months.

In the wake of widespread media criticism with respect to executive pay levels in recent years, the Chairman of the Committee has been empowered to engage directly with stakeholders on all matters affecting remuneration, which will then be taken into account by the Committee in the revision and development of the Company's remuneration policy and principles.

### Components of remuneration

The following remuneration components for all employees have been adopted:

- ➔ Fixed remuneration (comprising basic salary, benefits and allowances)
- ➔ Variable remuneration (comprising short and long-term incentives).

### Fixed remuneration

Fixed remuneration is defined in terms of a total guaranteed package, which is negotiated to include a basic salary, travel allowance, retirement savings, death, disability and healthcare insurance contributions. Guaranteed packages are market-related and are based on the complexity of the role, the market value, the employee's personal performance and contribution to the Group's overall performance. Contributions towards travel, retirement, death, disability and healthcare benefits are included in the total guaranteed package and are applicable to all employees according to the rules of the relevant schemes and Company procedures.

All permanent employees, including executive directors, are required to join one of the approved retirement funds.

The Company offers participation in several nominated medical aid schemes where the choice of scheme rests with the employee. Death Benefit Insurance is provided for all employees and Personal Accident Insurance is provided for D-upper and E-level employees who are expected to travel regularly in line with their specific role and deployment in the Group. As a result of past practice, the Company does have limited liability in terms of post-retirement medical benefits. This practice was ceased in 2006 and the employees entitled to this benefit were ring-fenced.

Salary increases for management employees (D-level and above) are effected on 1 October annually, and are determined by increases in general cost of living (inflation), individual employee's performance, market conditions, Company performance and collective wage settlements. Salary increases for union-represented employees (A, B and C-level) are effected annually in line with collective agreements concluded with recognised trade unions.

### Variable remuneration

The variable pay dispensation varies between employees in different roles and positions in the organisation. This differentiation is based on the principle that higher levels of variable pay will be awarded to employees who are required to put a greater proportion of fixed pay at risk, and to assume greater levels of responsibility in relation to the achievement of organisational goals.

### Short-term incentives

A short-term incentive scheme (Executive Incentive Scheme) for which the performance targets are set annually by Remcom is in place for all senior managers (E-level and above). In respect of the 2012 financial year, performance targets were split between corporate performance and individual performance.

Fifty percent of the on-target incentive is based on corporate performance consisting of cost and volume of production targets, referred to collectively as the 'value added' target (weighted 40%), safety targets (weighted 25%) and key business drivers (weighted 35%). The remaining 50% of the on-target incentive is based on the individual key performance areas of each senior manager, based on his or her individual balanced scorecard of targets.

In terms of the Executive Incentive Scheme, the bonus structure differs at different grade levels – the on-target bonus amounting to 100% of basic package in the case of the Chief Executive Officer, 60% in the case of executive directors and 50% in the case of E-level band executives. Bonuses are graduated from a "threshold" having an assessed probability of 90% achievement, followed by an "on-target" level which has a probability rating of 80%, and above this, a "stretch" level which has a probability of 50%. Bonuses are capped at 200% of the on-target bonus for each individual element, and collectively capped at 150% of basic salary for each individual.

#### *Long-term incentives*

It is essential for the Group to retain critical skills over the longer term and to motivate and incentivise employees in a way that also aligns the interest of senior managers with those of shareholders. This is principally done through long-term incentive plans. To comply with King III corporate governance principles and remuneration best practice, it is planned to phase out the current Implats Share Incentive Scheme and the Implats Share Appreciation Bonus Plan, subject to shareholder approval at the AGM on 24 October 2012, in favour of a new proposed Long-term Incentive Plan (LTIP).

#### *Implats Share Incentive Scheme (ISIS)*

The final award made in 2004 in terms of ISIS lapses in 2014.

#### *Implats Share Appreciation Bonus Plan (ISABP)*

The ISABP adopted in 2005 is a cash-settled share appreciation rights plan. Participants receive once-off allocations under the ISABP, expressed as a multiple of their salary which is topped-up as awards vest. The rights vest in equal tranches from year two through to year five and lapse ten years after the grant date.

#### *Proposed Long-term Incentive Plan FY2013*

It is proposed that the LTIP be introduced in FY2013, which will comprise both a Conditional Share Plan (CSP) and a Share Appreciation Rights Plan (SAR). In terms of the SAR, conditional rights will be awarded to participants to receive shares in Implats 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 will apply, during which time the participants will have no rights in respect of the underlying shares. Vesting will be conditional on continued employment and a prescribed level of corporate performance. The participants will only be entitled to exercise the SARs subsequent to and to the extent that vesting has taken place. Participants will only become shareholders following the exercise of the SARs.

In terms of the 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 will only become shareholders with dividend and voting rights from vesting onwards. For the shares to vest participants must remain employed by a company in the Implats Group and for certain participants vesting of the shares will be subject to the achievement of defined performance vesting conditions over the performance period.

The reasons for the proposed implementation of the LTIP are as follows:

- ➔ As with the ISIS and ISABP which preceded it, the purpose of the LTIP will be to attract and retain senior executives and to more closely align their interests with those of shareholders;
- ➔ The LTIP will comply with the requirements of King III and emerging remuneration best practice in relation to share-based incentives;
- ➔ The settlement methods provided for in the LTIP allow for the delivery of shares to the participants without resulting in any dilution in shareholders' interests; and
- ➔ Vesting of awards made to certain participants in terms of the LTIP will be dependent on performance targets being met. This will assist in focusing the management team on the achievement of critical medium and long-term goals.

Subject to approval of the LTIP by the shareholders with a minimum of a 75% vote, it is proposed that the first awards be made as soon as possible after the Annual General Meeting. However, the performance vesting conditions will effectively apply from the commencement of the 2013 financial year. The plan is designed such that the number of awards in the 2013 financial year and those made annually thereafter will be determined on the basis that the expected value thereof at the award date, using an approved share option pricing formula, will secure an appropriate balance between the different components of the more broadly defined total remuneration package of the respective participants. The performance conditions and annual allocation for D and E-level employees will be set by Remcom in accordance with the rules of the proposed scheme.

The performance vesting criteria are proposed to be initially as follows:

- ➔ The performance vesting conditions applicable to CSP awards will be based on Total Shareholder Return Percentage relative to a peer group of South African platinum producing companies (the Peer Group). The Total Shareholder Return Percentage will be measured as growth in share price plus dividends received (TSR) over the three year performance period relative to the share price on award date.
- ➔ The ranking determines the vesting percentage. The proposed vesting scale relative to Peer Group, is as follows:
  - If the ranking of Implats is in the lowest three – no shares will vest
  - If the ranking is fourth – 50% will vest
  - If the ranking is third – 75% will vest
  - If the ranking is second – 90% will vest
  - If the ranking is first – 100% will vest
- ➔ The rights awarded in terms of the SAR will be subject to the following performance conditions:
  - The TSR must exceed growth in the award date share price of CPI plus 2% compounded annually over a three year period, with a 33.33% weighting
  - A relative Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) margin, being EBITDA divided by revenue, with a 33.33% weighting. The Peer Group companies (the same as for the CSP) and Implats will be ranked based on the EBITDA margin over the three-year period\*
  - A relative measure on safety with a 33.33% weighting. The Peer Group companies (the same as for the CSP) and Implats will be ranked based on the fatality injury frequency rate over the three-year period.\*

*\* The vesting scale percentage based on ranking is determined the same as for the CSP awards, as set out above.*

To determine the number of Conditional Shares to be issued to each participant, the expected value of each Implats share will be calculated with reference to the listed market price on the date of granting the award less the fair value of expected dividends to be paid over the vesting period. The actual Rand value that the Company wishes to deliver to each participant in terms of the CSP will then be divided by such expected value to determine the number of Conditional Shares to be issued.



To determine the number of Share Appreciation Rights to be issued to each participant, the expected value of each Share Appreciation Right will be calculated using a stochastic model approved by the Audit Committee from time to time. Similarly, the actual Rand value that the Company wishes to deliver to each participant in terms of SAR will then be divided by such expected value to determine the number of Share Appreciation Rights to be issued.

Remcom will have the discretion, on each grant date, to adjust the number of Conditional Shares and/or Share Appreciation Rights determined in accordance with the above two paragraphs should it believe that the probability of achieving all the performance conditions is less than 100% thus affecting the number of awards that are likely to vest. Alternatively, Remcom may vary the performance conditions set each year. It is proposed that no such adjustments be made in the November 2012 allocation of Conditional Shares and Share Appreciation Rights to the Executive directors.

#### *The Morokotso Trust (ESOP)*

The Morokotso Trust was founded in 2006 and administers the Employee Share Ownership Programme. All South African operations' A, B and C-level employees, who joined the Company before 4 July 2008, are beneficiaries of the ESOP.

Qualifying employees were each allocated 568 and 399 Implats shares depending on joining date, by the Morokotso Trust at an initial purchase price of R159.18 per share. The Trust holds these shares on behalf of employees for a period of ten years. A 40% scheduled pay-out was made after five years (2011) and a 60% pay-out is scheduled after ten years (2016). Twenty three thousand four-hundred and forty-eight (23 448) beneficiaries benefited from the sale of 40% of their shares in July 2011, receiving an average amount of R3 500 per beneficiary. This release of shares occurred in a relatively low share price time period and, as a consequence, had a demotivating effect at an operational level as employees had much higher expectations.

The shares were acquired by the Trust and were funded by a loan from the employer company. Dividends accruing on the shares during the holding period are paid to the employer company in lieu of interest on the loan.

#### *Retention plans*

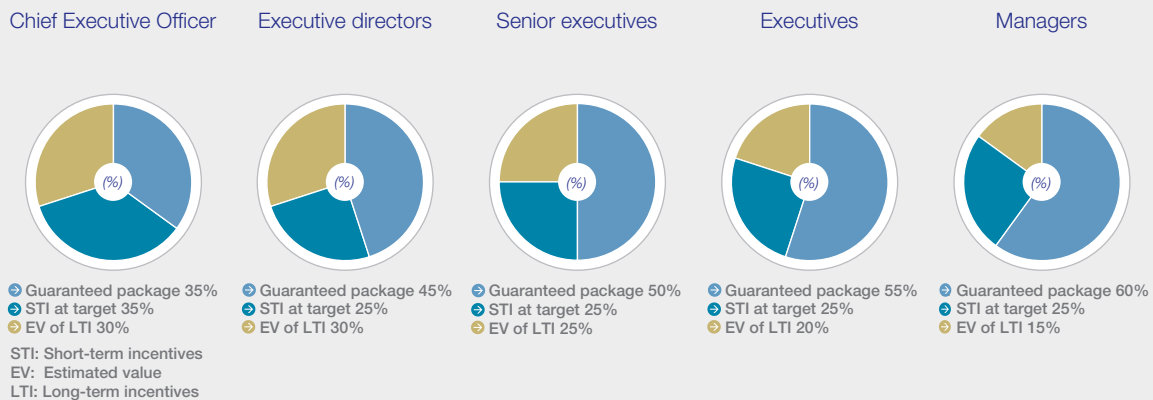
The Company operates a retention bonus scheme in terms of which 20% of basic salary is awarded but payment deferred. Eligibility to this scheme is confined to senior executives, line managers and senior professional staff. The amount of the award is paid over to the employee after three years have elapsed, provided that he or she remains in employment to the end of that period.

Impala also offers Executive directors and Senior Executives (Level 24 and above) a portion of their guaranteed package in hard currency with the aim to attract and retain senior executive skills.

# Remuneration report continued

## Package structure

In the case of senior executives the Remuneration Committee endeavours to secure that they are given incentives on a scale which secures an appropriate balance between fixed and variable forms of remuneration. The policies that have been approved in relation to this for the 2013 financial year are as follows:



## Executive remuneration for the past financial year

### Fixed pre-tax remuneration

The following table summarises the fixed remuneration of the executive directors, prescribed officers and other senior executives in the Group for the year ended 30 June 2012:

Individual (R'000)	Package	Retirement funds	Medical	Total FY2012	Total FY2011
<b>Executive directors</b>					
DH Brown	6 313	662	74	<b>7 049</b>	6 626
PA Dunne	3 665	458	13	<b>4 136</b>	3 932
B Berlin	3 554	373	74	<b>4 001</b>	1 250
D Earp (resigned 17 January 2011)	–	–	–	–	3 040
LJ Paton (retired 30 October 2010)	–	–	–	–	1 073
<b>Prescribed officers</b>					
PD Finney	2 324	369	74	<b>2 767</b>	2 578
GS Potgieter	3 631	454	9	<b>4 094</b>	4 009
A Mhembere*	459	–	12	<b>471</b>	332
<b>Company Secretary</b>					
A Parboosing	1 186	124	74	<b>1 384</b>	1 200
<b>Senior executives</b>	<b>12 931</b>	<b>1 378</b>	<b>289</b>	<b>14 598</b>	<b>15 697</b>

#### Notes

The senior executives account for seven employees. FY2011 figures included an extra senior executive for eight months

\* \$000's

**Variable pre-tax remuneration**

Individual (R'000)	Bonus	Retention	Gains on LTIs#	Total FY2012	Total FY2011
<b>Executive directors</b>					
DH Brown	4 060	2 029	–	<b>6 089</b>	7 735
PA Dunne	1 595	457	871	<b>2 923</b>	2 283
B Berlin	1 076	201	–	<b>1 277</b>	143
D Earp (resigned 17 January 2011)	–	–	–	<b>–</b>	923
LJ Paton (retired 30 October 2010)	–	–	–	<b>–</b>	1 315
<b>Prescribed officers</b>					
PD Finney	775	203	–	<b>978</b>	2 572
GS Potgieter	842	333	–	<b>1 175</b>	2 204
A Mhembere*	166	–	–	<b>166</b>	13
<b>Company Secretary</b>					
A Parboosing	395	225	71	<b>691</b>	461
<b>Senior executives</b>					
	4 119	1 617	1 512	<b>7 248</b>	13 154

**Notes**

*Retention includes employee retention scheme and hard currency payments*

*The bonus shown is not the bonus for the financial year in review, but the payment made during the year*

\* \$000's

# Long-term incentives

The bonus payment reflected in the table for FY2012 accounts for an achievement of 63.76% in FY2011 (32.96% corporate bonus and 30.8% individual bonus) compared to an estimate of 26.46% in FY2012 (5.54% corporate bonus and 20.92% individual bonus) for the year under review payable during FY2013.

## Remuneration report continued

Directors' fees in aggregate for serving on Board committees for the year under review were as follows:

(R'000)	Board	Audit Committee	Remu- neration Committee	HSE Committee	Nominations and Governance Committee	Social, Ethics and Trans- formation Committee	Risk Committee	<b>Total 2012</b>	Total 2011
KDK Mokhele	1 820	–	–	–	–	–	–	<b>1 820</b>	1 693
HC Cameron	334	158	–	–	–	109	–	<b>601</b>	419
MSV Gantsho	334	–	212	–	55	–	–	<b>601</b>	309
TP Goodlace	306	–	–	223	–	–	46	<b>575</b>	419
AA Maule	222	105	–	–	–	–	121	<b>448</b>	–
JM McMahon	334	334	55	109	–	–	55	<b>887</b>	824
MV Mennell	107	50	–	–	35	–	–	<b>192</b>	559
TV Mokgatlha	334	–	109	–	–	109	–	<b>552</b>	488
B Ngonyama	334	158	–	–	–	–	–	<b>492</b>	343
NDB Orleyn	334	–	140	–	109	243	–	<b>826</b>	801
OM Pooe	334	–	53	55	–	–	–	<b>442</b>	346

The following table reflects the status of unexercised options held by executive directors and the gains made by them during the year ended 30 June 2012 as a result of past awards:

Name (All amounts in number of shares unless otherwise stated)	Balance at 30 June 2011	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2012	Allocation price (R)	First vesting date
<b>Directors:</b>									
<b>DH Brown</b>									
Share appreciation scheme	<b>348 456</b>	<b>89 245</b>			–		<b>437 701</b>		
		68 964	10-Nov-11				<b>1 000</b>	103.24	1-Dec-07
		20 281	24-May-12				<b>12 800</b>	149.42	11-May-08
							<b>62 570</b>	160.14	1-Sept-08
							<b>42 819</b>	233.74	24-May-09
							<b>6 227</b>	242.19	27-Nov-09
							<b>35 055</b>	333.90	30-May-10
							<b>47 374</b>	116.76	18-Nov-10
							<b>664</b>	162.88	1-May-11
							<b>47 874</b>	171.39	4-Nov-11
							<b>73 342</b>	193.83	1-Nov-12
							<b>18 731</b>	193.79	12-May-13
							<b>68 964</b>	171.76	10-Nov-13
							<b>20 281</b>	145.48	24-May-14

Name (All amounts in number of shares unless otherwise stated)	Balance at 30 June 2011	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2012	Allocation price (R)	First vesting date
<b>Directors (continued):</b>									
<b>PA Dunne</b>									
Share appreciation scheme	136 878	33 792			15 432		155 238		
		20 839	10-Nov-11		5 664	17-Nov-11	1 446	167.19	27-Nov-08
		12 953	24-May-12		5 328	18-Nov-11	9 316	233.74	24-May-09
					4 440	12-Dec-11	232	242.19	20-Nov-09
							10 681	116.76	18-Nov-10
							12 365	162.88	1-May-11
							20 490	171.39	4-Nov-11
							26 453	209.09	13-May-12
							36 549	193.83	1-Nov-12
							3 914	193.79	12-May-13
							20 839	171.76	10-Nov-13
							12 953	145.48	24-May-14
<b>B Berlin</b>									
Share appreciation scheme	139 263	28 722					167 985		
		21 502	10-Nov-11				2 648	56.87	13-May-07
		7 220	24-May-12				5 672	149.42	11-May-08
							20 180	167.19	27-Nov-08
							7 277	242.19	20-Nov-09
							3 031	333.90	30-May-10
							18 870	162.88	1-May-11
							15 251	171.39	4-Nov-11
							631	209.09	13-May-12
							11 749	193.83	1-Nov-12
							53 954	193.79	12-May-13
							21 502	171.76	10-Nov-13
							7 220	145.48	24-May-14
<b>Prescribed officers:</b>									
<b>PD Finney</b>									
Share appreciation scheme	103 968	25 412			15 256		114 124		
		12 282	10-Nov-11		8 056	31-Oct-11	21 360	56.87	13-May-07
		13 130	24-May-12		7 200	15-Nov-11	1 761	167.19	27-Nov-08
							7 540	233.74	24-May-09
							2 977	333.90	30-May-10
							8 310	116.76	18-Nov-10
							2 898	162.88	1-May-11
							12 266	171.39	4-Nov-11
							7 696	209.09	13-May-12
							18 528	193.83	1-Nov-12
							5 376	193.79	12-May-13
							12 282	171.76	10-Nov-13
							13 130	145.48	24-May-14
<b>A Mhembere</b>									
Share options	16 620						16 620		
							16 620	53.79	25-Jun-06
<b>GS Potgieter</b>									
Share appreciation scheme	93 783	5 095					98 878		
		5 095	10-Nov-11				93 783	186.60	1-Jul-12
							5 095	171.76	10-Nov-13

# Remuneration report continued

Name (All amounts in number of shares unless otherwise stated)	Balance at 30 June 2011	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2012	Allocation price (R)	First vesting date
<b>Secretary</b>									
<b>A Parboosing</b>									
Share appreciation scheme	27 264				2 016		25 248		
					1 512	16-Nov-11	7 432	242.19	1-Nov-09
					504	18-Nov-11	711	333.90	30-May-10
							1 017	116.76	18-Nov-10
							4 537	162.88	1-May-11
							2 623	171.39	4-Nov-11
							2 775	209.09	13-May-12
							4 573	193.83	1-Nov-12
							1 580	193.79	12-May-13
<b>Total – Senior executives</b>									
Share options	37 272				6 728	Various	30 544		
							1 528	60.51	16-Aug-04
							1 376	73.75	25-Nov-04
							760	74.28	21-Jan-05
							688	47.63	5-May-05
							1 696	64.48	27-Aug-05
							15 448	68.03	22-Sept-06
							9 048	63.39	22-Apr-06
Share appreciation scheme	484 182	86 900					571 082		
		60 227	01-Nov-10				38 544	56.87	13-May-07
		26 673	24-May-12				1 568	103.24	1-Dec-07
							31 544	149.42	11-May-08
							34 078	167.19	27-Nov-08
							17 189	233.74	24-May-09
							13 708	223.22	1-Aug-09
							4 543	242.19	20-Nov-09
							8 118	333.90	30-May-10
							73 239	116.76	18-Nov-10
							52 261	162.88	1-May-11
							44 670	171.39	4-Nov-11
							11 884	209.09	13-May-12
							39 252	195.66	1-Mar-12
							94 174	193.83	1-Nov-12
							19 410	193.79	12-May-13
							60 227	171.76	10-Nov-13
							26 673	145.48	24-May-14
	521 454	86 900			6 728		601 626		

## Special contractual arrangements

No fixed term employment contracts are in place affecting executive directors.

The periods of notice applicable to the CEO and other executive directors is six and three months respectively by either the employer or employee.

In all other cases standard terms and conditions of employment apply, which provide for termination notice of one month by either the employer or employee.

### Outgoing CEO: Mr DH Brown

On 30 June 2012, Mr DH Brown left office as CEO of the Group, but will remain in service until 30 September 2012. Mr Brown will receive a final consideration in terms of his separation contract and standard Group remuneration policy. The payment will include a performance incentive for FY2012 and will be paid and reported accordingly in FY2013. The total approximate pre-tax payment is R12 million, further details of which will be included in the FY2013 Integrated Annual Report.

### Incoming CEO: Mr TP Goodlace

Mr TP Goodlace was appointed as CEO with effect from 1 July 2012. He will receive a pre-tax basic remuneration package of R6 420 000 per annum with standard incentives and benefits in line with this deployment as CEO and Group remuneration policy. Subsequent to joining, Mr TP Goodlace has requested the Board not to be considered for participation in long-term and short-term incentive schemes.

### Non-executive directors' remuneration

Fee structures for remuneration of Board and sub-committee members are recommended to the Board by the Remuneration Committee and are reviewed annually. The review addresses market comparisons of fees and Company performance.

Non-executive fee structure comprises an annual fee for attending and contributing at Board and sub-committee meetings.

In terms of the current Memorandum of Incorporation of the Company, pre-tax fees payable to non-executive directors for their services as director are determined by the shareholders in a general meeting. No annual fee increases are proposed for the 2013 financial year and the proposed fees as set out below will remain unchanged from the FY2012 levels:

With effect from (R)	1 July 2012
<b>Board of Directors</b>	
Chairperson	1 820 000
Member	333 680
<b>Audit Committee<sup>1</sup></b>	
Chairperson	333 680
Member	157 700
<b>Remuneration Committee</b>	
Chairperson	242 630
Member	109 110
<b>Nominations and Governance Committee<sup>2</sup></b>	
Chairperson	242 630
Member	109 110
<b>Health, Safety and Environment Committee</b>	
Chairperson	242 630
Member	109 110
<b>Risk Committee<sup>3</sup></b>	
Chairperson	242 630
Member	109 110
<b>Social, Ethics and Transformation Committee<sup>4</sup></b>	
Chairperson	242 630
Member	109 110

#### Notes

<sup>1</sup> Year ended 30 June 2011: Audit and Risk Committee

<sup>2</sup> Year ended 30 June 2011: Nominations Committee

<sup>3</sup> Committee members appointed from 1 January 2012 and remuneration to 30 June 2012 approved by the Board of Directors

<sup>4</sup> Year ended 30 June 2011: Transformation Committee

# Consolidated statement of financial position

As at 30 June 2012

	Notes	2012 Rm	2011 Rm
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	40 169	33 137
Exploration and evaluation assets	6	4 294	4 294
Intangible assets	7	1 018	1 018
Investment in associates	8	1 021	904
Available-for-sale financial assets	9	32	15
Held-to-maturity financial assets	10	49	61
Loans	11	1 227	2 236
Prepayments	12	11 129	11 143
		<b>58 939</b>	52 808
<b>Current assets</b>			
Inventories	13	7 081	5 471
Trade and other receivables	14	4 305	3 989
Loans	11	538	232
Prepayments	12	571	562
Cash and cash equivalents	15	1 193	4 542
		<b>13 688</b>	14 796
<b>Total assets</b>		<b>72 627</b>	67 604
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	15 187	14 228
Retained earnings		34 949	34 136
Other components of equity		32	(801)
		<b>50 168</b>	47 563
Non-controlling interest		2 307	2 047
<b>Total equity</b>		<b>52 475</b>	49 610
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	17	9 625	8 337
Borrowings	18	2 882	1 698
Liabilities	19	812	831
Provisions	20	757	614
		<b>14 076</b>	11 480
<b>Current liabilities</b>			
Trade and other payables	21	4 858	5 656
Current tax payable	22	176	226
Borrowings	18	121	144
Bank overdraft	15	606	–
Liabilities	19	315	488
		<b>6 076</b>	6 514
<b>Total liabilities</b>		<b>20 152</b>	17 994
<b>Total equity and liabilities</b>		<b>72 627</b>	67 604

The notes on pages 27 to 98 are an integral part of these consolidated financial statements.



# Consolidated statement of comprehensive income

For the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
<b>Revenue</b>	4	<b>27 593</b>	33 132
Cost of sales	24	<b>(20 641)</b>	(21 490)
<b>Gross profit</b>		<b>6 952</b>	11 642
Other operating expenses	25	<b>(696)</b>	(645)
Royalty expense	26	<b>(664)</b>	(804)
<b>Profit from operations</b>		<b>5 592</b>	10 193
Finance income	27	<b>314</b>	343
Finance cost	28	<b>(305)</b>	(530)
Net foreign exchange transaction gains/(losses)		<b>520</b>	(448)
Other income/(expenses)	29	<b>12</b>	(235)
Share of profit of associates		<b>117</b>	238
<b>Profit before tax</b>		<b>6 250</b>	9 561
Income tax expense	30	<b>(1 951)</b>	(2 751)
<b>Profit for the year</b>		<b>4 299</b>	6 810
<b>Other comprehensive income, comprising items subsequently reclassified to profit or loss:</b>			
Available-for-sale financial assets	9	<b>(3)</b>	6
Deferred tax thereon		<b>–</b>	–
Exchange differences on translating foreign operations		<b>1 356</b>	(692)
Deferred tax thereon	17	<b>(379)</b>	195
<b>Other comprehensive income, comprising items not subsequently reclassified to profit or loss:</b>			
Actuarial loss on post-employment medical benefit	19	<b>(4)</b>	–
Deferred tax thereon	17	<b>1</b>	–
<b>Total comprehensive income</b>		<b>5 270</b>	6 319
<b>Profit attributable to:</b>			
Owners of the Company		<b>4 180</b>	6 638
Non-controlling interest		<b>119</b>	172
		<b>4 299</b>	6 810
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>5 010</b>	6 213
Non-controlling interest		<b>260</b>	106
		<b>5 270</b>	6 319
<b>Earnings per share (cents per share)</b>			
Basic	31	<b>690</b>	1 105
Diluted	31	<b>689</b>	1 104

The notes on pages 27 to 98 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

For the year ended 30 June 2012

	Number of shares issued (million)*	Ordinary shares Rm	Share premium Rm	Share- based payment reserve Rm
<b>Balance at 30 June 2011</b>	<b>600.99</b>	<b>15</b>	<b>12 223</b>	<b>1 990</b>
Shares issued				
Share option scheme	0.13	–	8	
Employee Share Ownership Programme (note 39)	5.45	1	868	82
Total comprehensive income				
Dividends (note 32)				
<b>Balance at 30 June 2012</b>	<b>606.57</b>	<b>16</b>	<b>13 099</b>	<b>2 072</b>
<b>Balance at 30 June 2010</b>	600.44	15	12 146	1 990
Shares issued				
Share option scheme	0.11	–	7	
Employee Share Ownership Programme (note 39)	0.44	–	70	
Total comprehensive income				
Dividends (note 32)				
<b>Balance at 30 June 2011</b>	600.99	15	12 223	1 990

\*The table above excludes the treasury shares, Morokotso Trust and the Implats share incentive scheme as these special purpose entities are consolidated. Refer notes 16 and 31.

The notes on pages 27 to 98 are an integral part of these consolidated financial statements.

	<b>Total share capital Rm</b>	<b>Retained earnings Rm</b>	Fair value reserve Rm	Foreign currency translation reserve Rm	<b>Total other components of equity Rm</b>	Attributable to:		<b>Total equity Rm</b>
						Owners of the Company Rm	Non- controlling interest Rm	
	<b>14 228</b>	<b>34 136</b>	<b>(9)</b>	<b>(792)</b>	<b>(801)</b>	<b>47 563</b>	<b>2 047</b>	<b>49 610</b>
	<b>8 951</b>					<b>8 951</b>		<b>8 951</b>
		<b>4 177 (3 364)</b>	<b>(3)</b>	<b>836</b>	<b>833</b>	<b>5 010 (3 364)</b>	<b>260</b>	<b>5 270 (3 364)</b>
	<b>15 187</b>	<b>34 949</b>	<b>(12)</b>	<b>44</b>	<b>32</b>	<b>50 168</b>	<b>2 307</b>	<b>52 475</b>
	14 151	30 017	(15)	(361)	(376)	43 792	1 941	45 733
	7 70					7 70		7 70
		6 638 (2 519)	6	(431)	(425)	6 213 (2 519)	106	6 319 (2 519)
	14 228	34 136	(9)	(792)	(801)	47 563	2 047	49 610

# Consolidated statement of cash flows

For the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
<b>Cash flows from operating activities</b>			
Profit before tax		6 250	9 561
Adjustments to profit before tax	33	1 499	1 107
Cash from changes in working capital	33	(1 133)	(371)
Exploration costs	29	(63)	(44)
Finance cost		(150)	(179)
Income tax paid	22	(1 425)	(1 805)
Net cash from operating activities		4 978	8 269
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(7 284)	(5 293)
Proceeds from sale of property, plant and equipment		52	4
Purchase of investment in associate	8	(5)	(55)
Payment received from associate on shareholders' loan		22	272
Loans granted		(120)	(33)
Loan repayments received		509	394
Prepayment made	12	(233)	–
Prepayments refunded	12	11	–
Finance income		281	250
Dividends received	8	9	5
Net cash used in investing activities		(6 758)	(4 456)
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		877	77
Lease liability repaid		(44)	(19)
Repayments of borrowings		(197)	(836)
Proceeds from borrowings	18	464	253
Dividends paid to Company's shareholders	32	(3 364)	(2 519)
Net cash used in financing activities		(2 264)	(3 044)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	15	4 542	3 858
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		89	(85)
<b>Cash and cash equivalents at the end of the year</b>	15	<b>587</b>	<b>4 542</b>

The notes on pages 27 to 98 are an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2012

## 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. Accounting policies that refer to “consolidated or Group” apply equally to the Company financial statements where relevant.

### 1.1 Basis of preparation

#### *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 AC500 standards as issued by the Accounting Practices Board or its successor, requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited.

#### *Basis of measurement*

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 with a binomial option model.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management and the Board to exercise their judgement in the process of applying the Group’s accounting policies. 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 note 3.

The principal accounting policies used by the Group are consistent with those of the previous year, unless otherwise stated.

#### *Functional and presentation currency*

These consolidated financial statements are presented in South African Rand, which is the Company’s functional currency. All financial information is presented in Rand million, unless otherwise stated.

### 1.2 Changes in accounting policies

The following standards, amendments to standards and interpretation have been early adopted in prior years:

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
Improvements to IFRS 2010			Annual improvements project is a collection of amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRSs.	No impact
IAS 12 <i>Income Taxes</i>	Amendment	1 January 2012	The amendment provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 <i>Investment Property</i> .	No impact
IFRS 7 <i>Financial Instruments: Disclosure</i>	Amendment	1 July 2011	The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets.	No impact

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies *(continued)*

### 1.2 Changes in accounting policies *(continued)*

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IFRIC 14 <i>Prepayment of a Minimum Funding Requirement</i>	Amendment	1 January 2011	This amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements.	No impact
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	Amendment	1 July 2010	The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap).	No impact

The following standards, amendments to standards and interpretations have become effective or have been early adopted:

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IAS 1 <i>Presentation of Financial Statements</i>	Amendment	1 July 2012	The amendment requires items presented in other comprehensive income (OCI) being grouped into those that will subsequently not be reclassified to profit or loss and those that will. This amendment required disclosure in the statement of comprehensive income indicating that all items will subsequently be reclassified to profit and loss.	←
IAS 19 <i>Employee Benefits</i>	Amendment	1 January 2013	The amendment eliminates the option to defer the recognition of actuarial gains and losses, streamlines the presentation of changes in assets and liabilities arising from defined benefit plans including the requirement that remeasurements be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The adoption of this standard had no material financial impact on the Group.	

## 1. Summary of significant accounting policies (continued)

### 1.2 Changes in accounting policies (continued)

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IAS 32 <i>Financial Instruments: Presentation</i>	Amendment	1 January 2014	The amendment addresses inconsistencies identified in applying some of the offsetting criteria for offsetting financial assets and financial liabilities by clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	No impact
IAS 34 <i>Interim Financial Reporting (effective 1 January 2013)</i>	Amendment	1 January 2013	Consequential amendment from IFRS 13 requiring additional disclosure for financial instruments in the interim financial report.	
IFRS 7 <i>Financial Instruments: Disclosures</i>	Amendment	1 January 2013	The amendment requires disclosure to include information regarding the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities.	No impact
IFRS 13 <i>Fair Value Measurement</i>	New standard	1 January 2013	The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	No impact
Improvements to IFRSs: 2009 2011 cycle		1 January 2013	Annual improvements project is a collection of amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRSs.	No impact
IFRIC 20 – <i>Stripping Costs in the Production Phase of a Surface Mine</i>	New interpretation	1 January 2013	The interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine.	No impact

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies *(continued)*

### 1.2 Changes in accounting policies *(continued)*

The following standards, amendments to standards and interpretations are not effective yet and have not been early adopted:

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IAS 27 <i>Separate Financial Statements</i>	Amendment	1 January 2013	This amendment contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate financial statements. The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 <i>Financial Instruments</i> .	No impact
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Amendment	1 January 2013	The amended standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard is expected to result in the 50% investment in Mimosa Investments Limited being equity-accounted, instead of being proportionately consolidated.	
IFRS 9 <i>Financial Instruments</i>	New standard	1 January 2015	This standard addresses classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. The standard also removes the requirement to separate embedded derivatives from financial asset hosts. This new standard will impact the classification and measurement of financial assets.	



1. Summary of significant accounting policies (*continued*)1.2 Changes in accounting policies (*continued*)

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IFRS 9 <i>Financial Instruments</i>	New standard	1 January 2015	The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> , without change, except for financial liabilities that are designated at fair value through profit or loss. The amendment introduces new requirements that address the problem of volatility in profit or loss (profit and loss) arising from an issuer choosing to measure its own debt at fair value. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the statement of comprehensive income, rather than within profit or loss.	No impact
IFRS 10 <i>Consolidated Financial Statements</i>	New standard	1 January 2013	IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities and supersedes IAS 27 <i>Consolidated and Separate Financial Statements</i> . IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. The standard provides additional guidance to assist in determination of control where this is difficult to assess.	No impact

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies *(continued)*

### 1.2 Changes in accounting policies *(continued)*

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact
IFRS 11 <i>Joint Arrangements</i>	New standard	1 January 2013	IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31 <i>Interests in Joint Venture</i> . IFRS 11 classifies joint arrangements into joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The focus is no longer on the legal structure. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The standard is expected to result in the 50% investment in Mimosa Investments Limited being equity-accounted, instead of being proportionately consolidated.	
IFRS 12 <i>Disclosure of Interest in Other Entities</i>	New standard	1 January 2013	IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special-purpose vehicles and other off-balance sheet vehicles. The new standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risk and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The impact will be additional disclosure.	

## 1. Summary of significant accounting policies (*continued*)

### 1.3 Consolidation

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

#### *Subsidiaries*

Subsidiary undertakings are those companies (including special purpose entities) in which the Group, directly or indirectly, has an interest of more than one-half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries 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. Costs directly attributable to the acquisition are accounted for as an expense. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date.

The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recorded as goodwill (note 1.8.) Any shortfall is recognised in profit or loss.

The non-controlling interest in the acquiree is measured either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or fair value.

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.

Special purpose entities (SPEs) are those undertakings that are created to satisfy specific business needs of the Group, which has the right to the majority of the benefits of the SPE and/or is exposed to the majority of the risks inherent to the activities thereof.

SPEs are consolidated when the substance of the relationship indicates that the SPE is controlled by the Group.

Any surplus or deficit arising from transactions with non-controlling interest holders, compared to the carrying amount of the non-controlling interest, is adjusted against equity.

#### *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. Investments in associated undertakings are accounted for by the equity method of accounting in the Group. The Group's investment in associates includes goodwill identified on acquisition.

The equity method of accounting is used to account for the acquisition of associates 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 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 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.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (*continued*)

### 1.3 Consolidation (*continued*)

#### *Associates (continued)*

When the Group's share of losses in an associate 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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### *Joint ventures*

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual total comprehensive income, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

### 1.4 Foreign currency translation

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using 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 it is US Dollar. The consolidated financial statements are presented in South African Rand, which is the functional and presentation currency of Impala Platinum Holdings Limited.

#### *Group companies*

Total comprehensive income of foreign subsidiaries, associates and joint ventures are 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 and liabilities are translated at rates ruling at the reporting date. The exchange differences arising on translation of assets and liabilities of foreign subsidiaries and joint ventures are transferred directly to other comprehensive income. On disposal of the foreign entity such translation differences are recognised as a gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### *Transactions and balances*

Foreign currency transactions are accounted for at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at year-end exchange rates. Gains and losses arising on settlement of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in foreign currency translation reserves as other comprehensive income.

## 1. Summary of significant accounting policies (*continued*)

### 1.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and less any accumulated impairment losses. Preproduction expenditure, including evaluation costs, 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 income earned while the item is not yet capable of operating as intended reduces the capitalised amount. Interest on general or specific borrowings to finance the establishment of mining assets is capitalised during the construction phase.

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 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.

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 are expensed to profit or loss during the financial period in which they are incurred.

Assets are not depreciated while the residual value equals or exceeds the carrying value of the asset. Depreciation is calculated on the carrying amount less residual value of the assets or components of the assets where applicable. Depreciation methods and depreciation rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns. Residual values and useful lives are reviewed annually. The depreciation calculation is adjusted prospectively for changes in the residual value and useful lives.

Other assets consist mainly of information technology equipment and mobile equipment.

#### *Shafts, mining development and infrastructure*

Individual mining assets are depreciated using the units-of-production method based on their respective estimated economically recoverable proved and probable mineral reserves.

#### *Metallurgical and refining assets*

Metallurgical and refining assets are depreciated using the units-of-production method based on the expected estimated economically recoverable proved and probable mineral reserves to be concentrated or refined by that asset.

#### *Land, buildings and general infrastructure (including housing and mineral rights)*

Assets in this category, excluding land which is not depreciated, are depreciated over life-of-mine using the units-of-production method and the economically recoverable proved and probable mineral reserves.

#### *Other assets*

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

Asset type	Estimated useful life
➔ Information technology	3 years
➔ Mobile equipment	5 and 10 years
➔ Other assets	1 to 5 years

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (continued)

### 1.6 Exploration for and evaluation of mineral resources

The Group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realised, ie probable. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of information depending on the level of exploration. While the criterion for concluding that expenditure should be capitalised is always the “probability” of future benefits, the information that the directors use to make that determination depends on the level of exploration.

- ➔ Exploration and evaluation expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable
- ➔ Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost. A “prefeasibility study” consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors.

The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures.

- ➔ Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the directors to conclude that more likely than not the Group will obtain future economic benefit from the expenditures.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. Subsequently it is stated at cost less impairment provision. Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to assets under construction. No amortisation is charged during the exploration and evaluation phase.

For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of operating mines that are located in the same geographical region. Where the assets are not associated with a specific cash-generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

### 1.7 Prepaid royalty

Prepaid royalty is recorded initially at cost and subsequently at cost less accumulated expenses. The royalty is expensed using the units-of-production method based on the estimated economically recoverable proved and probable mineral reserves of the area to which the royalty relates.

### 1.8 Goodwill

Goodwill represents the excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is tested annually for impairment or whenever there is an impairment indicator. Goodwill is carried at cost less accumulated impairment loss. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

## 1. Summary of significant accounting policies (*continued*)

### 1.9 Impairment of assets

#### *Non-financial assets*

Assets that have an indefinite useful life which are not subject to depreciation are tested for impairment, at least annually, on the same date and at the end of each reporting period when an indicator of impairment exists. Assets that are subject to depreciation are reviewed for impairment at the end of each reporting period whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are considered to be impaired when the higher of the asset's fair value less cost to sell and its value-in-use is less than the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

The recoverability of the long-term mining assets is based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. It is therefore possible that changes can occur which may affect the recoverability of the mining assets. The recoverable amounts of non-mining assets are generally determined by reference to market values. Where the recoverable amount is less than the carrying amount, the impairment is charged against income to reduce the carrying amount to the recoverable amount of the asset. The revised carrying amounts are depreciated over the remaining lives of such affected assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment previously recognised will be reversed when changes in circumstances, that have an impact on estimates, occur after the impairment was recognised. The reversal of an impairment will be limited to the lower of the newly calculated recoverable amount or the book value that would have existed if the impairment was not recognised. The reversal of an impairment is recognised in profit or loss.

#### *Goodwill*

Goodwill is tested for impairment annually, at least, and at the end of each reporting period when an indicator of impairment exists. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which goodwill has been allocated is based on fair value less cost to sell or value-in-use derived from reserve and resource ounce valuation. Impairment write-downs on goodwill may not be reversed.

#### *Financial assets*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired:

- ➔ In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost less previously recognised impairment loss and the current fair value is recognised as an impairment loss. Any fair value loss previously recognised in other comprehensive income is reclassified from fair value reserve in equity to profit and loss
- ➔ A provision for impairment of loans, receivables and advances is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default on or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the trade receivable and advances is reduced through the use of a provision account, and the amount of the loss is recognised as an operating expense. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income and expenses.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (*continued*)

### 1.10 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 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 so as to achieve a constant rate on the balance outstanding. 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 (note 1.5).

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.

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

### 1.11 Inventories

#### *Metal inventories*

Platinum, palladium and rhodium are treated as main products and other platinum group and base metals produced as by-products. Metals mined by the Group, including in-process metal contained in ore, concentrate and matte produced by the smelter and precious metal concentrate in the base and precious metal refineries, are valued at the lower of average cost of normal production and net realisable value. Quantities of in-process metals are based on latest available assays. The average cost of normal production is taken as total costs incurred on mining and refining, including depreciation, less net revenue from the sale of by-products, allocated to main products based on normal units produced. Any abnormal production costs are expensed immediately and not deferred in the cost of closing metal inventories. Refined by-products are valued at net realisable value. Stocks of metals purchased or recycled by the Group are valued at the lower of cost or net realisable value.

#### *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 values. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

### 1.12 Financial instruments

The Group participates in financial instruments that reduce risk exposure to foreign currency and future metal price fluctuations. The recognition and measurement methods adopted are disclosed in the individual policy statements associated with each item.

#### *1.12.1 Financial assets*

The Group classifies its financial assets in the following categories: financial assets held for trading at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. No financial instruments were designated at fair value through profit and loss on initial recognition. The classification is dependent on the purpose for which the asset was acquired.



## 1. Summary of significant accounting policies (*continued*)

### 1.12 Financial instruments (*continued*)

#### 1.12.1 Financial assets (*continued*)

Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs except financial assets at fair value through profit or loss which are recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### *Financial assets held for trading at fair value through profit and loss*

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and derivatives are classified as financial assets held for trading at fair value through profit and loss and are included in current assets. These investments are measured at fair value. Movements in fair value are recognised in profit or loss.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables include loans, trade and other receivables, advances and cash and cash equivalents in the statement of financial position. Loans and receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method less any accumulated impairment loss.

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 included within cash and cash equivalents for the cash flow statement and in current liabilities in the statement of financial position.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, and are included in non-current assets, except for those with maturities within 12 months from the reporting date which are classified as current assets.

Held-to-maturity investments are subsequently carried at amortised cost using the effective interest method less any accumulated impairment loss.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available-for-sale financial assets are subsequently carried at fair value which is determined using period-end bid rates.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold, the cumulative fair value adjustments are included in profit or loss as gains and losses from investment securities.

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (*continued*)

### 1.12 Financial instruments (*continued*)

#### 1.12.2 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- ➔ hedges of the fair value of recognised assets and liabilities (fair value hedge); or
- ➔ hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

#### *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within other income or expenses.

Amounts accumulated in other comprehensive income are recycled in profit or loss in the periods when the hedged item affects profit or loss. When the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which hedge accounting is applied, then the associated gains and losses that were recognised directly in other comprehensive income are included in the initial cost or other carrying amount of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to other income or other expenses.

#### *Derivatives at fair value through profit or loss*

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately within other income and expenses.

The Group's risk management policy on hedging is not prescriptive regarding the available financial instruments to be used, but financial limits and exposures are set by the Board. Due to the limited extent of these hedges, hedge accounting is generally not applied and therefore changes in the fair value of any derivative instruments are recognised in profit or loss immediately.

Forward sales, forward purchases and metal options are entered into from time to time to preserve and enhance future cash flow streams. Forward exchange contracts are from time to time entered into to hedge anticipated future transactions.

## 1. Summary of significant accounting policies (*continued*)

### 1.12 Financial instruments (*continued*)

#### 1.12.3 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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.

#### 1.12.4 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Metal purchase commitments are entered into as part of a financing arrangement. These commitments are accounted for, initially at fair value, and subsequently at amortised cost. Metal purchase commitments are included in trade and other payables.

### 1.13 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The listed market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price at reporting date.

The fair value of forward metal purchases and sales is determined using forward metal market prices at the reporting date.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying amounts of current financial assets and current liabilities approximate their fair values.

### 1.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Provisions are recognised as the best estimate of the expenditure required to settle the present obligation at reporting date taking into account the time value of money where relevant.

### 1.15 Environmental rehabilitation obligations

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.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (continued)

### 1.15 Environmental rehabilitation obligations (continued)

#### *Decommissioning costs*

This cost will arise from rectifying damage caused before production commences. The net present value of future decommissioning cost estimates as at year-end is recognised and provided for in full 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 utilised in calculating the present value.

Changes in the measurement of the liability, apart from unwinding the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (note 1.5).

#### *Restoration costs*

This cost will arise from rectifying damage caused after production commences. The net present value of future restoration cost estimates as at year-end is recognised and provided for in full 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 utilised in calculating the present value.

Changes in the measurement of the liability, apart from unwinding 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 as incurred.

#### *Pollution Control, Rehabilitation and Closure Trust Fund*

When contributions are made 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, income earned on monies paid to the trust is accounted for as investment income. The trust investments are included under held-to-maturity and available-for-sale investments, and cash equivalents.

The Group has control over the trust and the special purpose entity is consolidated in the Group.

### 1.16 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.

#### *Defined benefit and defined contribution retirement plans*

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

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. 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 a number of defined benefit and 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. The defined benefit plan is a multi-employer plan in Zimbabwe. Sufficient information is not available to account for it as a defined benefit plan. It is in substance accounted for as a defined contribution plan.

## 1. Summary of significant accounting policies (*continued*)

### 1.16 Employee benefits (*continued*)

#### *Post-employment medical benefit plan*

The Group provides post-employment healthcare benefits to qualifying employees and retirees. 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.

#### *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.

#### *Bonus plans*

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.

#### *Share-based payments*

##### *Equity-settled share option incentive scheme*

##### **Implats Share Incentive Scheme**

This Group share option plan provides for the granting of options to key employees who are able to purchase shares in the holding company at a price equal to the average market price of the five trading days preceding the date upon which the Remuneration Committee approved the granting of the options.

The scheme is administrated through the Impala Share Incentive Trust. Shares are issued to the trust as required. Employees are entitled to exercise their options at the option price.

The maximum number of share options outstanding in terms of the share scheme may not exceed 3.5% of the issued share capital of Impala Platinum Holdings Limited.

Vesting of options first occurs two years after the granting of the options, equal to 25% of the total options granted. In subsequent years an additional 25% vests per year. All outstanding options lapse after 10 years from the date of granting the options.

The fair value, on grant date, of the employee services received in exchange for the grant of options is recognised as an expense on a straight-line basis over the vesting period, with a corresponding increase in equity. The fair value is determined by using the binomial option valuation model and assumptions used to determine the fair value are detailed in note 3.

At each reporting date, the total amount to be expensed is determined by the number of options that are expected to become exercisable, taking into account non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit and loss and a corresponding adjustment to equity over the remaining vesting period.

#### *Cash-settled share-based payments*

##### **Share appreciation rights scheme**

The Group allocates to D and E Patterson band employees notional shares in the holding company. These notional shares will confer the conditional right on a participant to be paid a cash bonus equal to the appreciation in the share price from the date of allocation to the date of vesting of the notional share. Notional shares vest after two years of allocation to a maximum of 25% of the allocation. In subsequent years an additional 25% becomes exercisable per year. All unexercised shares lapse after 10 years from date of allocation.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 1. Summary of significant accounting policies (*continued*)

### 1.16 Employee benefits (*continued*)

#### *Cash-settled share-based payments (continued)*

#### **Employee Share Ownership Programme (ESOP)**

The ESOP for the South African operations provides for participation in the Morokotso Trust and is for employees in the A, B and C Patterson bands in the employment of the Company before 4 July 2008.

The trust holds the shares on behalf of these employees for a period of 10 years. After the end of five years (July 2011), 40% of the shares became exercisable and may be sold by the trust. The profit made from the sale, less costs, will be distributed equally among employees who opted to sell their shares. After another five years, the remaining 60% of the shares will vest, and will be sold in terms of the rules of the fund.

The fair value of employee services received in exchange for cash-settled share-based payments is recognised as an expense. A liability equal to the portion of the services received is determined and recognised at each reporting date. The binomial option valuation model is used to determine the fair value (excluding non-market vesting conditions) and the assumptions are detailed in note 3.

### 1.17 Deferred income tax

Deferred income tax is provided in full, using the liability 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 in 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income 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 income tax assets and deferred income tax liabilities of the same taxable entity are off-set 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.

The principal temporary differences arise from depreciation on property, plant and equipment, provisions, post-retirement medical benefits, tax losses carried forward and fair value adjustments on assets acquired from business combinations.

### 1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable, in respect of the sale of metals produced and metals purchased and toll income received by the Group. Revenue, net of indirect taxes and trade discounts, is recognised when the risks and rewards of ownership are transferred.

#### *Sales of metals mined and metals purchased*

The Group recognises revenue when the amount of revenue and costs associated with the transaction can be reliably measured and it is probable that future economic benefits will flow to the entity.

Revenue is recognised when the risk and reward of ownership is transferred and when the entity has no longer any managerial involvement or control over goods that would constitute control.

Consequently sales are recognised when a Group entity has delivered products to the customer or if the Group only retains insignificant risks of ownership and the Group has objective evidence that all criteria for acceptance have been satisfied.

## 1. Summary of significant accounting policies (*continued*)

### 1.18 Revenue recognition (*continued*)

#### *Toll income*

Toll refining income is recognised at date of declaration or dispatch of metal from the refinery in accordance with the relevant agreements with customers.

#### *Interest income*

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

#### *Dividend income*

Dividend income is recognised at the accrual date when the shareholders' right to receive payment is established.

### 1.19 Segment reporting

An operating segment is a component of an entity:

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

The Group is an integrated PGM and associated base metal producer. The operating segments are:

- ➔ Mine-to-market primary PGM producer, including the marketing of metals produced by the Group
- ➔ Toll refiner for third-party material (Impala Refining Services)
- ➔ Other.

### 1.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board of directors.

### 1.21 BEE transactions

This accounting policy relates to transactions where the Group grants or sells equity instruments to people in context of empowerment in terms of the Broad-Based Black Empowerment Act No 53 of 2003. The difference between the fair value and the selling price of the equity instruments granted or sold is accounted for as a share-based compensation expense.

The fair value of the equity instruments for non-listed entities is determined using the main assumptions as described in note 3 "Critical accounting estimates and judgements" for impairment of assets.

## 2. Financial risk management

### 2.1 Financial risk factors

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 Management Committee approves 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.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 2. Financial risk management *(continued)*

### 2.1 Financial risk factors *(continued)*

#### 2.1.1 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 Treasury Committee is responsible for managing the net position in each foreign currency.

##### 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 foreign currency in profit or loss.

	Year-end US Dollar exposure		Profit/loss effect	
	2012 US\$m	2011 US\$m	2012 Rm	2011 Rm
<b>Financial assets</b>				
Loans	172	276	±140	±187
Trade and other receivables	196	294	±160	±199
Cash and cash equivalents	98	125	±80	±84
<b>Financial liabilities</b>				
Trade and other payables	(186)	(204)	±152	±138
	<b>280</b>	491	<b>±228</b>	±332

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

##### Securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale financial assets.

These investments were acquired as strategic investments and were not actively managed with reference only to securities price risk.

##### Sensitivity analysis

The calculation of a 20% change in the share price of available-for-sale investments would have resulted in a R6 million movement in other comprehensive income in 2012 (2011: R3 million).

##### 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.



## 2. Financial risk management (continued)

### 2.1 Financial risk factors (continued)

#### 2.1.1 Market risk (continued)

##### 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	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
<b>Financial assets</b>				
Trade and other receivables	24	33	±2	±3
<b>Financial liabilities</b>				
Trade and other payables	(1 519)	(1 912)	±152	±191
	<b>(1 495)</b>	<b>(1 879)</b>	<b>±150</b>	<b>±188</b>

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

##### Fair value interest rate risk

The Group is exposed to insignificant fair value interest rate risk in respect of fixed rate financial assets and liabilities.

#### 2.1.2 Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in respect of its floating 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.

Exposure of the Group's borrowings to interest rate changes and contractual reprising dates is analysed further in note 18.

##### Sensitivity analysis

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

	Floating interest rate exposure		Profit/loss effect	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm
<b>Financial assets</b>				
Held-to-maturity financial assets (note 10)	49	61	±0	±1
Loans (note 11)	1 418	1 867	±14	±19
Trade and other receivables (note 14)	465	807	±5	±8
Cash and cash equivalents (note 15)	1 193	4 542	±12	±45
<b>Financial liabilities</b>				
Borrowings (note 18)	(1 582)	(1 231)	±16	±12
Bank overdraft (note 15)	(606)	–	±6	–
	<b>937</b>	<b>6 046</b>	<b>±9</b>	<b>±61</b>

± 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 continued

For the year ended 30 June 2012

## 2. Financial risk management *(continued)*

### 2.1 Financial risk factors *(continued)*

#### 2.1.3 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 value of all the financial assets and the maximum amount the Group could have to pay if the guarantees are called on (note 34).

The potential concentration of credit risk could arise in cash and cash equivalents, trade receivables, loans, advances and other financial assets.

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 regularly reviewed by the Treasury Committee and approved by the Board.

#### *Cash and cash equivalents*

Financial institutions' credit rating by exposure:

Credit rating	Exposure	
	2012 Rm	2011 Rm
<b>South African operations</b>		
AAA (zaf)	–	674
AA (zaf)	954	1 286
AA- (zaf)	121	982
A+ (zaf)	9	716
AA	–	600
A+	–	100
<b>Overseas operations</b>		
AA (zaf)	109	184
	<b>1 193</b>	4 542

Credit risk on cash and cash equivalents is further analysed in note 15.

#### *Trade receivables and advances*

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.

Advances are made to customers based on toll refining "in-process metal". Credit risk on advances where sufficient in-process metal serves as collateral is low (note 11 and 14).

## 2. Financial risk management (continued)

### 2.1 Financial risk factors (continued)

#### 2.1.3 Credit risk (continued)

##### Trade receivables and advances (continued)

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
<b>Financial year 2012</b>					
Number of customers	2	–	2	67	71
Number of defaults	–	–	–	–	–
Value at year-end (R million)	0	–	45	1 738	1 783
<b>Financial year 2011</b>					
Number of customers	1	–	10	62	73
Number of defaults	–	–	–	1	1
Value at year-end (R million)	0	–	70	2 085	2 155

Credit risk exposure in respect of trade and other receivables is analysed further in note 14.

No trade receivables and advances are past due.

##### Other financial assets

Credit risk relating to other financial assets consists of:

- ➔ Advances receivable from toll-refining customer
- ➔ Shareholders' loans to Two Rivers Platinum (Pty) Limited which is unsecured
- ➔ Loan to the Reserve Bank of Zimbabwe is unsecured with no fixed terms of repayment
- ➔ Employee housing loans secured by a second bond over residential properties.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to derivative instruments. The counterparties to these contracts are major financial institutions and metal customers. The Group continually monitors its positions and the credit ratings of its counterparties and limits the amount of contracts it enters into with one party.

Management assesses the recoverability of loans on an individual basis at the end of each reporting period. Based on management's assessment, R378 million (2011: R87 million) impairment provision for loans was considered necessary (note 29).

##### Employee receivables

Employee receivables consist mainly of vehicle loans for which the vehicles serve as collateral. Collateral held is sufficient to cover these employee receivables which is limited by taking the employee's annual earnings into account.

Only an insignificant amount of employee receivables are past due.

#### 2.1.4 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 on page 50. Of these facilities, R3.5 billion (June 2011: R3.9 billion) were committed facilities at year-end.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 2. Financial risk management *(continued)*

### 2.1 Financial risk factors *(continued)*

#### 2.1.4 Liquidity risk *(continued)*

*Credit limit facilities – South African banks*

Credit rating	Credit limit facilities	
	2012 Rm	2011 Rm
AA (zaf)*	3 037	2 996
AA- (zaf)	–	500
AA+ (zaf)	500	–
A+ (zaf)	500	500
	<b>4 037</b>	<b>3 996</b>

\* Includes a US dollar facility of US\$78 million (2011: US\$88 million)

None of these facilities had been drawn down at year-end. These facilities are renewed annually.

*Credit limit facilities – Foreign banks*

Credit rating	Credit limit facilities	
	2012 US\$m	2011 US\$m
AA (zaf)	15	–

These facilities are renewed annually.

Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 15) on the basis of expected cash flows.

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	Time value of money Rm	Total 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
<b>At June 2012</b>							
<b>Financial assets</b>							
Loans (note 11)	1 764	398	2 162	601	125	682	754
Trade and other receivables (note 14)	3 284		3 284	3 284			
Cash and cash equivalents (note 15)	1 193		1 193	1 193			
<b>Financial liabilities</b>							
Borrowings (note 18)	3 003	2 149	5 152	483	474	902	3 293
Bank overdraft (note 15)	606		606	606			
Liabilities (note 19)	177	47	224	87	55	82	
Trade and other payables (note 21)	3 957		3 957	3 957			
Financial guarantee contracts (note 34)			256	256			

## 2. Financial risk management (continued)

### 2.1 Financial risk factors (continued)

#### 2.1.4 Liquidity risk (continued)

	Total carrying amount Rm	Time value of money Rm	Total con- tractual cash flow Rm	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
<b>At June 2011</b>							
<b>Financial assets</b>							
Loans (note 11)	2 468	583	3 051	282	1 004	327	1 438
Trade and other receivables (note 14)	3 043		3 043	3 043			
Cash and cash equivalents (note 15)	4 542		4 542	4 542			
<b>Financial liabilities</b>							
Borrowings (note 18)	1 842	1 325	3 167	265	299	610	1 993
Liabilities (note 19)	184	67	251	59	35	106	51
Trade and other payables (note 21)	5 262		5 262	5 262			
Financial guarantee contracts (note 34)			112	112			

#### 2.1.5 Sovereign risk

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 to ensure favourable outcomes.

## 2.2 Capital risk management

The Group defines total capital as “equity” in the consolidated statement of financial position plus debt. 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 cost of capital.

In order to maintain or improve the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or repurchase shares.

The Group monitors capital on a basis of the gearing ratio.

## 3. Critical accounting estimates and judgements

### Use of estimates

The preparation of the financial statements requires the Group’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results may differ from these estimates.

The significant areas requiring the use of management estimates and assumptions which have a significant risk resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 3. Critical accounting estimates and judgements (*continued*)

### 3.1 Carrying value of property, plant and equipment (note 5)

Various units-of-production (UOP) depreciation methodologies are available to management, eg centares mined, tonnes mined, tonnes milled or ounces produced. Management elected to depreciate all mining and processing assets using the centares mined methodology.

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result from changes in any of the factors or assumptions used in estimating mineral reserves. Changes in mineral reserves will similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The Group reviews and tests the carrying value of assets at each reporting period when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment (note 1.9).

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the recoverable amount of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future metal prices, discount rates, foreign currency exchange rates, estimates of cost to establish reserves and future relevant capital expenditure.

The key financial assumptions used in the impairment calculations are:

- ➔ Long-term real revenue per platinum ounce sold of R25 096 (2011: R22 560); and
- ➔ Long-term real discount rate – a range of 6.0% to 13.0% (2011: 6.5% to 12.5%) for the various operations in the Group.

### 3.2 Production start date (note 5)

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. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- ➔ The level of capital expenditure compared to the construction cost estimates
- ➔ Completion of a reasonable period of testing of the mine plant and equipment
- ➔ Ability to produce metal in saleable form (within specifications)
- ➔ Ability to sustain ongoing production of metal.

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

### 3.3 Income taxes (notes 22 and 30)

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 recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3. Critical accounting estimates and judgements (*continued*)

#### 3.4 Metal in process and product inventories (note 13)

Costs that are incurred in or benefit the production process are accumulated as stockpiles, metal in process and product inventories. Net realisable value tests are performed, at least, on each reporting date and represent the estimated future sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing), the nature of the 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.

#### 3.5 Recoverability of trade and other receivables (note 14)

Due to 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, which serves as collateral for the advances.

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 that serves as collateral could decrease below the carrying amount of the advance.

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

Items considered by management include the ability of the customer to continue to deliver metals to the Group, the estimated levels of future deliveries and the estimated movements in PGM prices. Recent levels of deliveries and short-term price forecasts are used in management's assumptions. If customer deliveries or actual PGM prices differ significantly from estimates, there is a possibility of an impairment. Based on management's assessment, no impairment provision against any advances were considered necessary.

#### 3.6 Mineral reserves

The estimation of reserves impact the depreciation of property, plant and equipment, the recoverable amount of property, plant and equipment, the timing of rehabilitation expenditure and purchase price allocation.

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.

#### 3.7 Goodwill impairment test (note 7)

In testing whether goodwill is impaired the following critical assumptions and judgements were used:

- ➔ The Afplats reserve and resource ounce valuation was based on the UG2 4E ounces
- ➔ These resource ounces were valued using a range of US\$8 and US\$50 per ounce (2011: US\$10 and US\$51 per ounce).

Goodwill was allocated to the Group's cash-generating units (CGUs) identified in accordance with business operations.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 3. Critical accounting estimates and judgements (continued)

### 3.8 Liabilities (note 19)

#### Post-retirement medical benefits (note 19(i))

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. Whilst 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 2012, actuarial parameters used by independent valuers assumed 5.9% (2011: 6.4%) as the long-term medical inflation rate and an 8.0% (2011: 8.5%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

#### Share-based payments

The Group issues equity-settled and cash-settled share-based payments to employees. 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 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. Cash-settled share-based payments are valued on the reporting date and recognised over the vesting period.

The fair value of share-based payments is calculated using the binomial option pricing model for non-vested shares. Vested cash-settled shares are valued at their intrinsic value.

#### Share-based payments

The average inputs into this model are as follows:

	Employee Share Ownership Programme (ESOP) <sup>5</sup>		Implats Share Incentive Scheme (ISIS) <sup>7</sup>		Share appreciation right scheme (SARS) <sup>5</sup>	
	2012	2011	2012	2011	2012	2011
Weighted average option value (Rand) <sup>1</sup>	24.62	50.79	190.75	190.75	22.40	46.96
Weighted average share price on valuation date (Rand) <sup>2</sup>	135.25	182.19	70.26	70.26	135.25	182.19
Weighted average exercise price (Rand) <sup>3, 6</sup>	159.18	159.18	61.03	61.03	175.66	175.61
Volatility <sup>4</sup>	31.62	33.29	42.03	42.03	31.62	33.29
Dividend yield (%)	4.10	2.31	5.75	5.75	4.10	2.31
Risk-free interest rate (%)	6.64	7.70	10.43	10.43	6.64	7.70

#### Notes

<sup>1</sup> The weighted average option value for cash-settled shares is calculated on reporting date. The weighted average option value of equity-settled shares is calculated on grant date.

<sup>2</sup> Weighted average share price for valuation of equity-settled shares is calculated taking into account the market price on all grant dates. The value of cash-settled share appreciation rights is calculated at year-end based on the year-end closing price.

<sup>3</sup> The weighted average exercise price for equity-settled and cash-settled shares is calculated taking into account the exercise price on each grant date.

<sup>4</sup> Volatility for equity and cash-settled shares is the 400-day moving average historical volatility on Implats shares on each valuation date.

<sup>5</sup> Cash-settled share-based payments.

<sup>6</sup> 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.

<sup>7</sup> The share option scheme, equity-settled, was closed to future grants with effect from October 2004.



### 3. Critical accounting estimates and judgements (*continued*)

#### 3.9 Provisions (note 20)

##### *Environmental rehabilitation obligations*

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.

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.

##### *South African operations*

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 7.5% and 8.5% (2011: 8.2% and 8.6%) 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 1.6% (2011: 2.3%).

##### *Zimbabwe operations*

The discount rate used was 10% (2011: 10%) 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 5% (2011: 5%).

#### 3.10 Contingencies (note 34)

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

#### 3.11 Foreign currency translation

The following exchange rates were used:

Year-end rate: R8.17 (2011: R6.77)

Annual average rate: R7.74 (2011: R7.03)

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 4. Segment information

### Operating segments – June 2012

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
<b>Segment profit</b>					
<i>Revenue from:</i>					
Platinum	8 666	2 026	702	603	
Palladium	1 461	674	298	196	
Rhodium	1 093	145	122	43	
Nickel	704	410	24	201	
Other metal sales	1 085	410	51	158	
Treatment income					
<b>Revenue</b>	<b>13 009</b>	<b>3 665</b>	<b>1 197</b>	<b>1 201</b>	
On-mine operations	(7 449)	(1 089)	(961)	(407)	
Processing operations	(1 782)	(494)	(155)	(121)	
Refining operations	(477)				
Treatment charge			(3)	(67)	
Depreciation	(1 141)	(329)	(158)	(79)	(1)
Metals purchased					
Change in inventories	1 124	31		(9)	
<b>Cost of sales</b>	<b>(9 725)</b>	<b>(1 881)</b>	<b>(1 277)</b>	<b>(683)</b>	<b>(1)</b>
<b>Gross profit</b>	<b>3 284</b>	<b>1 784</b>	<b>(80)</b>	<b>518</b>	<b>(1)</b>
Other operating expenses	(395)	(195)		(69)	
Royalty expense	(299)	(262)	(37)	(66)	
<b>Profit from operations</b>	<b>2 590</b>	<b>1 327</b>	<b>(117)</b>	<b>383</b>	<b>(1)</b>
Other	256	(166)	(120)	(44)	2
Profit from metals purchased	5				
Sale of metal purchased	14 020				
Cost of metal purchased	(14 011)				
Change in inventories	(4)				
Share of profit of associates					
<b>Profit before tax</b>	<b>2 851</b>	<b>1 161</b>	<b>(237)</b>	<b>339</b>	<b>1</b>
Income tax expense	(924)	(282)	48	(137)	(10)
<b>Profit for the year</b>	<b>1 927</b>	<b>879</b>	<b>(189)</b>	<b>202</b>	<b>(9)</b>
<b>External revenue*</b>	<b>27 029</b>			<b>267</b>	

\*External revenue excludes intergroup sales.

Total mining segment Rm	Impala Refining Services Rm	Other Rm	Intersegment adjustment Rm	Total Rm
11 997	7 982		(3 017)	16 962
2 629	2 464		(1 103)	3 990
1 403	1 113		(280)	2 236
1 339	1 236		(488)	2 087
1 704	1 023		(590)	2 137
	251		(70)	181
19 072	14 069		(5 548)	27 593
(9 906)				(9 906)
(2 552)	(225)			(2 777)
(477)	(378)			(855)
(70)			70	
(1 708)				(1 708)
	(12 342)		5 487	(6 855)
1 146	248		66	1 460
(13 567)	(12 697)		5 623	(20 641)
5 505	1 372		75	6 952
(659)	(37)			(696)
(664)				(664)
4 182	1 335		75	5 592
(72)	620	(7)		541
5			(5)	
14 020			(14 020)	
(14 011)			14 011	
(4)			4	
		117		117
4 115	1 955	110	70	6 250
(1 305)	(624)	(9)	(13)	(1 951)
2 810	1 331	101	57	4 299
27 296	297			27 593

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 4. Segment information (continued)

Operating segments – June 2012 (continued)

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
<b>Segment assets and liabilities</b>					
<i>Non-current segment assets</i>	37 586	7 487	3 025	1 472	7 467
Property, plant and equipment	26 503	7 195	3 025	1 291	2 155
Exploration and evaluation assets					4 294
Intangible assets					1 018
Investment in associates					
Available-for-sale financial assets	17			15	
Held-to-maturity financial assets	49				
Loans	39	167		140	
Prepayments	10 978	125		26	
<i>Current segment assets</i>	7 563	907	243	507	47
Inventories	3 291	468	30	248	
Trade and other receivables	3 210	92	209	106	45
Loans	16			1	
Prepayments	267	251	4	49	
Cash and cash equivalents	779	96		103	2
<b>Total assets</b>	45 149	8 394	3 268	1 979	7 514
<i>Non-current segment liabilities</i>	8 941	1 843	1 563	397	1 460
Deferred tax liability	6 309	1 053	578	371	1 460
Borrowings	1 324	638	920		
Liabilities	751	35	8		
Provisions	557	117	57	26	
<i>Current segment liabilities</i>	2 919	717	361	133	49
Trade and other payables	2 075	540	319	66	49
Current tax payable	2	119		4	
Borrowings	11	16	31	63	
Bank overdraft	606				
Liabilities	225	42	11		
<b>Total liabilities</b>	11 860	2 560	1 924	530	1 509
<i>Segmental cash flow</i>					
Net increase/(decrease) in cash and cash equivalents	(2 296)	(333)	(144)	(45)	(352)
Net cash from/(used in) operating activities	1 948	1 771	(3)	178	(88)
Net cash (used in)/from investing activities	(4 135)	(2 299)	(136)	(283)	(264)
Net cash (used in)/from financing activities	(109)	195	(5)	60	
<b>Capital expenditure</b>	5 269	2 137	223	248	265

Total mining segment Rm	Impala Refining Services Rm	Other Rm	Total Rm
57 037	881	1 021	58 939
40 169			40 169
4 294			4 294
1 018			1 018
		1 021	1 021
32			32
49			49
346	881		1 227
11 129			11 129
9 267	4 091	330	13 688
4 037	3 044		7 081
3 662	526	117	4 305
17	521		538
571			571
980		213	1 193
66 304	4 972	1 351	72 627
14 204	(147)	19	14 076
9 771	(147)	1	9 625
2 882			2 882
794		18	812
757			757
4 179	1 723	174	6 076
3 049	1 680	129	4 858
125	43	8	176
121			121
606			606
278		37	315
18 383	1 576	193	20 152
(3 170)	1 559	(2 433)	(4 044)
3 806	1 236	(64)	4 978
(7 117)	323	36	(6 758)
141		(2 405)	(2 264)
8 142			8 142

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 4. Segment information *(continued)*

### Operating segments – June 2011

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
<b>Segment profit</b>					
<i>Revenue from:</i>					
Platinum	11 618	2 004	728	638	
Palladium	2 483	692	316	189	
Rhodium	2 132	211	183	64	
Nickel	989	465	28	248	
Other metal sales	1 219	337	45	145	
Treatment income					
<b>Revenue</b>	18 441	3 709	1 300	1 284	
On-mine operations	(7 594)	(870)	(1 034)	(364)	
Processing operations	(1 673)	(446)	(152)	(98)	
Refining operations	(467)				
Treatment charge			(3)	(59)	
Depreciation	(923)	(239)	(152)	(57)	(1)
Metals purchased					
Change in inventories	(298)	(21)		11	
<b>Cost of sales</b>	(10 955)	(1 576)	(1 341)	(567)	(1)
<b>Gross profit</b>	7 486	2 133	(41)	717	(1)
Other operating expenses	(367)	(203)		(45)	
Royalty expense	(606)	(113)	(41)	(44)	
<b>Profit from operations</b>	6 513	1 817	(82)	628	(1)
Other	(101)	(143)	(159)	(12)	17
Profit from metals purchased	25				
Sale of metal purchased	13 589				
Cost of metal purchased	(13 568)				
Change in inventories	4				
Share of profit of associates					
<b>Profit before tax</b>	6 437	1 674	(241)	616	16
Income tax expense	(1 865)	(314)	34	(198)	(12)
<b>Profit for the year</b>	4 572	1 360	(207)	418	4
<b>External revenue*</b>	32 030			318	

\*External revenue excludes intergroup sales.

Total mining segment Rm	Impala Refining Services Rm	Other Rm	Intersegment adjustment Rm	Total Rm
14 988	8 104		(3 382)	19 710
3 680	2 169		(1 135)	4 714
2 590	1 376		(443)	3 523
1 730	1 305		(442)	2 593
1 746	874		(411)	2 209
	445		(62)	383
24 734	14 273		(5 875)	33 132
(9 862)				(9 862)
(2 369)	(232)			(2 601)
(467)	(366)			(833)
(62)			62	
(1 372)				(1 372)
	(12 669)		5 834	(6 835)
(308)	413		(92)	13
(14 440)	(12 854)		5 804	(21 490)
10 294	1 419		(71)	11 642
(615)	(30)			(645)
(804)				(804)
8 875	1 389		(71)	10 193
(398)	(395)	(77)		(870)
25			(25)	
13 589			(13 589)	
(13 568)			13 568	
4			(4)	
		238		238
8 502	994	161	(96)	9 561
(2 355)	(421)	9	16	(2 751)
6 147	573	170	(80)	6 810
32 348	784			33 132

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 4. Segment information *(continued)*

### Operating segments – June 2011 *(continued)*

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
<b>Segment assets and liabilities</b>					
<b><i>Non-current segment assets</i></b>	34 116	4 617	3 027	1 117	7 203
Property, plant and equipment	22 884	4 387	3 027	948	1 891
Exploration and evaluation assets					4 294
Intangible assets					1 018
Investment in associates					
Available-for-sale financial assets				15	
Held-to-maturity financial assets	61				
Loans	74	184		154	
Prepayments	11 097	46			
<b><i>Current segment assets</i></b>	9 384	951	290	476	61
Inventories	2 169	335	23	180	
Trade and other receivables	2 854	79	265	48	13
Loans	177				
Prepayments	319	171	2	69	1
Cash and cash equivalents	3 865	366		179	47
<b>Total assets</b>	43 500	5 568	3 317	1 593	7 264
<b><i>Non-current segment liabilities</i></b>	7 499	771	1 551	228	1 460
Deferred tax liability	5 700	395	627	207	1 460
Borrowings	576	258	864		
Liabilities	768	21	19		
Provisions	455	97	41	21	
<b><i>Current segment liabilities</i></b>	3 244	649	378	55	29
Trade and other payables	2 704	411	336	55	29
Current tax payable	114	103			
Borrowings	10	113	21		
Provision	416	22	21		
<b>Total liabilities</b>	10 743	1 420	1 929	283	1 489
<b><i>Segmental cash flow</i></b>					
Net increase/(decrease) in cash and cash equivalents	2 642	353	(332)	(137)	3
Net cash from/(used in) operating activities	6 375	1 868	(112)	47	33
Net cash (used in)/from investing activities	(3 725)	(923)	(218)	(184)	(30)
Net cash (used in)/from financing activities	(8)	(592)	(2)		
<b>Capital expenditure</b>	4 240	840	242	186	32



Total mining segment Rm	Impala Refining Services Rm	Other Rm	Total Rm
50 080	1 824	904	52 808
33 137			33 137
4 294			4 294
1 018			1 018
		904	904
15			15
61			61
412	1 824		2 236
11 143			11 143
11 162	3 506	128	14 796
2 707	2 764		5 471
3 259	687	43	3 989
177	55		232
562			562
4 457		85	4 542
61 242	5 330	1 032	67 604
11 509	(57)	28	11 480
8 389	(57)	5	8 337
1 698			1 698
808		23	831
614			614
4 355	2 064	95	6 514
3 535	2 056	65	5 656
217	8	1	226
144			144
459		29	488
15 864	2 007	123	17 994
2 529	414	(2 174)	769
8 211	38	36	8 285
(5 080)	376	232	(4 472)
(602)		(2 442)	(3 044)
5 540			5 540

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 4. Segment information (continued)

### Notes to operating segment analysis:

The Group distinguishes its segments between mining operations and refining services (which include metals purchased and toll refined) and other.

Management has determined the operating segments based on the business activities and management structure within the Group.

Operating segments have consistently applied the consolidated basis of accounting and there are no differences in measurement applied.

Capital expenditure comprises additions to property, plant and equipment (note 5), including additions resulting from acquisitions through business combinations.

Sales to the two largest customers in the Impala mining segment comprised 10% and 12% (2011: 10%) each of total sales.

### Sales

#### Metals mined

Reflects the mine-to-market sales primarily from the Impala mining operations.

#### Metals purchased

Revenue from metals purchased is recognised within two separate legal entities:

- ➔ For Impala this incorporates sales of metals purchased principally from Impala Refining Services
- ➔ For Impala Refining Services this includes sales from purchases of metals from third party refining customers. The majority of sales are to Impala and a portion directly to the market.

#### Treatment income

Fees earned by Impala Refining Services for the treatment of metals from third party refining customers.

#### Inter-company

Comprises sales of concentrate from Marula, Mimosa and Zimplats mining operations to Impala Refining Services.

### Segment operating expenses for:

#### Gross cost

Comprises total costs associated with the mining, refining and external metal purchases.

#### Inter-segment adjustments

Elimination of inter-segment sales, purchases, interest, administration fees, toll refining fees and unrealised profit in the Group.

#### Inter-segment transfers

Inter-segment transfers are based on market-related prices.

	2012 Rm	2011 Rm
<b>4. Segment information (continued)</b>		
<b>Analysis of revenue by destination</b>		
<i>Main products</i>		
Asia	9 548	10 743
North America	4 447	6 810
Europe	5 765	5 707
South Africa	3 428	4 687
	<b>23 188</b>	27 947
<i>By-products</i>		
South Africa	2 506	2 451
Asia	1 120	1 344
Europe	365	684
North America	233	323
	<b>4 224</b>	4 802
<i>Treatment income</i>		
South Africa	117	315
North America	64	68
	<b>181</b>	383
	<b>27 593</b>	33 132
<b>Analysis of revenue by category</b>		
<i>Sales of goods</i>		
<i>Precious metals</i>		
Platinum	16 962	19 710
Palladium	3 990	4 714
Rhodium	2 236	3 523
Ruthenium	227	363
Iridium	467	410
Gold	813	756
Silver	25	11
	<b>24 720</b>	29 487
<i>Base metals</i>		
Nickel	2 087	2 593
Copper	400	452
Cobalt	34	31
Chrome	171	186
	<b>2 692</b>	3 262
<i>Revenue from services</i>		
Toll refining	181	383
	<b>27 593</b>	33 132

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

## 4. Segment information (continued)

	Revenue		Capital expenditure		Non-current assets	
	2012 Rm	2011 Rm	2012 Rm	2011 Rm	2012 Rm	2011 Rm
<b>Other segment information</b>						
South Africa	22 727	28 139	5 756	4 514	48 959	46 170
Zimbabwe	4 866	4 993	2 386	1 026	8 959	5 734
Investment in associates	–	–	–	–	1 021	904
	<b>27 593</b>	<b>33 132</b>	<b>8 142</b>	<b>5 540</b>	<b>58 939</b>	<b>52 808</b>

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

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

## 5. Property, plant and equipment

	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
<b>Cost</b>						
<b>Balance at 30 June 2011</b>	19 614	9 445	3 260	8 360	2 074	42 753
Additions	2 632	491	1 031	3 491	459	8 104
Interest capitalised (note 28)				38		38
Transfer from assets under construction	2	276	66	(364)	20	
Disposals			(573)		(45)	(618)
Exchange adjustment	359	497	177	264	176	1 473
<b>Balance at 30 June 2012</b>	<b>22 607</b>	<b>10 709</b>	<b>3 961</b>	<b>11 789</b>	<b>2 684</b>	<b>51 750</b>
<b>Balance at 30 June 2010</b>	15 058	9 229	2 388	9 489	1 894	38 058
Additions	2 294	461	618	1 907	259	5 539
Interest capitalised (note 28)				1		1
Transfer from assets under construction	2 463	57	401	(2 948)	27	
Disposals		(3)	(49)		(16)	(68)
Exchange adjustment	(201)	(299)	(98)	(89)	(90)	(777)
<b>Balance at 30 June 2011</b>	<b>19 614</b>	<b>9 445</b>	<b>3 260</b>	<b>8 360</b>	<b>2 074</b>	<b>42 753</b>

	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
<b>5. Property, plant and equipment (continued)</b>						
<b>Accumulated depreciation and impairment</b>						
<b>Balance at 30 June 2011</b>	<b>5 651</b>	<b>2 421</b>	<b>118</b>		<b>1 426</b>	<b>9 616</b>
Charge for the year (note 24)	761	541	89		317	1 708
Disposals					(39)	(39)
Exchange adjustment	84	93	16		103	296
<b>Balance at 30 June 2012</b>	<b>6 496</b>	<b>3 055</b>	<b>223</b>		<b>1 807</b>	<b>11 581</b>
<b>Balance at 30 June 2010</b>	5 083	2 035	95		1 199	8 412
Charge for the year (note 24)	617	435	30		290	1 372
Disposals					(14)	(14)
Exchange adjustment	(49)	(49)	(7)		(49)	(154)
<b>Balance at 30 June 2011</b>	<b>5 651</b>	<b>2 421</b>	<b>118</b>		<b>1 426</b>	<b>9 616</b>
<b>Carrying value at 30 June 2012</b>	<b>16 111</b>	<b>7 654</b>	<b>3 738</b>	<b>11 789</b>	<b>877</b>	<b>40 169</b>
<b>Carrying value at 30 June 2011</b>	<b>13 963</b>	<b>7 024</b>	<b>3 142</b>	<b>8 360</b>	<b>648</b>	<b>33 137</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>5. Property, plant and equipment (continued)</b>		
<b>Assets under construction consist mainly of (carrying value):</b>		
Impala (20, 16 and 17 shafts)	7 122	5 526
Afplats (Leeuwkop)	2 154	1 889
Zimplats (Ngezi phase 1 and underground mine project)	2 255	815
<b>Other assets consist mainly of (carrying value):</b>		
Mobile equipment	731	532
Information technology	124	87
Other	22	29
	<b>877</b>	648
<b>Commitments in respect of property, plant and equipment</b>		
Commitments contracted for	4 279	1 994
Approved expenditure not yet contracted	18 997	23 541
	<b>23 276</b>	25 535
Less than one year	6 812	7 965
Between one and five years	14 387	16 967
More than five years	2 077	603
	<b>23 276</b>	25 535
<p>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.</p>		
<p>Included in property, plant and equipment are assets with a carrying amount of R1 303 million (2011: R562 million) arising from finance leases capitalised (note 18(vi)).</p>		
<b>6. Exploration and evaluation assets</b>		
Cost	4 318	4 318
Accumulated impairment	(24)	(24)
Carrying value	4 294	4 294
<b>7. Intangible assets</b>		
<b>Goodwill</b>		
Goodwill at cost less impairment	1 018	1 018
<p>The goodwill originated from the deferred taxation provided on the fair value of the assets over carrying amount of Afplats.</p>		
<p>A summary of the goodwill allocation is as follows:</p>		
Leeuwkop project	179	179
Evaluation and exploration projects	839	839
	<b>1 018</b>	1 018
<p>There was no impairment of goodwill in the current financial year.</p>		

	2012 Rm	2011 Rm
<b>8. Investment in associates</b>		
<b>Summary – Balances</b>		
Two Rivers Platinum	958	847
Makgomo Chrome	63	57
Friedshelf 1226 & 1169	–	–
<b>Total investment in associates</b>	<b>1 021</b>	904
<b>Summary – Movement</b>		
Beginning of the year	904	934
Amount invested	5	55
Share of profit	143	192
Interest accrued	4	16
Payments received	(26)	(288)
Dividends received	(9)	(5)
End of the year	<b>1 021</b>	904
<b>(i) Two Rivers Platinum Investment</b>		
<b>Investment</b>		
Beginning of the year	776	591
Share of profit	133	185
End of the year	<b>909</b>	776
<b>Loan</b>		
Beginning of the year	71	343
Interest (note 27 and 35)	4	16
Payments received	(26)	(288)
End of the year	<b>49</b>	71
<b>Total</b>	<b>958</b>	847
Shares beneficially owned in the Company involved in the business of mining and producing PGM concentrate.		
Unrealised profit in inventories net of tax arises due to intergroup sales. The variable rate shareholder's loan is unsecured and bore interest at 6.5% (2011: 7.1%) per annum and has no fixed term of repayment (note 35).		
Impala Platinum Holdings Limited has provided a guarantee to Nedbank Limited for its share of the borrowings by Two Rivers Platinum. At 30 June 2012, the exposure under the guarantee to Nedbank Limited amounted to R41 million (2011: R49 million) (note 34 and 35).		
<b>Shareholding</b>		
Number of shares		
Ordinary shares	270	270
Effective holding %	45	45

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>8. Investment in associates (continued)</b>		
<i>Summarised financial information as at 30 June and for the year then ended</i>		
Capital and reserves	2 021	1 725
Non-current liabilities	1 111	763
Current liabilities	544	884
	<b>3 676</b>	3 372
Non-current assets	2 711	2 415
Current assets	965	957
	<b>3 676</b>	3 372
Revenue	2 336	2 274
Profit for the year	296	415
The results of the associate are based on audited financial statements.		
There were no unrecognised losses in the associate for which the Group had not accounted.		
Unrealised profit on sales from Two Rivers to Implats were eliminated in the share of profit recognised above.		
<b>(ii) Makgomo Chrome Investment</b>		
<i>Investment</i>		
Beginning of the year	57	–
Amount invested	5	55
Share of profit	10	7
Dividend received	(9)	(5)
End of the year	<b>63</b>	57
Shares beneficially owned in the Company involved in the business of extracting and selling of chrome:		
<i>Shareholding</i>		
Number of shares		
Ordinary shares	500	499
Effective holding (%)	50	49
<i>Summarised financial information as at 30 June and for the year then ended</i>		
Capital and reserves	66	61
Non-current liabilities	7	5
Current liabilities	2	1
	<b>75</b>	67
Non-current assets	49	47
Current assets	26	20
	<b>75</b>	67
Revenue	34	26
Profit for the year	20	15

The results of the associate are based on audited financial statements.

There were no unrecognised losses in the associate for which the Group had not accounted.

This investment is a venture between Implats, Marula Platinum and Marula Community Chrome to beneficiate chrome from Marula tailings.



	2012 Rm	2011 Rm
<b>8. Investment in associates (continued)</b>		
<b>(iii) Friedshel investment 1126 &amp; 1169</b>		
<i>Investment</i>		
Amount invested	-	-
End of the year	-	-
Shares beneficially owned in the property company involved in leasing residential property:		
<i>Shareholding</i>		
Number of shares		
Ordinary shares	25	-
Effective holding (%)	25	-
<i>Summarised financial information as at 30 June and for the year then ended</i>		
Capital and reserves	(33)	-
Non-current liabilities	934	-
Current liabilities	598	-
	<b>1 499</b>	-
Non-current assets	894	-
Current assets	605	-
	<b>1 499</b>	-
Revenue	33	-
Loss for the year	33	-
The results of the associate are based on reviewed financial statements.		
The Group's share of losses in the associate during the year were R8 million which were not accounted for during the year.		
<b>9. Available-for-sale financial assets</b>		
<b>Investment in listed shares</b>		
Beginning of the year	15	14
Fair value adjustment	(3)	6
Amount invested	15	-
Exchange adjustment	5	(5)
End of the year	32	15
The Group holds various shares listed on the Zimbabwean and Johannesburg stock exchanges. The fair value of these shares as at the close of business is the stock exchange quoted prices at closing exchange rate.		
US Dollar denominated available-for-sale financial assets (US\$ million).	2	2
Refer note 38 for fair value hierarchy disclosure.		
<b>10. Held-to-maturity financial assets</b>		
Investment in interest-bearing instruments		
Beginning of the year	61	56
Redemption	(15)	-
Interest accrued	3	5
End of the year	49	61
The investment is held through the Impala Pollution, Rehabilitation and Closure Trust Fund. The fund is an irrevocable trust under the Group's control. The funds are invested in interest-bearing instruments.		

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>11. Loans</b>		
<b>Summary – Balances</b>		
Shanduka Resources	–	176
Employee housing	39	30
Advances	1 402	1 923
Reserve Bank of Zimbabwe (RBZ)	308	339
Contractors	16	–
	<b>1 765</b>	2 468
Short-term portion	<b>(538)</b>	(232)
Long-term portion	<b>1 227</b>	2 236
<b>Summary – Movement</b>		
Beginning of the year	2 469	2 558
Loans granted during the year	123	912
Present value adjustment (note 28)	–	(284)
Interest accrued (note 27)	76	140
Impairment (notes 29 and 33)	(378)	(87)
Repayment received	(963)	(446)
Exchange adjustment	438	(325)
End of the year	<b>1 765</b>	2 468
<b>(i) Shanduka Resources</b>		
Beginning of the year	176	260
Interest accrued	3	7
Repayment received	(179)	(91)
End of the year	–	176
Short-term portion	–	(176)
Long-term portion	–	–
The loan was repaid in September 2011. The loan bore interest at JIBAR plus 200 basis points (2011: JIBAR plus 200 basis points). The capital portion of the loan was secured by a guarantee from Lonmin Plc.		
The effective interest rate for the loans was 9.8% (2011: 9.8%).		
<b>(ii) Employee housing</b>		
Beginning of the year	31	16
Loans granted	7	33
Present value adjustment	–	(18)
Interest accrued	5	2
Repayment received	(4)	(2)
	<b>39</b>	31
Short-term portion	<b>(1)</b>	(1)
Long-term portion	<b>38</b>	30

These loans relate to the home ownership scheme whereby non-interest-bearing loans are provided to qualifying employees of Impala Platinum and Marula Platinum. These loans are repayable over 20 years from grant date.

The average remaining repayment period is between 18 and 20 years. The effective interest rate is 9%.

	2012 Rm	2011 Rm
<b>11. Loans (continued)</b>		
<b>(iii) Advances</b>		
Beginning of the year	1 923	1 869
Loans granted	80	879
Interest accrued	68	70
Present value adjustment	–	(266)
Repayments received	(775)	(353)
Impairment	(266)	–
Exchange adjustment	372	(276)
	<b>1 402</b>	<b>1 923</b>
Short-term portion	<b>(521)</b>	<b>(55)</b>
Long-term portion	<b>881</b>	<b>1 868</b>

An impairment provision of R54 million was raised against the remaining balance receivable from a customer who ceased operations during the current year. This loan carried interest at variable rates ranging between LIBOR plus 1% and 9.95% per annum, was payable in 168 monthly instalments and was unsecured.

The repayment terms on certain loans and advances receivable from a toll refining customer were renegotiated during the current year due to liquidity difficulties being experienced. An impairment provision of R212 million was raised against the amounts receivable from this customer based on objective evidence that an indication of impairment existed. The quantum of the impairment provision was determined by assigning probabilities to various scenarios influencing the estimated future cash flows of the customer's operations. Items considered included the ability of the customer to continue to deliver metals to the Group, the estimated levels of future deliveries and the estimated movements in PGM prices. Recent levels of deliveries and short-term price forecasts were used in management's assumptions.

The contractual value receivable from this customer amounts to R1 793 million (US\$220 million) and repayment terms are described below.

#### *Pipeline loan*

On 30 June 2011, this US Dollar denominated loan had a balance of R870 million (US\$128 million), was secured by refined metal, and repayable by 30 June 2012. This loan was restructured at year-end to be repayable within 12 months at an interest rate of LIBOR plus 1%. The balance on this loan amounts to R375 million (US\$46 million) at year-end. The loan is secured by metal in the process of being refined, valued at R240 million at year-end.

#### *Other loans*

- ➔ A US Dollar denominated loan that is unsecured, bears interest at a contractual rate of 2.5% per annum and repayable in 156 monthly instalments. This loan is accounted for at amortised cost with an effective interest rate of 5% per annum and a balance at year-end of R1 157 million – US\$142 million (2011: R1 000 million – US\$149 million).
- ➔ A US Dollar denominated loan granted during the year that is unsecured, bears interest at LIBOR plus 1% and is repayable in 10 monthly instalments commencing on 31 July 2012. The balance of this loan at year-end amounts to R82 million (US\$10 million).

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>11. Loans (continued)</b>		
<b>(iv) Reserve Bank of Zimbabwe (RBZ)</b>		
Beginning of the year	339	413
Interest accrued	–	61
Impairment	(97)	(87)
Exchange adjustment	66	(48)
	<b>308</b>	339
<p>The loan to the RBZ emanates from the dollarisation of the Zimbabwean economy which resulted in the stay of the agreed repayment of the loan in Zimbabwean Dollars. The RBZ has acknowledged the amount due and recommended to the government of Zimbabwe to assume the debt. No fixed terms of repayment or interest payable has been set by the government of Zimbabwe. Given the circumstances, provision has been made for the long-term real value of the outstanding amount.</p>		
<b>(v) Contractors</b>		
Beginning of the year	–	–
Loans granted	36	–
Interest accrued	–	–
Repayment received	(5)	–
Impairment	(15)	–
	<b>16</b>	–
Short-term portion	(16)	–
Long-term portion	–	–
<p>These loans are repayable between 12 and 24 months and bear interest at 7% per annum. Recovery of the loans are doubtful and a provision for impairment has been raised.</p>		
<b>12. Prepayments</b>		
<b>Summary – Balances</b>		
Royalties	11 168	11 358
Zesa Holdings – Electricity prepayment	268	78
Operating expenditure	264	269
	<b>11 700</b>	11 705
Short-term portion	(571)	(562)
Long-term portion	<b>11 129</b>	11 143
<b>Summary – Movement</b>		
Beginning of the year	11 705	11 877
Prepayments made	233	–
Prepayment refunded	(11)	–
Transfer from debtors	(4)	–
Recoverable expenditure on infrastructure	(18)	81
Expensed	(226)	(261)
Movement in prepaid operating expenses	(5)	11
Exchange adjustment	26	(3)
End of the year	<b>11 700</b>	11 705

	2012 Rm	2011 Rm
<b>12. Prepayments (continued)</b>		
<b>(i) Royalties</b>		
Beginning of the year	11 358	11 619
Expense (notes 26 and 33)	(190)	(261)
	<b>11 168</b>	11 358
Short-term portion	(190)	(261)
Long-term portion	<b>10 978</b>	11 097
In March 2007, the Group finalised a deal with the Royal Bafokeng Nation (RBN). In terms of this transaction Impala Platinum agreed to pay the RBN all future royalties due to them, thus effectively discharging any further obligation to pay royalties. In turn the RBN purchased shares through Royal Bafokeng Impala Investment Company and Royal Bafokeng Tholo Investment Holding Company, giving them a 13.2% holding in the Company.		
<b>(ii) Zesa Holdings – Electricity prepayment</b>		
Beginning of the year	78	–
Prepayment advanced	233	–
Prepayment repaid	(11)	–
Transfer to debtors	(4)	–
Recoverable expenditure on infrastructure	(18)	81
Expense (note 33)	(36)	–
Exchange adjustment	26	(3)
	<b>268</b>	78
Short-term portion	(117)	(32)
Long-term portion	<b>151</b>	46
The prepayment relates to the unrecovered portion of funds used to construct the Selous 330 KV substation for the national power utility in Zimbabwe. An amount of US\$29 million was spent on the project of which 40% is recoverable through power unit credits which was determined using an agreed power tariff.		
<b>13. Inventories</b>		
Refined metal	<b>3 048</b>	1 704
Main products – at cost	<b>2 292</b>	1 558
Main products – at net realisable value	<b>580</b>	–
By-products – at net realisable value	<b>176</b>	146
In-process metal	<b>3 270</b>	3 171
At cost	<b>3 034</b>	2 881
At realisable value	<b>236</b>	290
Metal inventories	<b>6 318</b>	4 875
Stores and materials inventories	<b>763</b>	596
	<b>7 081</b>	5 471
Refined main products at a cost of R796 million (2011: nil) were carried at net realisable value of R580 million (2011: nil). In-process metal of main products at a cost of R334 million (2011: R312 million) were carried at net realisable value amounting to R236 million (2011: R290 million).		
Included in refined metal is metal on lease to third parties of 80 700 ounces (2011: 38 304 ounces) platinum, 99 850 ounces (2011: 44 000 ounces) palladium, 18 175 ounces (2011: 8 462 ounces) rhodium and 35 000 ounces (2011: 45 000 ounces) ruthenium.		

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>14. Trade and other receivables</b>		
Trade receivables	1 512	1 617
Advances	465	575
Sale and leaseback of properties	794	302
Other receivables	269	289
Employee receivables	220	227
Derivative financial instruments (note 21)*	24	33
South African Revenue Service (value added taxation)	678	749
Current tax receivable	343	197
	<b>4 305</b>	3 989
<p>Advances to customers are secured by toll refining in-process metal held as collateral against these advances. The value of this metal is higher than the advances.</p> <p>The uncovered foreign currency denominated balances, included above, were as follows:</p>		
Trade and other receivables (US\$ million)	242	293
<p>The credit exposures of trade receivables and advances by country are as follows:</p>		
North America	251	337
South Africa	646	797
Asia	290	224
Europe	533	679
Zimbabwe	257	155
	<b>1 977</b>	2 192

\*At 30 June 2012, the Group had forward purchase and sale contracts of 11 861 ounces (2011: 31 590 ounces) of platinum, 4 107 ounces (2011: 19 090 ounces) of palladium and 156 ounces (2011: nil ounces) of rhodium. These contracts are entered into back to back for a period of five months to hedge commodity price movements. (Refer note 21.)

	2012 Rm	2011 Rm
<b>15. Cash and cash equivalents</b>		
Short-term bank deposits	483	4 231
Cash at bank	710	311
	<b>1 193</b>	4 542
Bank overdraft	<b>(606)</b>	–
	<b>587</b>	4 542
<p>The weighted average effective interest rate on short-term bank deposits was 5.9% (2011: 5.7%) and these deposits have a maximum maturity of 60 days (2011: 60 days).</p> <p>The net exposure to foreign currency denominated balances as at 30 June was as follows:</p>		
Bank balances (US\$ million)	<b>122</b>	205
<p>The exposures by country are as follows:</p>		
South Africa	<b>487</b>	4 208
Europe	<b>91</b>	330
Zimbabwe	<b>5</b>	–
Asia	<b>4</b>	4
	<b>587</b>	4 542
<p>The following cash and cash equivalents are restricted for use by the Group by virtue of contractual agreements:</p>		
Absa deposit account for guarantees	<b>1</b>	1
Insurance cell captive	<b>153</b>	66
Impala Pollution, Rehabilitation and Closure Trust Fund	<b>112</b>	106
Morokotso Trust	<b>15</b>	16
	<b>281</b>	189

The carrying amount of the cash and cash equivalents approximates its fair value.

## 16. Share capital

### Share capital and share premium

The authorised share capital of the holding company is R21 million (2011: R21 million) consisting of 844 008 000 (2011: 844 008 000) ordinary shares with a par value of 2.5 cents each.

Refer note 31 and consolidated statement of changes in equity for additional information.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>17. Deferred tax liability</b>		
Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The off-set amounts are as follows:		
<b>Deferred tax assets</b>		
Deferred tax assets to be recovered within 12 months	(289)	(143)
Deferred tax assets to be recovered after 12 months	(556)	(467)
<b>Deferred tax liabilities</b>		
Deferred tax liabilities to be settled within 12 months	627	133
Deferred tax liabilities to be settled after 12 months	9 843	8 814
<b>Deferred tax liabilities</b>	<b>9 625</b>	<b>8 337</b>
There are unrecognised temporary differences of R409 million (2011: R231 million) in the Group relating to unredeemed capex. Deferred income taxes are calculated at the prevailing tax rates of the different fiscal authorities where the asset or liability originates. The movement on the deferred income tax account is as follows:		
Beginning of the year	8 337	7 747
Income tax expense (note 30)	848	843
Prior year adjustment (note 30)	(104)	10
Unrealised profit on inventories purchased from associate	(10)	17
Other comprehensive income	378	(195)
Exchange adjustment	176	(85)
End of the year	<b>9 625</b>	<b>8 337</b>
<b>Deferred tax assets and liabilities are attributable to the following items:</b>		
<i>Deferred tax liabilities</i>		
<i>Recognised directly in profit or loss:</i>		
Property, plant and equipment	8 032	6 529
Royalty prepayment	295	235
Fair value of assets and liabilities	–	436
Other	150	4
<i>Recognised directly in other comprehensive income:</i>		
Translation differences of foreign subsidiaries	257	–
Revaluation of mining assets acquired	1 736	1 743
	<b>10 470</b>	<b>8 947</b>



	2012 Rm	2011 Rm
<b>17. Deferred tax liability (continued)</b>		
<b>Deferred tax assets and liabilities are attributable to the following items:</b>		
<i>Deferred tax assets</i>		
<i>Recognised in profit or loss:</i>		
Rehabilitation and post-retirement medical provisions	(80)	(65)
Lease liabilities	(64)	(12)
Share-based compensation	(67)	(116)
Leave pay	(158)	(146)
Unrealised profit in metal inventories	(98)	(101)
Assessable losses	(122)	–
Fair value of assets and liabilities	(215)	–
Other	(41)	(47)
Recognised in other comprehensive income:		
Translation differences of foreign subsidiaries	–	(123)
	<b>(845)</b>	<b>(610)</b>
Net deferred tax liability	<b>9 625</b>	<b>8 337</b>
The aggregate amount for deferred tax liabilities relating to subsidiaries, associates and interest in a joint venture is R9 620 million (2011: R8 332 million).		
<b>18. Borrowings</b>		
<b>Summary – Balances</b>		
Standard Bank Limited – BEE Partners Marula	882	885
Standard Bank Limited – Loan 1 Zimplats expansion	–	102
Standard Bank Limited – Loan 2 Zimplats expansion	637	244
Stanbic & Standard Chartered	63	–
Finance leases	1 421	611
	<b>3 003</b>	<b>1 842</b>
Short-term portion	<b>(121)</b>	<b>(144)</b>
Long-term portion	<b>2 882</b>	<b>1 698</b>
<b>Summary – Movement</b>		
Beginning of the year	1 842	2 128
Proceeds	464	253
Leases capitalised	769	373
Interest accrued (note 28)	210	168
Repayments	(372)	(1 029)
Exchange adjustments	90	(51)
End of the year	<b>3 003</b>	<b>1 842</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>18. Borrowings (continued)</b>		
<b>(i) Standard Bank Limited – BEE Partners Marula</b>		
Beginning of the year	885	892
Interest accrued	60	67
Repayments	(63)	(74)
	<b>882</b>	885
Short-term portion	<b>(31)</b>	(21)
Long-term portion	<b>851</b>	864
<p>➔ Loans were obtained by BEE partners for purchasing a 27% share in Marula Platinum (Pty) Limited. The BEE partnership in Marula is consolidated as the loans are guaranteed by Implats. The loans carry interest at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 (2011: 130) basis points. Revolving credit facilities amounting to R111 million (2011: R114 million) are included above and carry interest at JIBAR plus 145 (2011: 145) basis points. The loans expire in 2020.</p>		
<b>(ii) Standard Bank Limited – Loan 1 Zimplats expansion</b>		
Beginning of the year	102	485
Interest accrued	4	21
Repayments	(121)	(360)
Exchange adjustments	15	(44)
	–	102
Short-term portion	–	(102)
Long-term portion	–	–
<p>➔ US Dollar denominated loan bears interest at London Interbank Offering Rate (LIBOR) plus 700 (2011: 700) basis points. At the end of the period the US Dollar balance amounted to nil (2011: US\$15 million). The loans were secured by sessions over cash, debtors and revenue of Zimplats Mines (Pvt) Limited.</p>		
<b>(iii) Standard Bank Limited – Loan 2 Zimplats expansion</b>		
Beginning of the year	244	–
Proceeds	403	253
Interest accrued	38	–
Repayments	(116)	–
Exchange adjustments	68	(9)
	<b>637</b>	244
Short-term portion	–	–
Long-term portion	<b>637</b>	244
<p>➔ US Dollar denominated revolving credit facility of R719 million (US\$88 million) bears interest at LIBOR plus 700 basis points (2011: 700 basis points). The loan amortises over four years with final maturity date in December 2014. At the end of the period the US Dollar balance amounted to US\$78 million (2011: US\$36 million).</p>		

	2012 Rm	2011 Rm
<b>18. Borrowings (continued)</b>		
<b>(iv) Standard Bank Limited – Loan 3 Zimplats expansion</b>		
Beginning of the year	–	490
Interest accrued	–	50
Repayments	–	(546)
Exchange adjustments	–	6
End of the year	–	–
➔ Loan 3 of R500 million denominated in South African Rand bore interest at JIBAR plus 700 basis points. The loan was repaid in 2012.		
<b>(v) Stanbic &amp; Standard Chartered</b>		
Beginning of the year	–	–
Proceeds	61	–
Interest accrued	–	–
Repayments	(1)	–
Exchange adjustments	3	–
	63	–
Short-term portion	(63)	–
Long-term portion	–	–
➔ US Dollar denominated loans bears interest at 5%. At the end of the period the balance amounted to US\$7.9 million, has no fixed repayment term and is renewable within the next 12 months.		
	2012 %	2011 %
The effective interest rates for the year were as follows:		
Bank loans (ZAR)	7	10
Bank loans (US\$)	7	7
	2012 Rm	2011 Rm
<b>(vi) Finance leases</b>		
Beginning of the year	611	262
Leases capitalised	769	373
Interest accrued	108	30
Repayments	(71)	(49)
Exchange adjustments	4	(5)
	1 421	611
Short-term portion	(27)	(21)
Long-term portion	1 394	590
US Dollar denominated leases (US\$ million)	2	4

	2012			2011		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
<b>Lease liabilities</b>						
Less than one year	173	148	27	79	58	21
Between one and five years	641	583	58	337	256	81
More than five years	2 213	876	1 336	903	394	509
	3 027	1 607	1 421	1 319	708	611

The interest rates applicable are 10.5% (2011: 10.0%) for Zimbabwean US Dollar denominated liabilities and 10% (2011: 11.0%) for South African Rand denominated liabilities.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>18. Borrowings (continued)</b>		
<b>Borrowing powers</b>		
In terms of the articles of association of the companies in the Group, the borrowing powers of the Group are determined by the directors but are limited to equity attributable to owners of the Company.		
Equity attributable to owners of the Company	50 168	47 563
Total borrowings	3 003	1 842
The total undrawn committed banking facilities at the end of the period were R2.8 billion (June 2011: R3.9 billion).		
<b>19. Liabilities</b>		
<b>Summary</b>		
Post-employment medical benefits	58	52
Share appreciation rights liability	405	882
Future commitments	177	132
Deferred profit on sale and leaseback of houses	428	253
Employee retention scheme	59	–
	<b>1 127</b>	1 319
Short-term portion	<b>(315)</b>	(488)
Long-term portion	<b>812</b>	831
<b>Summary – Movement</b>		
Beginning of the year	1 319	1 211
Expense	(276)	(45)
Actuarial loss	4	–
Reserves arising on vesting of Morokotso Share Scheme	(83)	–
Profit on sale of houses (note 35)	200	253
Interest accrued (note 28)	20	16
Payments for the year	(68)	(112)
Exchange adjustments	11	(4)
End of the year	<b>1 127</b>	1 319
<b>(i) Post-employment medical benefits</b>		
Beginning of the year	52	53
Employee benefit expense (notes 23 and 33)	2	6
Actuarial loss	4	–
Finance cost	4	–
Benefits paid	(4)	(7)
	<b>58</b>	52
Short-term portion	–	(6)
Long-term portion	<b>58</b>	46

Post-employment medical benefits are an unfunded liability.

The Group provides post-retirement medical scheme subsidies to qualifying employees and retirees. Post-employment medical benefits are an unfunded liability. A 1% increase in the medical inflation rate results in a R6.0 million (2011: R5.7 million) increase in the provision and a decrease of 1% results in a decrease in the provision of R5.1 million (2011: R4.8 million). Subsidies of R4.9 million (2011: R4.4 million) are expected to be paid in the next financial year.

Active employees have an average age of 50 (2011: 50) years and an average remaining service period of 12 (2011: 12) years. Retirees have an average age of 72 (2011: 70) years.

	2012 Rm	2011 Rm
<b>19. Liabilities (continued)</b>		
<b>(ii) Share appreciation rights liability</b>		
Beginning of the year	882	1 019
Share-based compensation income (note 23 and 33)	(373)	(51)
Reserves arising on vesting of Morokotso Share Scheme	(83)	–
Paid to employees	(29)	(82)
Exchange adjustment	8	(4)
	<b>405</b>	882
Short-term portion	<b>(196)</b>	(426)
Long-term portion	<b>209</b>	456
The total intrinsic value was R63 million (2011: R680 million) as determined by the year-end share price of R135 (2011: R180).		
The input parameters were the same as for the calculation of the share option scheme (note 3).		
Refer note 39 for share-based compensation disclosure.		
The cash-settled share appreciation rights include the Employee Share Option Participation Scheme (ESOP) and the share appreciation rights scheme.		
<b>(iii) Provision for future commitments</b>		
Beginning of the year	132	139
Community development expense (note 29 and 33)	63	–
Interest accrued – present value adjustment	14	16
Payments for the year	(35)	(23)
Exchange adjustment	3	–
	<b>177</b>	132
Short-term portion	<b>(69)</b>	(39)
Long-term portion	<b>108</b>	93
Future commitments consist of:		
➔ Fees payable to the Bakwena Bamagopa as a result of an agreement with the acquisition of Afplats Plc amounts to R55 million (2011: R52 million)		
➔ Future payments to the Impala Bafokeng local economic development trust as a result of the Impala-Bafokeng empowerment transaction amounts to R77 million (2011: R80 million)		
➔ Future payments to the Zimbabwe local economic development trust as a result of the Zimbabwe empowerment transaction amounts to R45 million (2011: nil).		
<b>(iv) Deferred profit on sale and leaseback of houses</b>		
Beginning of the year	253	–
Profit on sale of houses	200	253
Amortised to profit or loss	(25)	–
	<b>428</b>	253
Short-term portion	<b>(30)</b>	(17)
Long-term portion	<b>398</b>	236
The Group sold and leased back 921 (2011: 478) of its houses with a cost price of R567 million (2011: R49 million) for an amount of R767 million (2011: R302 million). The profit on the sale of the asset, which is the subject of a sale and leaseback arrangement, will be amortised over the life of the lease which is 15 years (note 35).		

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>19. Liabilities (continued)</b>		
<b>(v) Employee retention scheme</b>		
Beginning of the year	–	–
Expenses (note 33)	57	–
Interest provision	2	–
	<b>59</b>	–
Short-term portion	<b>(20)</b>	–
Long-term portion	<b>39</b>	–
The scheme is a retention bonus scheme based on salary and a deferred payment as a result of continued employment.		
<b>(vi) Pension and provident plans</b>		
Independent funds provide pension and other benefits to all permanent employees and their dependants.		
At the end of the financial year the following funds were in existence:		
Impala Platinum Refineries Provident Fund		
Impala Workers Provident Fund		
Implats Pension Fund		
Mine Employees Pension Fund (industry fund)		
Mining Industry Pension Fund Zimbabwe (industry fund)		
National Social Security Scheme Zimbabwe (industry fund) <sup>1</sup>		
Old Mutual – Zimasco Pension Fund		
Sentinel Pension Fund (industry fund)		
<sup>1</sup> This is the only defined benefit plan. Information for the Zimbabwean multi-employer defined benefit plan is not readily available or cannot be obtained and therefore the assets or liabilities of the funds are not accounted for in the statement of financial position. The number of employees that contribute to this fund represents approximately 8% (2010: 8%) of employees in the Group. The Group accounts in substance for this multi-employer benefit plan as a defined contribution plan (note 1.16).		
<b>20. Provisions</b>		
<b>Provision for future rehabilitation</b>		
Beginning of the year	614	599
Change in estimate – Rehabilitation asset	70	(48)
Change in estimate – Profit and loss (note 29)	(1)	25
Present value adjustment (note 28)	57	56
Utilised during the year	(7)	(2)
Exchange adjustment	24	(16)
End of the year	<b>757</b>	614
Current cost rehabilitation estimate is R1 108 million (2011: R974 million).		
Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.		
The movement of the investment in the Impala Pollution, Rehabilitation and Closure Trust Fund is as follows:		
Beginning of the year	167	156
Interest accrued (note 27)	3	11
Fair value on available for sale	3	–
End of the year	<b>173</b>	167
Guarantees, an insurance policy and the funds in the Impala Pollution, Rehabilitation and Closure Trust Fund are available to the various departments of Mineral Resources to satisfy the requirements of the Mineral and Petroleum Resources Development Act with respect to environmental rehabilitation (note 34). Refer note 3 for assumptions used in calculating the provision.		

	2012 Rm	2011 Rm
<b>21. Trade and other payables</b>		
Trade payables	3 832	4 653
Leave liability <sup>1</sup>	592	561
Royalties payable	52	183
South African Revenue Service (value added tax)	257	211
Derivative financial instruments (note 14) <sup>2</sup>	24	33
Other payables	101	15
	<b>4 858</b>	<b>5 656</b>
The uncovered foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US\$ million)	260	273
<sup>1</sup> Leave liability		
<i>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.</i>		
<sup>2</sup> Derivative financial instruments		
<i>At 30 June 2012, the Group had forward purchase and sale contracts of 11 861 ounces (2011: 31 590 ounces) of platinum, 4 107 ounces (2011: 19 090 ounces) of palladium and 156 ounces (2011: nil ounces) of rhodium. These contracts are entered into back to back for a period of five months to hedge commodity price movements.</i>		
<b>22. Current tax payable</b>		
Beginning of the year	226	24
Income tax expense (note 30)	1 207	1 898
Payments made during the year	(1 425)	(1 805)
Exchange adjustment	22	(6)
	<b>30</b>	<b>111</b>
Less current tax receivable (note 33)	146	115
End of the year	<b>176</b>	<b>226</b>
<b>23. Employee benefit expense</b>		
<b>Employment costs</b>		
Wages and salaries	6 793	6 305
Post-employment medical benefits (note 19(i))	2	6
Pension-costs defined contribution plans	518	472
Share-based compensation – cash-settled (note 19(ii))	(373)	(51)
	<b>6 940</b>	<b>6 732</b>

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>24. Cost of sales</b>		
<b>Included in cost of sales</b>		
<i>On-mine operations</i>	9 906	9 862
Wages and salaries	5 811	5 590
Share-based compensation*	(307)	(90)
Materials and consumables	3 697	3 781
Utilities	705	581
<i>Concentrating and smelting operations</i>	2 777	2 601
Wages and salaries	561	517
Materials and consumables	1 375	1 355
Utilities	841	729
<i>Refining operations</i>	855	833
Wages and salaries	390	358
Share-based compensation	(28)	8
Materials and consumables	392	383
Utilities	101	84
Depreciation of operating assets (note 5 and 33)	1 708	1 372
Metals purchased	6 855	6 835
Change in metal inventories	(1 460)	(13)
	<b>20 641</b>	<b>21 490</b>
<b>The following disclosure items are included in cost of sales:</b>		
Repairs and maintenance expenditure on property, plant and equipment	1 119	1 038
Operating lease rentals	49	28
<i>*Includes concentrating and smelting.</i>		
<b>25. Other operating expenses</b>		
<b>Other costs comprise the following principal categories:</b>		
Corporate costs	377	398
Share-based compensation	(38)	31
Labour	305	305
Other	110	62
Selling and promotional expenses	319	247
	<b>696</b>	<b>645</b>
<b>26. Royalty expense</b>		
Stakeholder royalties	78	130
State royalties	396	413
Amortisation of royalty prepayment (note 12(i) and 33)	190	261
	<b>664</b>	<b>804</b>



	2012 Rm	2011 Rm
<b>27. Finance income</b>		
Cash and cash equivalents	121	84
Associate loan (note 8(i))	4	16
Loans (note 11)	76	140
Held-to-maturity financial assets (note 20)	3	11
Trade and other receivables	40	76
	<b>244</b>	327
Metal lease fees	70	16
	<b>314</b>	343
<b>28. Finance cost</b>		
Borrowings (note 18)	210	168
Loans – present value adjustment (note 11)	–	284
Liabilities (note 19)	20	16
Provisions (note 20)	57	56
Trade and other payables	56	7
	<b>343</b>	531
Finance costs	343	531
Less: Borrowing cost capitalised (note 5) <sup>1</sup>	(38)	(1)
	<b>305</b>	530
<i><sup>1</sup> The average rate calculated for the capitalisation was 5% (2011: 12%).</i>		
<b>29. Other (income)/expenses</b>		
Exploration expenditure (note 33)	63	44
Loss on disposal of investment (note 33)	–	3
Guarantee fees	(19)	(22)
Profit on disposal of property, plant and equipment (note 31)	(40)	(1)
Community development expense (notes 19(iii) and 33)	63	–
Rehabilitation provision – change in estimate (note 20)	(1)	25
Trade payables – commodity price adjustment	(511)	123
Impairment (note 11 and 33)	378	87
Other	55	(24)
	<b>(12)</b>	235

# Notes to the consolidated financial statements

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For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>30. Income tax expense</b>		
<b>Current tax</b>		
South African company tax		
Mining	–	989
Non-mining	676	443
Prior year adjustment	31	(69)
	<b>707</b>	1 363
Other countries' company tax	164	308
	<b>871</b>	1 671
Secondary tax on companies (STC)	336	227
Total current tax (note 22)	<b>1 207</b>	1 898
<b>Deferred tax</b>		
Temporary differences (note 17)	848	843
Prior year adjustment (note 17)	(104)	10
	<b>1 951</b>	2 751
The tax of the Group's profit differs as follows from the theoretical charge that would arise using the basic tax rate for South African companies:		
	%	%
Normal tax rate for companies	28.0	28.0
Adjusted for:		
Disallowable expenditure	0.6	1.9
Profit on disposal of assets	0.2	(0.7)
Prior year adjustment	(1.2)	(0.7)
Capitalisation of mining loss to unredeemed capex	(0.4)	0.1
Effect of after-tax share of profit from associates	(0.5)	(0.7)
Effect of different tax rates of foreign subsidiaries	(0.9)	(1.5)
Secondary tax on companies	5.4	2.4
<b>Effective tax rate</b>	<b>31.2</b>	28.8

	2012 million	2011 million
<b>31. Earnings per share</b>		
The weighted average number of ordinary shares in issue outside the Group for the purposes of basic earnings per share and the weighted average number of ordinary shares for diluted earnings per share are calculated as follows (millions):		
Number of ordinary shares issued	631.99	631.71
Treasury shares	(16.23)	(16.23)
Morokotso Trust	(9.02)	(14.47)
Share Incentive Trust	(0.17)	(0.02)
<b>Number of ordinary shares issued outside the Group</b>	<b>606.57</b>	600.99
Adjusted for weighted average number of ordinary shares issued during the year	(0.36)	(0.23)
<b>Weighted average number of ordinary shares in issue for basic earnings per share</b>	<b>606.21</b>	600.76
Adjusted ordinary shares for share appreciation scheme	0.13	0.34
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>606.34</b>	601.10
	<b>Rm</b>	Rm
Profit attributable to the owners of the Company	4 180	6 638
<b>Basic earnings</b>		
Basic earnings per share is calculated by dividing the profit 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.		
	<b>Cents</b>	Cents
<b>Basic earnings per share</b>	<b>690</b>	1 105
<b>Diluted earnings</b>		
Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share.		
Diluted earnings per share (cents)	<b>689</b>	1 104
<b>Headline earnings</b>		
Profit attributable to owners of the Company is adjusted as follows:	<b>Rm</b>	Rm
<b>Profit attributable to owners of the Company</b>	<b>4 180</b>	6 638
Adjustments:		
Profit on disposal of property, plant and equipment (note 29)	(40)	(1)
Loss on disposal of investment (note 29 and 33)	–	3
Total tax effect of adjustments	11	(1)
	<b>4 151</b>	6 639
<b>Headline earnings per share (cents)</b>	<b>Cents</b>	Cents
Basic	<b>685</b>	1 105
Diluted	<b>685</b>	1 104

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>32. Dividends</b>		
On 23 August 2012, a sub-committee of the Board declared a final dividend of 60 cents per share amounting to R364 billion for distribution in financial year 2013 in respect of financial year 2012. The dividend will be subject to new dividend tax imposed by the South African Revenue Service authority which became effective 1 April 2012. The number of ordinary shares in issue at the date of this declaration is 631.99 million. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend, to those shareholders who are not exempt from paying dividend tax, of 51 cents per share.		
<b>Dividends paid</b>		
Final dividend No 87 for 2011 of 420 (2010: 270) cents per share	<b>2 546</b>	1 622
Interim dividend No 88 for 2012 of 135 (2011: 150) cents per share	<b>818</b>	897
	<b>3 364</b>	<b>2 519</b>
<b>33. Cash generated from operations</b>		
Adjustment to profit before tax:		
Exploration costs (note 29)	<b>63</b>	44
Depreciation (note 5 and 24)	<b>1 708</b>	1 372
Finance income (note 27)	<b>(314)</b>	(343)
Finance cost (note 28)	<b>305</b>	530
Share of associates' results	<b>(117)</b>	(238)
Retirement benefit obligations	<b>(2)</b>	(1)
Share-based compensation	<b>(402)</b>	(133)
Provision for employee retention scheme (note 19(v))	<b>57</b>	–
Provision for community development	<b>28</b>	(23)
Rehabilitation provision	<b>(8)</b>	23
Amortisation of prepaid royalty (note 12(i) and 26)	<b>190</b>	261
Foreign currency adjustment	<b>(358)</b>	320
Profit on disposal of property, plant and equipment	<b>(65)</b>	(1)
Loss on disposal of investment (note 29 and 31)	<b>–</b>	3
Impairment of assets (note 11(iii), (iv) and (v))	<b>378</b>	87
Metal sales converted into a loan	<b>–</b>	(794)
Power prepayments utilised (note 12(ii))	<b>36</b>	–
<b>Total adjustment to profit before tax</b>	<b>1 499</b>	<b>1 107</b>

	2012 Rm	2011 Rm
<b>33. Cash generated from operations (continued)</b>		
Changes in working capital:		
<b>Trade and other receivables</b>	<b>895</b>	(870)
Per the statement of financial position	<b>(631)</b>	(1 195)
Movement in short-term portion of receivables and prepayments	<b>274</b>	99
Power credits capitalised	<b>–</b>	32
Amount receivable on sale and leaseback of properties	<b>767</b>	302
Current tax payable (note 22)	<b>146</b>	115
Transfer to loans	<b>–</b>	(85)
Exchange adjustment	<b>339</b>	(138)
<b>Inventories</b>	<b>(1 127)</b>	(91)
Per the statement of financial position	<b>(1 610)</b>	(89)
Loan repayment via delivery of metal	<b>408</b>	–
Unrealised profit in inventories for associate	<b>(36)</b>	63
Exchange adjustment	<b>111</b>	(65)
<b>Trade and other payables</b>	<b>(901)</b>	590
Per the statement of financial position	<b>(798)</b>	526
Exchange adjustment	<b>(103)</b>	64
<b>Cash from changes in working capital</b>	<b>(1 133)</b>	(371)
<b>34. Contingent liabilities and guarantees</b>		
<b>Guarantees</b>		
At year-end the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.		
<b>Financial guarantees</b>		
Two Rivers Platinum (related party) (notes 8(i) and 35)	<b>41</b>	49
Friedshelf (note 35)	<b>152</b>	–
<b>Other guarantees</b>		
Department of Mineral Resources	<b>489</b>	489
Eskom	<b>63</b>	63
Registrar of medical aids	<b>5</b>	5
<b>Total guarantees</b>	<b>750</b>	606
<b>Contingencies</b>		
The Group has a contingent liability of US\$36 million for Additional Profits Tax (APT) raised by ZIMRA (Zimbabwe Revenue Authority) in respect of the tax period 2007 to 2010 based on the assumption that this amount would be payable should the Zimplats appeal against the ZIMRA interpretation of the APT provisions fail in the Special Court of Tax Appeals. Management, supported by the opinions of its tax advisers, strongly disagrees with the ZIMRA interpretation of the provisions of the Act.		
<b>Subsequent events</b>		
For subsequent events, refer to the Directors' Report (page 9).		

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>35. Related party transactions</b>		
<b>Equity accounted entities</b>		
<i>Two Rivers Platinum</i>		
<b>Transactions with related parties:</b>		
Refining fees	18	14
Interest received (notes 8(i) and 27)	4	16
Capital repayments received net of interest (note 8(i))	22	272
Purchases of mineral concentrates	2 469	2 292
<b>Year-end balances arising from transactions with related parties:</b>		
Payables to associates	607	652
Shareholders' loans to associates (note 8(i))	49	71
<b>Contingencies</b>		
Guarantees provided (notes 8(i) and 34)	41	49
<i>Makgomo Chrome</i>		
<b>Transactions with related parties:</b>		
Refining fees	7	3
Purchases of mineral concentrates	7	3
<i>Friedshelf</i>		
<b>Transactions with related parties:</b>		
Deferred profit on sale of property (note 19)	200	253
Interest	80	–
Repayments	20	–
The profit on sale property arises from the sale of houses with a carrying value of R567 million (2011: R49 million, which was sold and leased back for R767 million (2011: R373 million)).		
<b>Year-end balances arising from transactions with related parties:</b>		
Receivables from associates	794	302
Borrowings – Finance leases	1 202	373
The finance leases have an effective interest rate of 10.2%.		
<b>Contingencies</b>		
Guarantees provided (notes 8(iii) and 34)	152	–
<b>Investment in joint venture</b>		
<i>Mimosa Investments</i>		
<b>Transactions with related parties:</b>		
Refining fees	69	60
Purchases of mineral concentrates	1	1
<b>Year-end balances arising from transactions with related parties:</b>		
Payables to associates	503	567
Receivables from associates	331	300
<b>Key management compensation</b>		
Key management compensation is disclosed in the Remuneration Report (pages 16 to 21).		

	2012 Rm	2011 Rm
<b>36. Principal subsidiaries</b>		
The principal subsidiaries of the Group are set out on page 106.		
<b>37. Interest in joint venture</b>		
The Group has a 50% interest in a joint venture, Mimosa Investments Limited, which is involved in the business of mining PGMs. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint venture and are included in the consolidated statement of financial position and consolidated statement of comprehensive income:		
Property, plant and equipment	1 291	948
Loans	140	154
Available-for-sale financial assets	15	15
Current assets	507	476
<b>Total assets</b>	<b>1 953</b>	1 593
Provisions for liabilities and charges	(397)	(228)
Current liabilities	(133)	(54)
<b>Total liabilities</b>	<b>(530)</b>	(282)
<b>Net assets</b>	<b>1 423</b>	1 311
<b>Revenue</b>	<b>1 201</b>	1 284
Profit before tax	339	616
Income tax expense	(137)	(198)
<b>Profit after tax</b>	<b>202</b>	418
Intergroup sales and profit are eliminated on consolidation.		
Capital commitments – approved expenditure not yet contracted	514	447
Capital commitments – commitments contracted for	29	86
	<b>543</b>	533

There are no contingent liabilities relating to the Group's interest in the joint venture.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	Carrying value Rm	Finance income/ (expense) Rm	Fair value adjustment/ impairment Rm	Settlement discount Rm
<b>38. Financial instruments by category</b>				
<b>Financial instruments by category – June 2012</b>				
<b>Financial assets</b>				
<b>Loans and receivables</b>	6 218	234	(378)	
Loans	1 765	73	(378)	
Trade and other receivables	3 260	40		
Cash and cash equivalents	1 193	121		
<b>Financial instruments at fair value through profit and loss (held for trading)</b>				
Trade and other receivables <sup>1</sup>	24		24	
<b>Held-to-maturity financial assets</b>	49	3		
<b>Available-for-sale financial assets<sup>1</sup></b>	32		(3)	
<b>Total</b>	6 323	237	(357)	
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>	7 777	(280)		13
Borrowings	3 003	(210)		
Bank overdraft	606			
Liabilities	235	(14)		
Trade and other payables	3 933	(56)		13
<b>Financial instruments at fair value through profit and loss (held for trading)</b>				
Trade and other payables <sup>1</sup>	24		(24)	
<b>Total</b>	7 801	(280)	(24)	13

The carrying value of financial instruments is a reasonable approximation of fair value.

<sup>1</sup> Available-for-sale financial instruments carried at fair value are in Level 1 of the fair value hierarchy.

### Fair value hierarchy

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.



	Carrying value Rm	Finance income/ (expense) Rm	Fair value adjustment/ impairment Rm	Settlement discount Rm
<b>38. Financial instruments by category (continued)</b>				
<b>Financial instruments by category – June 2011</b>				
<b>Financial assets</b>				
<b>Loans and receivables</b>	10 092	197	(371)	
Loans	2 540	104	(371)	
Trade and other receivables	3 010	15		
Cash and cash equivalents	4 542	78		
<b>Financial instruments at fair value through profit and loss (held for trading)</b>				
Trade and other receivables <sup>1</sup>	33		33	
<b>Held-to-maturity financial assets</b>	61	6		
<b>Available-for-sale financial assets<sup>1</sup></b>	15		6	
<b>Total</b>	10 201	203	(332)	
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>	7 255	(191)	(6)	14
Borrowings	1 842	(175)		
Liabilities	184	(16)	(6)	
Trade and other payables	5 229			14
<b>Financial instruments at fair value through profit and loss (held for trading)</b>				
Trade and other payables <sup>1</sup>	33		(33)	
<b>Total</b>	7 288	(191)	(39)	14

The carrying value of financial instruments is a reasonable approximation of fair value.

<sup>1</sup> Available-for-sale financial instruments carried at fair value are in Level 1 of the fair value hierarchy.

#### Fair value hierarchy

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.

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2012

	2012 (‘000)	2011 (‘000)
<b>39. Share-based compensation</b>		
<b>Cash settled</b>		
Movement in the number of share appreciation rights outstanding was as follows:		
Beginning of the year	29 031	26 835
Granted	4 729	4 388
Lapsed during the year	(1 331)	(906)
Paid to employees during the year	(6 106)	(1 286)
End of the year	<b>26 323</b>	29 031
Exercisable	<b>5 259</b>	4 074
Not yet exercisable	<b>21 064</b>	24 957
	<b>26 323</b>	29 031

Cash-settled share-based payment rights outstanding (number in thousands) at the end of the year have the following terms:

Price per share	Vesting years									Total number
	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<b>SARS</b>										
R63 – R150	208.7	388.1	487.9	267.2	498.6	978.2	479.6	479.6	479.5	<b>4 267.4</b>
R159 – R171	43.0	51.4	606.6	816.6	710.1	747.5	41.4	37.3	37.4	<b>3 091.3</b>
R171 – R190	4.0	8.4	342.5	373.2	452.9	925.2	590.3	566.1	472.0	<b>3 734.6</b>
R190 – R210	22.4	31.5	53.8	366.9	1 143.0	1 128.9	1 115.6	805.9		<b>4 668.0</b>
R210 – R334	155.8	350.9	364.6	367.5	230.7	34.9	21.6	19.1		<b>1 545.1</b>
<b>ESOP</b>										
R159				784.0					8 232.2	<b>9 016.2</b>
<b>Total 2012</b>	<b>433.9</b>	<b>830.3</b>	<b>1 855.4</b>	<b>2 975.4</b>	<b>3 035.3</b>	<b>3 814.7</b>	<b>2 248.5</b>	<b>1 908.0</b>	<b>9 221.1</b>	<b>26 322.6</b>
Total 2011	487.8	1 210.0	2 229.4	8 290.9	3 080.9	2 853.1	1 271.5	923.8	8 683.9	29 031.3

Actual remaining contractual life (years):

2012	3 – 5	3 – 6	4 – 8	5 – 9	6 – 9	7 – 10	8 – 10	9 – 10	10
2011	4 – 6	4 – 7	5 – 8	5 – 10	7 – 10	8 – 10	9 – 10	10	5

\*These share-based payment rights, excluded from the remaining contractual life table, relate to the ESOP, which have a remaining contractual life of four years.

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

**39. Share-based compensation (continued)**  
**Employee Share Ownership Programme**

During the year, 40% of the share options vested in terms of the rules of the Employee Share Ownership Programme. Approximately 88% of these vested options were exercised by employees. The table below explains the movement in the statement of changes in equity, resulting from the sale of Implats shares held by the Morokotso Trust.

	Number of shares issued million	Ordinary shares Rm	Share premium Rm	Share- based reserve Rm
Balance at 30 June 2011	14.47	–	2 303	–
Shares issued				
– Good leavers*	(0.38)	–	(60)	–
– Options exercised	(5.07)	–	(808)	(82)
<b>Balance at 30 June 2012</b>	<b>9.02</b>	<b>–</b>	<b>1 435</b>	<b>(82)</b>
<b>Balance at 30 June 2010</b>	14.91	–	2 373	–
Shares issued – Good leavers*	(0.44)	–	(70)	–
<b>Balance at 30 June 2011</b>	14.47	–	2 303	–

\*Beneficiary resulting from retirement, retrenchment, incapacity or death.

	2012		2011	
	Number (‘000)	Weighted average exercise price Rand	Number (‘000)	Weighted average exercise price Rand
<b>Equity settled</b>				
Movement in the number of share options outstanding was as follows:				
Beginning of the year	524	66	627	66
Exercised	(127)	67	(103)	66
Forfeited	–	73	–	–
End of the year exercisable	397	66	524	66

Refer to the Remuneration Report for the details on share options held by key management personnel (directors and senior executive management).

# Notes to the consolidated financial statements continued

For the year ended 30 June 2012

## 39. Share-based compensation *(continued)*

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

Price per share	Vesting years						Number
	2002 – 2005	2006	2007	2008	2009	2010	
R47 – R61		17.5	24.9	48.7	26.4	19.5	137.0
R62 – R65				7.8	49.5		57.3
R66 – R70					26.4	26.2	52.6
R71 – R74				19.0	46.7		65.7
R75 – R77			1.8	80.6	2.0		84.4
<b>Total 2012</b>		<b>17.5</b>	<b>26.7</b>	<b>156.1</b>	<b>151.0</b>	<b>45.7</b>	<b>397.0</b>
Total 2011	7.6	26.4	77.1	189.4	172.2	51.0	523.7
Actual remaining contractual life (years):							
<b>2012</b>		<b>1 – 2</b>	<b>1 – 2</b>	<b>1 – 2</b>	<b>2 – 3</b>	<b>3</b>	
2011	1 – 2	1 – 3	1 – 4	2 – 4	3 – 4	4	

The Share Option Scheme was closed to future grants with effect from October 2004.

## Company statement of financial position

As at 30 June 2012

	Notes	2012 Rm	2011 Rm
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in associates	2	154	170
Investments in subsidiaries and joint venture	2	6 767	6 767
Loans to subsidiaries	2	12 048	11 890
Loans	3	40	40
		<b>19 009</b>	18 867
<b>Current assets</b>			
Trade and other receivables		133	12
		<b>133</b>	12
<b>Total assets</b>		<b>19 142</b>	18 879
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	4	18 046	18 030
Retained earnings		1 014	763
<b>Total equity</b>		<b>19 060</b>	18 793
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	5	2	5
Liabilities	6	18	23
<b>Current liabilities</b>		<b>20</b>	28
Trade and other payables		24	29
Current tax payable		1	–
Liabilities	6	37	29
		<b>62</b>	58
<b>Total liabilities</b>		<b>82</b>	86
<b>Total equity and liabilities</b>		<b>19 142</b>	18 879

The notes on pages 101 to 105 are an integral part of these consolidated financial statements.

## Company statement of comprehensive income

For the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
Finance income	7	3 803	2 892
Other expense	8	(44)	(25)
<b>Profit before tax</b>		<b>3 759</b>	2 867
Income tax expense	9	(2)	7
<b>Profit for the year</b>		<b>3 757</b>	2 874
<b>Total comprehensive income for the year</b>		<b>3 757</b>	2 874

The notes on pages 101 to 105 are an integral part of these consolidated financial statements.

## Company statement of changes in equity

For the year ended 30 June 2012

	Number of shares issued (million)	Ordinary shares Rm	Share premium Rm	Share- based payment reserve Rm	Total share capital Rm	Retained earnings Rm	Total equity Rm
<b>Balance at 30 June 2011</b>	632	16	16 120	1 894	18 030	763	18 793
Employee share option scheme:							
Proceeds from shares issued	–	–	16	–	16	–	16
Fair value of employee service	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	3 757	3 757
Dividends (note 10)	–	–	–	–	–	(3 506)	(3 506)
<b>Balance at 30 June 2012</b>	<b>632</b>	<b>16</b>	<b>16 136</b>	<b>1 894</b>	<b>18 046</b>	<b>1 014</b>	<b>19 060</b>
<b>Balance at 30 June 2010</b>	632	16	16 121	1 894	18 031	542	18 573
Employee share option scheme:							
Share issue expenses	–	–	(1)	–	(1)	–	(1)
Fair value of employee service	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	2 874	2 874
Dividends (note 10)	–	–	–	–	–	(2 653)	(2 653)
<b>Balance at 30 June 2011</b>	632	16	16 120	1 894	18 030	763	18 793

## Company statement of cash flows

For the year ended 30 June 2012

	Notes	2012 Rm	2011 Rm
<b>Cash flows from operating activities</b>			
Profit before tax		3 759	2 867
Adjustment to profit before tax	12	(3 800)	(2 888)
Cash from changes in working capital	12	(124)	54
Income tax refunded/(paid)		(4)	2
Net cash from/(used) in operating activities		(169)	35
<b>Cash flows from investing activities</b>			
Payment received from associate on shareholders' loan		22	272
Purchase of investment		(6)	(55)
Finance income		2	19
Dividends received	7	3 800	2 867
Loans to subsidiaries		(159)	(484)
Net cash from investing activities		3 659	2 619
<b>Cash flows from financing activities</b>			
Issue of ordinary shares, net of cost		16	(1)
Dividends paid to the Company's shareholders	10	(3 506)	(2 653)
Net cash used in financing activities		(3 490)	(2 654)
<b>Cash and cash equivalents at the beginning and the end of the year</b>		–	–

The notes on pages 101 to 105 are an integral part of these financial statements.

# Notes to the Company financial statements

continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>1. Basis of preparation and accounting policies</b>		
The basis of preparation and principal accounting policies are disclosed on pages 27 to 45.		
Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the Company financial statements.		
<b>2. Investments and loans</b>		
<b>Associates</b>		
<b>Two Rivers Platinum (Group note 8(i))</b>		
Beginning of the year	115	388
Payments received on shareholders' loan	(26)	(289)
Interest (note 7)	4	16
End of the year	93	115
<b>Mokgomo Chrome (Group note 8(ii))</b>		
Beginning of the year	55	–
Acquisition of shareholding	6	55
End of the year	61	55
<b>Total investments in associates</b>	<b>154</b>	<b>170</b>
<b>Total investment in subsidiaries*</b>	<b>6 391</b>	<b>6 391</b>
<b>Total investment in joint venture*</b>	<b>376</b>	<b>376</b>
<b>Total loans to subsidiaries and joint venture*</b>	<b>12 048</b>	<b>11 890</b>
<i>*Refer Annexure A.</i>		
<b>3. Loans</b>		
Black economic empowerment company (BEE)		
Non-current	40	40
Loans were granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Platinum Mining (Pty) Limited in terms of a BEE transaction, and the loan is secured by a guarantee from Lonmin Plc. The loan is repayable on approval and adoption by the Board of directors of Marula Platinum (Pty) Limited of a feasibility study on any aspect and/or portion of the non-cash producing portion of the Marula Mine.		
<b>4. Share capital</b>		
The authorised share capital of the holding company consists of: 844 008 000 (2011: 844 008 000) ordinary shares with a par value of 2.5 cents each	21	21
<b>5. Deferred tax liability</b>		
Deferred tax liabilities to be settled within 12 months	2	5
	2	5
There are no unrecognised temporary differences in the Company (2011: nil). Deferred income taxes are calculated at the prevailing tax rates. The movement on the deferred income tax account is as follows:		
Beginning of the year	5	6
Income tax expense (note 9)	(1)	(1)
Prior year under/(over) provision	(2)	–
End of the year	2	5
Deferred tax liabilities are attributable to the following items:		
Recognised directly in profit or loss		
Present value adjustment of fees payable to Bakwena Ba Mogopa	2	5

# Notes to the Company

## financial statements continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>6. Liabilities</b>		
Beginning of the year	52	48
Interest accrued	3	4
End of the year	55	52
Short-term portion	(37)	(29)
Long-term portion	18	23
Fees payable to Bakwena Ba Mogopa as a result of an agreement with the acquisition of Afplats Plc. The liability has an effective interest rate of 12.9%.		
<b>7. Finance income</b>		
Two Rivers Platinum (note 2)	4	16
Subsidiaries' shareholders' loans/(expense)	(1)	6
South African Revenue Service	–	3
	3	25
Dividend received – subsidiaries	3 800	2 867
	3 803	2 892
<b>8. Other (expenses)/income</b>		
Net foreign exchange transaction gains/(losses)	–	–
Guarantee fees	18	22
Corporate costs	(22)	(19)
Exploration expenditure	(31)	(23)
Other	(9)	(5)
	(44)	(25)
<b>9. Income tax expense</b>		
<b>Current tax</b>		
South African company tax	5	13
Prior year overprovision	–	(19)
	5	(6)
<b>Deferred tax</b>		
Temporary differences (note 5)	(3)	(1)
Income tax expense	2	(7)
The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate for South African companies:		
	%	%
Normal tax rate for companies	28.0	28.0
Adjusted for:		
Exempt income	(28.3)	(28.0)
Other	0.3	(0.2)
<b>Effective tax rate</b>	–	(0.2)



	2012 Rm	2011 Rm
<b>10. Dividends per share</b>		
On 23 August 2012, a sub-committee of the Board declared a final dividend of 60 cents per share amounting to R379 billion for distribution in financial year 2013 in respect of financial year 2012. The dividend will be subject to new dividend tax imposed by the South African Revenue Service authority which became effective 1 April 2012. The number of ordinary shares in issue at the date of this declaration is 631.99 million. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend, to those shareholders who are not exempt from paying dividend tax, of 51 cents per share.		
<b>Dividends paid</b>		
Final dividend No 87 for 2011 of 420 (2010: 270) cents per share	2 653	1 705
Interim dividend No 88 for 2012 of 135 (2011: 150) cents per share	853	948
	<b>3 506</b>	2 653
<b>11. Contingent liabilities and guarantees</b>		
<b>Guarantees</b>		
At year-end the Company had related party contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.		
<b>Financial guarantees</b>		
Two Rivers Platinum	41	49
Marula BEE parties	882	885
Zimbabwe Platinum Mines	604	346
<b>Other guarantees</b>		
Department of Mineral Resources	489	489
<b>Total guarantees</b>	<b>2 016</b>	1 769
<b>Contingencies</b>		
There are no contingent liabilities relating to the above.		
<b>12. Cash generated from operations</b>		
Adjustment to profit before tax:		
Foreign exchange (gain)/loss	-	-
Finance cost	3	4
Finance income (note 7)	(3)	(25)
Dividend income (note 7)	(3 800)	(2 867)
<b>Total adjustment to profit before tax</b>	<b>(3 800)</b>	(2 888)
Changes in working capital		
Trade and other receivables	(122)	59
Trade and other payables	(2)	(5)
Cash from changes in working capital	(124)	54

# Notes to the Company

## financial statements continued

For the year ended 30 June 2012

	2012 Rm	2011 Rm
<b>13. Related party transactions</b>		
The following transactions were carried out with related parties:		
<b>Loans to related parties</b>		
Loan to associates (note 2)		
<b>Two Rivers</b>		
Loans granted	–	–
Loan repayments	26	289
Interest income accrued	4	16
<i>Balances arising from transactions with related parties</i>		
<b>Loans</b>	<b>49</b>	71
<b>Mokgomo</b>		
Loans granted	–	1
Loan repayments	1	3
Interest income accrued	–	–
Dividend received	6	3
<i>Balances arising from transactions with related parties</i>		
<b>Loans</b>	<b>–</b>	1
<b>Loan to subsidiaries</b>		
<b>Impala Platinum</b>		
Loans granted	269	678
Loan repayments	221	218
Dividend received	997	2 073
Dividend paid	3 416	2 585
<i>Balances arising from transactions with related parties</i>		
<b>Loans</b>	<b>7 738</b>	10 109
<b>Impala Holdings</b>		
Dividend received	2 680	731
<i>Balances arising from transactions with related parties</i>		
<b>Loans</b>	<b>3 669</b>	989
<b>Marula Platinum</b>		
Proceeds from borrowings	164	210
Dividend received	13	12
<i>Balances arising from transactions with related parties</i>		
<b>Loans</b>	<b>–</b>	151
Guarantees provided (note 11)		
Subsidiaries (refer page 2)		
<b>Share options granted to directors</b>		
The aggregate number of share options granted to key management (directors and executive management) is disclosed in the Remuneration Report.		

#### 14. Financial risk management

The Company manages its risk on a Group-wide basis. Refer note 2 in the consolidated financial statements.

##### 14.1 Market risk

###### *Foreign exchange risk*

There are no significant concentrations of foreign exchange risk.

##### 14.2 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 value of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 11).

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.

###### *Loan to associates*

This loan consists of shareholders' loan to Two Rivers Platinum which is unsecured.

###### *Loan to subsidiaries*

These loans are unsecured and have no fixed terms of repayment.

###### *Loans*

Credit risk relating to these loans consists of loans to BEE companies, which is secured by a guarantee from Lonmin Plc.

###### *Trade and trade receivables*

Trade and other receivables consists mainly of guarantee fees receivable from financial institutions with high credit rating.

##### 14.3 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 Impala Platinum Limited.

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 11.

##### 14.4 Cash flow interest rate risk

The Company is not exposed to significant interest-bearing liabilities resulting in cash flow interest rate risk.

# Principal subsidiaries and joint venture

## Annexure A

(All amounts in Rand millions unless otherwise stated)	Issued share capital	% interest		Book value in holding company			
				Shares		Loans	
		2012	2011	2012	2011	2012	2011
<b>Company and description</b>							
Impala Holdings Limited Investment holding company	*	100	100			11 407	11 099
Impala Platinum Limited Mines, refines and markets PGMs	*	100	100				
Impala Platinum Investments (Pty) Limited	*	100	100				
Impala Platinum Properties (Rustenburg) (Pty) Limited	*	100	100				
Impala Platinum Properties (Johannesburg) (Pty) Limited Own properties	*	100	100				
Biz Afrika 1866 (Pty) Limited	*	–	74				
Inline Trading 83 (Pty) Limited Exploration	*	100	100				
African Platinum (Pty) Limited Owns mineral rights		74	74	4 805	4 805		
Imbasa Platinum (Pty) Limited Owns mineral rights	*	60	60			40	36
Inkosi Platinum (Pty) Limited Owns mineral rights	*	49	49			64	40
Barplats Holdings (Pty) Limited Investment holding company	*	100	100	–	–	–	–
Gazelle Platinum Limited Investment holding company	*	100	100			185	212
Impala Refining Services Limited Provides toll refining services	*	100	100				
Impala Platinum Japan Limited <sup>1</sup> Marketing representative	¥ 10m	100	100	2	2		
Impala Platinum Zimbabwe (Pty) Limited Investment holding company	*	100	100	73	73	352	352
Impala Platinum BV <sup>2</sup> Investment holding company	€ 0.02	100	100	900	900		
Zimplats Holdings Limited <sup>**3</sup> Investment holding company	US\$10.8m	87	87				
Zimbabwe Platinum Mines (Pvt) Limited <sup>4</sup> Owns mineral rights and mines PGMs	US\$30.1m	87	87				
Mimosa Investments Limited <sup>**5</sup> Investment holding company	US\$48.0m	50	50	376	376		
Mimosa Holdings (Pvt) Limited <sup>4</sup> Investment holding company	US\$28.8m	50	50				
Mimosa Platinum (Pvt) Limited <sup>4</sup> Owns mineral rights and mines PGMs	US\$28.8m	50	50				
Marula Platinum (Pty) Limited Owns mineral rights and mines PGMs	*	73	73	607	607	–	151
Sundry and dormant companies	*	100	100	4	4	–	–
<b>Total</b>				<b>6 767</b>	6 767	<b>12 048</b>	11 890
<b>Total investment at cost</b>						<b>18 815</b>	18 657

\* Share capital less than R50 000

\*\* Listed on the Australian Stock Exchange

<sup>1</sup> Incorporated in Japan

<sup>2</sup> Incorporated in Netherlands

<sup>3</sup> Incorporated in Guernsey

<sup>4</sup> Incorporated in Zimbabwe

<sup>5</sup> Incorporated in Mauritius and is a joint venture

## Non-GAAP disclosure

### Non-GAAP disclosure

The Group utilises certain non-GAAP performance measures and ratios in managing the business and may provide users of this financial information with additional meaningful comparisons between current results and results in prior operating periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the reported operating results or cash flow from operations or any other measure of performance prepared in accordance with IFRS. In addition, the presentation of these measures may not be comparable to similarly titled measures other companies use.

(US\$m)	Unaudited	
	2012 Rm	2011 Rm
<b>1. Revenue per platinum ounce sold</b>		
US Dollar sales	<b>3 581</b>	4 714
US Dollar toll refining income	<b>(24)</b>	(54)
	<b>3 557</b>	4 660
Sales volumes platinum ('000oz)	<b>1 368</b>	1 665
Dollar sales revenue per platinum ounce sold (US\$)	<b>2 601</b>	2 799
Average Rand exchange rate achieved (Rand)	<b>7.71</b>	7.03
Rand sales revenue per platinum ounce sold (Rand)	<b>20 054</b>	19 677
<b>2. Revenue per PGM ounce sold</b>		
US Dollar sales	<b>3 581</b>	4 714
US Dollar toll refining income	<b>(24)</b>	(54)
	<b>3 557</b>	4 660
Sales volumes PGM ('000oz)	<b>2 678</b>	3 328
Dollar sales revenue per PGM ounce sold (US\$)	<b>1 328</b>	1 400
Average Rand exchange rate achieved (R:US\$)	<b>7.71</b>	7.03
Rand sales revenue per PGM ounce sold (Rand)	<b>10 239</b>	9 842

## Non-GAAP disclosure continued

	Notes	Unaudited	
		2012 Rm	2011 Rm
<b>3. Cost per platinum ounce refined</b>			
On-mine operations	24	9 906	9 862
Concentrating and smelting operations	24	2 777	2 601
Concentrating operations		1 822	1 739
Smelting operations		955	862
Refining operations	24	855	833
Other operating expenses	25	696	645
		<b>14 234</b>	13 941
Mine-to-market platinum ounces (000 oz)		<b>1 048</b>	1 237
Gross platinum ounces (000 oz)		<b>1 448</b>	1 836
Group unit cost per platinum ounce (Rand)			
On-mine operations		9 450	7 974
Concentrating operations		1 737	1 406
Smelting operations		660	469
Refining operations		591	454
Other operating expenses		664	521
		<b>13 102</b>	10 824
Share-based compensation (Rand)			
On-mine operations	24	(307)	(90)
Refining operations	24	(28)	8
Other operating expenses	25	(38)	31
		<b>(373)</b>	(51)
Cost per platinum ounce excluding share-based (Rand) compensation			
On-mine operations		9 743	8 047
Concentrating operations		1 737	1 406
Smelting operations		660	469
Refining operations		610	449
Other operating expenses		700	496
		<b>13 450</b>	10 867

		Unaudited	
		2012	2011
		Rm	Rm
	Notes		
<b>4. Gross profit margin</b>			
Gross profit		6 952	11 642
Gross revenue		27 593	33 132
Gross margin profit (%)		25	35
<b>5. Headline earnings margin</b>			
Headline earnings		4 151	6 639
Gross revenue		27 593	33 132
Headline earnings margin (%)		15	20
<b>6. EBITDA</b>			
Profit before taxation		6 250	9 561
Finance income	27	(314)	(343)
Finance cost	28	305	530
Depreciation and amortisation	24	1 708	1 372
<b>EBITDA (earnings before interest, tax and depreciation)</b>		7 949	11 120
Depreciation and amortisation	24	(1 708)	(1 372)
<b>EBIT (earnings before interest and tax)</b>		6 241	9 748
Non-recurring/unusual transactions			
Adjustment to headline earnings	31	(29)	1
		6 212	9 749
<b>7. Interest cover</b>			
<b>EBIT</b>	Non-GAAP note 6	6 212	9 749
Bank borrowings	28	210	150
Interest capitalised	28	(38)	(1)
Interest paid on finance leases		149	25
		321	174
Interest cover – times		19	56
<b>8. Dividend cover</b>			
Headline earnings – cents per share	31	685	1 105
Dividends – cents per share		570	570
Dividend cover – times		1.2	1.9
<i>* The dividend was not in line with the stated dividend policy but was based on a cash quantum basis in view of the prevailing uncertain economic circumstances.</i>			
<b>9. Return on equity</b>			
Headline earnings	31	4 151	6 639
Shareholders' equity per statement of financial position at the beginning of the year		47 563	43 792
Return on equity (%)		9	15

## Non-GAAP disclosure continued

	Notes	Unaudited	
		2012 Rm	2011 Rm
<b>10. Return on capital employed</b>			
Headline earnings	31	4 151	6 639
Finance cost	28	305	530
		<b>4 456</b>	7 169
Capital employed	Non-GAAP note 12	<b>66 551</b>	61 090
Return on net capital (%)		<b>7</b>	12
<b>11. Return on assets</b>			
Headline earnings	31	4 151	6 639
Total assets		<b>72 627</b>	67 604
Return on assets (%)		<b>6</b>	10
<b>12. Capital employed</b>			
Total assets per statement of financial position		<b>72 627</b>	67 604
Current liabilities per statement of financial position		<b>(6 076)</b>	(6 514)
		<b>66 551</b>	61 090
<b>13. Total capital</b>			
Total equity		<b>52 475</b>	49 610
Total borrowings	18	<b>3 003</b>	1 842
		<b>55 478</b>	51 452
<b>14. Cash net of debt</b>			
Long-term borrowings	18	<b>(2 882)</b>	(1 698)
Short-term borrowings	18	<b>(121)</b>	(144)
Total borrowings		<b>(3 003)</b>	(1 842)
Cash and cash equivalents	15	<b>587</b>	4 542
(Debt net of cash)/cash net of debt		<b>(2 416)</b>	2 700
<b>15. Gearing ratio</b>			
Total borrowings	18	<b>3 003</b>	1 842
Total capital	Non-GAAP note 13	<b>55 478</b>	51 452
Total gearing (%)		<b>5.4</b>	3.6
<b>16. Debt to equity</b>			
Total borrowings	18	<b>3 003</b>	1 842
Shareholders' equity per statement of financial position at the end of the year		<b>52 475</b>	49 610
Total debt to ordinary shareholders' equity (%)		<b>5.7</b>	3.7
<b>17. Debt to EBITDA</b>			
Total borrowings	18	<b>3 003</b>	1 842
EBITDA (earnings before interest, tax and depreciation)	Non-GAAP note 6	<b>7 949</b>	11 120
Total debt to earnings before interest and tax cover – months		<b>4 months</b>	2 months
<b>18. Current ratio</b>			
Current assets		<b>13 688</b>	14 796
Current liabilities		<b>6 076</b>	6 514
Current assets to current liabilities		<b>2.3:1</b>	2.3:1



		Unaudited	
		2012	2011
		Rm	Rm
	Notes		
<b>19. Acid ratio</b>			
Current assets		<b>13 688</b>	14 796
Inventories		<b>(7 081)</b>	(5 471)
		<b>6 607</b>	9 325
Current liabilities		<b>6 076</b>	6 514
Current assets excluding inventories to current liabilities		<b>1.1:1</b>	1.4:1
<b>20. Current liquidity</b>			
Current assets		<b>13 688</b>	14 796
Current liabilities		<b>(6 076)</b>	(6 514)
Net current assets		<b>7 612</b>	8 282
Inventory	13	<b>(7 081)</b>	(5 471)
		<b>531</b>	2 811
<b>21. Free cash flow</b>			
Net cash inflow from operating activities per cash flow		<b>4 978</b>	8 285
Total capital expenditure		<b>(7 284)</b>	(5 293)
		<b>(2 306)</b>	2 992
<b>22. Net asset value – cents per share</b>			
Net asset value per statement of financial position		<b>50 168</b>	47 563
Number of shares (millions) issued outside the Group	31	<b>606.6</b>	601.0
Net asset value – cents per share		<b>8 270</b>	7 914
<b>23. Net tangible asset value – cents per share</b>			
Net asset value per statement of financial position		<b>50 168</b>	47 563
Intangible assets	7	<b>(1 018)</b>	(1 018)
		<b>49 150</b>	46 545
Number of shares (millions) issued outside the Group		<b>606.6</b>	601.0
Net tangible asset value – cents per share		<b>8 103</b>	7 745
<b>24. Market capitalisation</b>			
Number of ordinary shares in issue at year-end (millions)		<b>632.0</b>	631.7
Closing share price as quoted on the JSE (Rand)		<b>135.25</b>	182.19
Market capitalisation		<b>85 478</b>	115 089
<b>25. Enterprise value</b>			
Market capitalisation	Non-GAAP note 24	<b>85 478</b>	115 089
Debt net of cash/(cash net of debt)	Non-GAAP note 14	<b>2 416</b>	(2 700)
		<b>87 894</b>	112 389
<b>26. Return on enterprise value</b>			
Enterprise value	Non-GAAP note 25	<b>87 894</b>	112 389
EBIT	Non-GAAP note 6	<b>6 212</b>	9 749
Total return on enterprise value (%)		<b>7.1</b>	8.7

## Contact details and administration

### Registered office

2 Fricker Road  
Illovo, 2196  
Private Bag X18  
Northlands, 2116  
Telephone: +27 (11) 731 9000  
Telefax: +27 (11) 731 9254  
Email: investor@implats.co.za  
Registration number:  
1957/001979/06  
Share codes:  
JSE: IMP  
LSE: IPLA  
ADRs: IMPUY  
ISIN: ZAE 000083648  
Website: <http://www.implats.co.za>

### Impala and Impala Refining Services

#### Head office

2 Fricker Road  
Illovo, 2196  
Private Bag X18  
Northlands, 2116  
Telephone: +27 (11) 731 9000  
Telefax: +27 (11) 731 9254

### Impala Platinum (Rustenburg)

PO Box 5683  
Rustenburg, 0300  
Telephone: +27 (14) 569 0000  
Telefax: +27 (14) 569 6548

### Impala Platinum Refineries

PO Box 222  
Springs, 1560  
Telephone: +27 (11) 360 3111  
Telefax: +27 (11) 360 3680

### Marula Platinum

2 Fricker Road  
Illovo, 2196  
Private Bag X18  
Northlands, 2116  
Telephone: +27 (11) 731 9000  
Telefax: +27 (11) 731 9254

### Zimplats

Block B  
Emerald Park  
30 The Chase (West)  
Emerald Hill  
Harare, Zimbabwe  
PO Box 6380  
Harare  
Zimbabwe  
Telephone: +26 (34) 332 590/3  
Telefax: +26 (34) 332 496/7  
Email: info@zimplats.co.zw

### Impala Platinum Japan Limited

Uchisaiwaicho Daibiru  
Room number 702  
3-3 Uchisaiwaicho  
1-Chome, Chiyoda-ku  
Tokyo  
Japan  
Telephone: +81 (3) 3504 0712  
Telefax: +81 (3) 3508 9199

### Company Secretary

Avanthi Parboosing  
Email: [avanthi.parboosing@implats.co.za](mailto:avanthi.parboosing@implats.co.za)

### United Kingdom secretaries

St James's Corporate Services Limited  
6 St James's Place  
London  
SW1A 1NP  
United Kingdom  
Telephone: +44 (020) 7499 3916  
Telefax: +44 (020) 7491 1989  
Email: [phil.dexter@corpserv.co.uk](mailto:phil.dexter@corpserv.co.uk)

### Public Officer

Francois Naudé  
Email: [francois.naude@implats.co.za](mailto:francois.naude@implats.co.za)

### Transfer secretaries

#### South Africa

Computershare Investor Services (Pty) Limited  
70 Marshall Street  
Johannesburg, 2001  
PO Box 61051  
Marshalltown, 2107  
Telephone: +27 (11) 370 5000  
Telefax: +27 (11) 688 5200

#### United Kingdom

Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

### Auditors

PricewaterhouseCoopers Inc.  
2 Eglin Road  
Sunninghill  
Johannesburg  
2157

### GRI assurance providers

KPMG Services (Pty) Limited  
KPMG Crescent  
85 Empire Road  
Parktown  
2193

### Corporate relations

Bob Gilmour  
Investor queries may be directed to:  
Email: [investor@implats.co.za](mailto:investor@implats.co.za)

### Sustainability reporting

Cindy Mogotsi  
Sustainable development manager:  
Reporting  
Telephone: +27 (11) 731 9074  
Telefax: +27 (11) 731 9053  
Email: [cindy.mogotsi@implats.co.za](mailto:cindy.mogotsi@implats.co.za)

*Selected South African photographs in this document were taken by Graeme Williams and selected Zimbabwean photographs were taken by Mike Fluxman.*





[www.implats.co.za](http://www.implats.co.za)