



IMPLATS



IMPLATS
Distinctly Platinum

Annual Financial Statements 2018

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IMPALA PLATINUM HOLDINGS LIMITED (IMPLATS) IS ONE OF THE WORLD'S FOREMOST PRODUCERS OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMs). IMPLATS IS CURRENTLY STRUCTURED AROUND FIVE MAIN OPERATIONS WITH A TOTAL OF 20 UNDERGROUND SHAFTS. OUR OPERATIONS ARE LOCATED WITHIN THE BUSHVELD COMPLEX IN SOUTH AFRICA AND THE GREAT DYKE IN ZIMBABWE, THE TWO MOST SIGNIFICANT PGM-BEARING ORE BODIES IN THE WORLD.

IMPLATS HAS ITS LISTING ON THE JSE LIMITED (JSE) IN SOUTH AFRICA, THE FRANKFURT STOCK EXCHANGE (2022 US\$ CONVERTIBLE BONDS) AND A LEVEL 1 AMERICAN DEPOSITARY RECEIPT PROGRAMME IN THE UNITED STATES OF AMERICA.

OUR HEADQUARTERS ARE LOCATED IN JOHANNESBURG AND THE FIVE MINING OPERATIONS ARE IMPALA, ZIMPLATS, MARULA, MIMOSA AND TWO RIVERS. THE STRUCTURE OF OUR OPERATING FRAMEWORK ALLOWS FOR EACH OF OUR OPERATIONS TO ESTABLISH AND MAINTAIN CLOSE RELATIONSHIPS WITH THEIR STAKEHOLDERS WHILE OPERATING WITHIN A GROUP-WIDE APPROACH TO MANAGING THE ECONOMIC, SOCIAL AND ENVIRONMENTAL ASPECTS OF SUSTAINABILITY.

Welcome to our 2018 annual financial statements

Implats Annual Financial Statements 2018 | 1

THIS REPORT CONTAINS THE CONSOLIDATED FINANCIAL STATEMENTS AND THE SEPARATE ANNUAL FINANCIAL STATEMENTS OF IMPALA PLATINUM HOLDINGS LIMITED FOR THE YEAR ENDED 30 JUNE 2018.

THESE ANNUAL FINANCIAL STATEMENTS WERE PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) OF THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB), THE SAICA FINANCIAL REPORTING GUIDES AS ISSUED BY THE ACCOUNTING PRACTICES COMMITTEE AND FINANCIAL REPORTING PRONOUNCEMENTS AS ISSUED BY THE FINANCIAL REPORTING STANDARDS COUNCIL, THE REQUIREMENTS OF THE SOUTH AFRICAN COMPANIES ACT, ACT 71 OF 2008, THE LISTINGS REQUIREMENTS OF THE JSE LIMITED AND THE RECOMMENDATIONS OF KING IV™.

We welcome your feedback to make sure we are covering the things that matter to you.



Go to www.implats.co.za or email investor@implats.co.za for the feedback form, or scan the code above with your smart device.

Additional information including assurance thereon, regarding Implats is provided in the following reports, all of which will be available at www.implats.co.za



Integrated report

- > Information about our stakeholders, their material matters, risk, strategy and performance
- > Information about our operations, mineral reserves and mineral resources, business context, environment, business model, and intellectual capital contained in our risk and remuneration processes
- > Overall assurance provided
- > Publication release scheduled for the end of October



Sustainable development report

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



Mineral Resource and Mineral Reserve Statement

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



Notice to shareholders

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

Online



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



Audit committee report

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The committee is pleased to present its report for the financial year ended 30 June 2018 which details the work done during the year under review. The committee has discharged all its responsibilities as contained in the charter including but not limited to; reviewing accounting policies and ensuring that financial information issued to stakeholders is supported by robust internal controls and risk management processes. The chairman of the audit committee reports to the board on the committee's deliberations, recommendations and decisions. In line with best practice, the internal and external auditors have unrestricted access to the committee where they are able to raise any matter which requires the committee's attention. Furthermore, the committee regularly reviews its corporate governance practices in relation to the Company's compliance with the requirements of relevant legislation as well as the King IV™ recommendations.

MEMBERS

Ms D Earp (Chairman)
Mr PW Davey
Ms B Ngonyama
Mr PE Speckmann

STATUS

Independent non-executive director
Independent non-executive director
Independent non-executive director
Independent non-executive director

APPOINTED

1 August 2018
18 February 2016
1 November 2010
1 August 2018

Mr HC Cameron was a member and chairman of the committee until his passing on 6 April 2018. The board appointed Ms B Ngonyama as acting chairman until a permanent appointment was made in August 2018. Ms MEK Nkeli served as a member of the committee from February 2016 until 1 August 2018 when new members of the committee were appointed.

EXECUTION OF THE FUNCTION OF THE COMMITTEE

The overall high-level functions performed by the committee during the year were:

- > To assist the board in discharging its duties relating to safeguarding of the Company's assets
- > To ensure the existence and proper operation of adequate systems and control processes
- > To control reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards
- > To oversee the activities of internal auditors
- > To recommend external auditors for appointment and to oversee their activities
- > To make recommendations regarding dividend declarations
- > To recommend the integrated report for approval
- > To perform duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King IV™.

The committee performed the following activities during the year under review:

- > Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment
- > Reviewed and recommended the internal audit charter for board approval
- > Encouraged cooperation between internal and external audit during the year
- > Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided did not impair their independence
- > Reviewed and recommended, for adoption by the board, the financial information that is publicly disclosed, which for the year included:
 - The interim results for the six months ended 31 December 2017
 - The annual results for the year ended 30 June 2018
- > 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. The committee also approved deviations from the annual internal audit plan
- > Monitored initiatives implemented by the compliance function which included assurance
- > Considered the effectiveness of the information technology (IT) function and recommended IT strategy for board approval
- > Approved the Group tax policy.

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

INTERNAL AUDIT

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

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

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

Audit committee report

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EXTERNAL AUDIT

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Companies Act. The committee, in consultation with executive management, agreed the audit fee for the 2018 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The auditor performed a satisfactory audit which covered all the significant risks to the company and submitted their report accordingly. Audit fees are disclosed in note 25 to the annual financial statements.

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

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

The committee has received the Partner Suitability Pack, reviewed it and is satisfied with the performance of the external auditors. Following this assessment, the committee will nominate, for approval at the annual general meeting, PwC as the external auditor for the 2019 financial year, with Mr CS Masondo as the designated auditor. Mr Masondo assumed the responsibility of lead partner with effect from 1 July 2017 replacing his predecessor Mr Andries Rossouw in line with the rotation process. The auditor and designated audit partner are accredited by the JSE and have been auditor of the Group for 45 years

CHIEF FINANCIAL OFFICER REVIEW

Ms Meroonisha Kerber was appointed with effect from 1 August 2018 and the committee has reviewed her qualifications and expertise through the recruitment process and confirms her suitability for appointment as chief financial officer in terms of the JSE Listings Requirements. Prior to Ms Kerber's appointment, Mr Ben Jager was fulfilling the role in an acting capacity. Although the committee did not perform a formal review of Mr Jager, he is suitably qualified and has the requisite experience. Additionally, the committee has satisfied itself of the performance, qualifications and expertise of the financial accounting and the taxation departments.

ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The external auditors have reported on one key audit matter in respect of their 2018 audit, being: impairment of non-financial assets. This key audit matter related to material financial statement line items and require judgement and estimates to be applied by management. The committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matter. Furthermore, the committee discussed the key audit matter with the external auditors to understand their related audit processes and views. Following our assessment, we were comfortable with the conclusions reached by management and the external auditors.

Ms Dawn Earp
Chairman of the audit committee

13 September 2018

Directors' responsibility statement

Implats Annual Financial Statements 2018 | 4

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 acting chief financial officer, Mr B Jager, CA(SA).

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

Based on the results of a formal documented review of the Company's system of internal controls and risk management, covering both the adequacy in design and effectiveness in implementation performed by the internal audit function during 2018, the board of directors has considered:

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

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

The annual financial statements have been prepared on a going-concern basis as the directors believe that the Company and the Group will continue to be in operation in the foreseeable future.

The annual financial statements as set out on pages 16 to 94 have been approved and authorised for issue by the board of directors and are signed on its behalf by:

MSV Gantsho
Chairman

NJ Muller
Chief executive officer

13 September 2018

Certificate by company secretary

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

TT Liale
Company secretary

13 September 2018

Independent auditor's report

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To the shareholders of Impala Platinum Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Impala Platinum Holdings Limited (the Company or Implats) and its subsidiaries (together the Group) as at 30 June 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Impala Platinum Holdings Limited's consolidated and separate financial statements set out on pages 16 to 94 comprise:

- > The consolidated and Company statements of financial position as at 30 June 2018
- > The consolidated and Company statements of profit or loss and other comprehensive income for the year then ended
- > The consolidated and Company statements of changes in equity for the year then ended
- > The consolidated and Company statements of cash flows for the year then ended
- > The notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

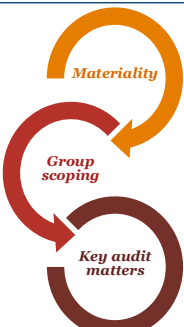
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

OUR AUDIT APPROACH

Overview

	<p>Overall Group materiality</p> <p>> R53 million which represents 5% of a five-year adjusted average of profit or loss before tax.</p>
	<p>Group audit scope</p> <p>> Our scope included, operations in two countries namely, South Africa and Zimbabwe. The operations were made up of six operating subsidiaries and two mining associates.</p>
	<p>Key audit matters</p> <p>> Impairment of long-lived assets and investment in subsidiary.</p>

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

Independent auditor's report

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Materiality

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

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

Overall group materiality	R53 million
How we determined it	5% of a five-year average of profit or loss before tax adjusted for impairment provisions, scrapping of assets, royalty rebates, restructuring costs and insurance proceeds.
Rationale for the materiality benchmark applied	<p>We chose profit or loss before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.</p> <p>Due to the fluctuations, it was considered more appropriate to use a five-year average consolidated profit before tax as a benchmark.</p> <p>We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.</p> <p>The profit or loss before tax has been adjusted for impairment provisions, scrapping of assets, royalty rebates, restructuring costs and insurance proceeds. These items occur infrequently and are not in the ordinary course of business.</p>

How we tailored our Group audit scope

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

Implats operates in two countries: South Africa and Zimbabwe with 15 operating companies. The operating entities are split into three segments: Mining, Impala Refining Services and Impala Chrome – refer to segment information (note 2). Our group scope included the financially significant entities to the Group: Impala Platinum Holdings, Impala Platinum, Zimplats, Impala Refining Services, Impala Chrome, Marula Platinum, Afplats and the two associates Two Rivers and Mimosa.

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

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

Key audit matters

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

Independent auditor's report

Key audit matter	How our audit addressed the key audit matter
<p>IMPAIRMENT OF LONG-LIVED ASSETS AND INVESTMENT IN SUBSIDIARY Key audit matter relates to the consolidated and separate financial statements</p> <p>International Financial Reporting Standards (IFRS) require the Group to assess long-lived assets for impairment when there are indicators of impairment. For Implats the long-lived assets are: plant, property and equipment (PPE) and exploration and evaluation assets.</p> <p>The Group has been impacted by the prevailing low platinum price environment. In the current year the total mining segments realised a loss due to a gross loss of R2.8bn (note 2) generated by the Impala mining segment. The Group has performed a strategic review of its operation aimed at optimising the Impala Rustenburg lease area. This is expected to result in a reduction of shafts in operation.</p> <p>As indicated in note 3.9 (property, plant and equipment), the impact of the strategic review as well as the lower than previously forecasted platinum basket prices were identified by management as indicators of impairment.</p> <p>These indicators also resulted in an impairment assessment at a company level for the investment in subsidiaries. Management performed impairment assessments to determine the recoverable amount of the various cash-generating units (CGU). The recoverable amount was based on a combination of discounted cash flow models and valuation of mineral resources beyond approved mine plans.</p> <p>In determining the discounted cash flows, management considered the strategic plans for the business including planned restructuring of operating segments. This strategic review informed the business plan and key judgements and assumptions used to develop the future cash flow projections.</p> <p>The impairment assessment was a matter of most significance to our current year audit due to the significant judgement involved in the valuation of those CGUs as well as the value of the impairment recognised in the current year. The assumptions (inputs) which were used for cash flow forecasts and valuations of mineral resources beyond approved mine plans are based on future results and expected market and economic conditions. The most significant inputs in these forecasts and valuations are: production volumes, costs of production, capital expenditure, forecasts for metal prices, exchange rates and discount rates.</p> <p>At a Group level management recognised an impairment of R13.6bn: R13.2bn in property, plant and equipment (refer to note 3.9 of the Group financial statements); and R0.4bn in exploration and evaluation assets (refer to note 4 of the Group financial statements).</p> <p>At a company level management recognised an impairment of the investment in Afplats of R0.3bn (refer to note 13 of the Company financial statements).</p>	<p>We assessed the financial results of the Group, paying particular attention to factors that have negatively impacted the operations. In line with management's assessment, we identified impairment indicators regarding the mining operating segments.</p> <p>We gained an understanding as to how impairments were considered by management across long-lived assets as well as the methodologies and models used. Specifically for the Impala mining segment, we reviewed the strategic plan and obtained an understanding from management of the plan as well as compared the impact of the plan to the life of mine assumptions.</p> <p>For purposes of the impairment assessment, management has valued the cash-generating units (CGU) using future cash flows and/or mineral resources beyond approved mine plans valuations. We assessed these models and found them to be in accordance with generally accepted methodologies.</p> <p>In assessing the future cash flows, our audit procedures included:</p> <ol style="list-style-type: none"> 1. Testing the accuracy of the model used by management by performing an independent recalculation and comparing the results of our calculation with theirs; and 2. The significant assumptions used by management in their impairment assessment were subjected to audit procedures as follows: <ul style="list-style-type: none"> > We tested the reasonableness of the long-term real basket price of R27 500 per platinum ounce by using our valuations expertise, to benchmark the price and exchange rates against analysts' forecasts. Based on the work performed, we found management's assumption to be within a reasonable range of possible prices. > We utilised our valuation expertise to independently calculate the discount rates used in performing the impairment assessments. This included using relevant third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors in which each of the CGUs are located. In cases where discount rates determined by us differed from that used by management, the impact of the differences was assessed not to be material. > Production volumes per the life-of-mine plan assumption were compared to reserves signed off by the Group's Competent Person and to existing production volumes and approved business plans. We noted a reduction of reserves at Impala as a result of the strategic review and an increase at Zimplats due to the conversion of resources to reserves. > Life-of-mine plan operating and capital costs and unit costs incurred were compared to budgeted (taking into account the strategic review) and actual costs for reasonableness. <p>In considering the accuracy of the value of in situ resources, we used our valuations expertise to independently calculate the resource multiple by benchmarking the valuation against comparable transactions. Based on our independent calculation, management's resource multiple was found to be within an acceptable range.</p>

Independent auditor's report

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OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Implats annual financial statements 2018, which includes the directors' report, audit committee report and the certificate by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the annual integrated report 2018, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Independent auditor's report

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- > Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- > Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in *Government Gazette* Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Impala Platinum Holdings Limited for 45 years.

PricewaterhouseCoopers Inc.

Director: CS Masondo

Registered Auditor

Johannesburg

13 September 2018

Directors' report

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PROFILE

Nature and business of the Company

Impala Platinum Holdings Limited (Implats/Company/Group) is one of the foremost producers and suppliers of Platinum Group Metals (PGMs) to industrial economies. The Company's holdings in various mining and exploration activities as at 30 June 2018 are described below:

Company	Effective interest %	Activity
Impala Platinum Limited (Impala)	96	PGM mining processing and refining
Impala Refining Services Limited	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 Proprietary Limited	74	PGM mining (project phase)
Marula Platinum Proprietary Limited	73	PGM mining
Zimplats Holdings Limited	87	PGM mining
Mimosa Investments Limited	50*	PGM mining
Two Rivers Platinum Proprietary Limited	46*	PGM mining
Makgomo Chrome Proprietary Limited	50*	Purchase of chrome in tailings. Processing and sale of the product
Impala Chrome Proprietary Limited	65	Purchase of chrome in tailings. Processing and sale of the product

* Equity-accounted entities.

SHARE CAPITAL

Authorised share capital

944 008 000 ordinary no par value shares

Issued share capital

734 778 378 ordinary no par value shares

Unissued share capital

209 229 622 ordinary no par value shares

The authorised share capital was converted from par value shares to no par value share and increased by 100 000 000 shares from 844 008 000 to 944 008 000 during the year under review. The authorised but unissued share capital of the Company increased to 209 229 622 from 109 229 622. The issued share capital remained unchanged at 734 778 378.

American depositary receipts

At 30 June 2018, there were 14 102 592 (2017: 11 495 430) sponsored Implats American Depositary Receipts in issue through Deutsche Bank AG London and trading on the over-the-counter markets in the US. Each American depositary share is equal to one Implats ordinary share.

Treasury shares

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

Share-based compensation

Details of participation in the share option scheme are set out in note 36 of the consolidated financial statements.

Directors' report

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Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2018 was as follows:

Shareholders	Number of shareholders	Number of shares (000)	%
Public	25 134	672 312	91.5
Non-public	6	62 466	8.5
Directors	2	33	0.0
Royal Bafokeng Holdings Proprietary Limited*	3	46 199	6.3
Treasury shares	1	16 234	2.2
Total	25 140	734 778	100.0

* Has the right to appoint one director.

Beneficial shareholders greater than 5%

Shareholders	Number of shares (000)	%
Government Employees Pension Fund	99 649	13.6
Allan Gray Balanced Fund	44 089	6.0
Total	143 738	19.6

Investment management shareholding greater than 3%

Shareholders	Number of shares (000)	%
Allan Gray Investment Council	135 124	18.4
Investec Asset Management	110 140	15.0
PIC	78 892	10.7
Royal Bafokeng Holdings Proprietary Limited	46 199	6.3
Prudential Investment Managers	32 703	4.5
Kopernik Global Investment	30 296	4.1
Sanlam Investment Managers	28 382	3.9
Total	461 736	62.9

Black economic empowerment (BEE) ownership

The Group recognises that the transformation of the equity ownership of the Company is a key strategic goal and believes that it has fully met the equity ownership objectives of the Mineral and Petroleum Resources Development Act. The Royal Bafokeng Nation originally held 13.2% of Implats, which, with the agreement of the DMR, was attributed to a 26% notional holding in Impala Platinum Limited (Impala). In 2016, the Royal Bafokeng sold its holding down to 6.3% at value.

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

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

Directors' report

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INVESTMENTS

Zimplats Holdings Limited (Zimplats)

During the period under review, the Company owned 87% (2017: 87%) of Zimplats, which in turn holds 90% (2017: 90%) of Zimbabwe Platinum Mines (Pvt) Limited – an operating company in Zimbabwe. An employee share ownership trust was issued 10% of the issued capital in the operating subsidiary Zimbabwe Platinum Mines (Pvt) Limited. Negotiations are ongoing with a community share ownership trust regarding its purchase of a 10% share in the operating subsidiary. The shareholding by the trusts is intended to be for the benefit of employees and the surrounding community as part of Zimplats' plans to comply with the indigenisation legislation.

Mimosa Investments Limited (Mimosa)

The Company holds a 50% (2017: 50%) shareholding in Mimosa, with the balance being held by Sibanye Stillwater Limited. Mimosa Mining Company (Pvt) Limited (Mimosa Pvt), the operating company, is a wholly-owned subsidiary of Mimosa. Implats equity-accounted its 50% interest in the joint venture.

Two Rivers Platinum Proprietary Limited (Two Rivers)

The Company owns a 46% (2017: 49%) interest in Two Rivers with the balance held by African Rainbow Minerals Limited (ARM). Implats and ARM entered into an agreement where ARM agreed to vend its recently acquired portion called Matopi Mineral Rights into Two Rivers. Under the terms of this transaction, Implats agreed to dilute its shareholding from 49% to 46%.

Marula Platinum Proprietary Limited (Marula)

The Company owns a 73% (2017: 73%) interest in Marula.

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

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

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

Afplats Proprietary Limited (Afplats)

The Company owns a 74% (2017: 74%) interest in Afplats, which completed the sinking of the main shaft to a depth of 1 198 metres below surface. Activities to further develop the project have been deferred. Implats continues to consolidate its interest in Afplats.

Makgomo Chrome Proprietary Limited (Makgomo Chrome)

The Company owns a 50% (2017: 50%) stake in Makgomo Chrome, a company established pursuant to Implats' local economic development strategy for the Marula communities. Of this 50% stake, 20% is held through Marula and all dividends received by Marula are used to fund community development projects. The balance of the issued shares are held by the communities in the Marula area of operations. Implats equity accounts its interest in Makgomo Chrome.

Impala Chrome Proprietary Limited (Impala Chrome)

The Company holds 65% (2017: 65%) of the shares in issue and Chrome Traders Processing Proprietary Limited (Chrome Traders) holds 31.5% (2017: 31.5%) and 3.5% is held by a Special Purpose Vehicle controlled by several local community members in Rustenburg. Implats consolidates its interest in Impala Chrome.

FINANCIAL AFFAIRS

Results for the year

A higher rand basket achieved was more than offset by lower sales volumes, resulting in a decrease of revenue from R36.8 billion to R35.9 billion. The furnace 5 rebuild as well as the transformer fire resulted in lower levels of refined production, which negatively impacted sales volumes from the Group's operations.

Group unit costs, year-on-year, were contained at 0.4% and cost of sales decreased by 8.0% as a result of the additional stock build-up of R3.4 billion at year end. These factors contributed to the increase in gross profit from a R529 million loss to a R1 577 million profit.

A strategic review was initiated to determine the most effective structural changes required to return Impala Rustenburg to profitability in the prevailing platinum price environment. The conclusion from this review was that Impala Rustenburg must contract to a smaller, more focused operation positioned around its best assets. Therefore, operations will cease at depleted end-of-life and uneconomic shafts. Future mining activity will be focused on profitable, lower-cost, high-value and generally longer-life assets. At Impala Rustenburg, shafts and assets under construction to the value of R13.0 billion was impaired as a result of this decision. During the 2018 financial year, R525 million restructuring cost was classified as other operating expenses, impacting on the unit cost for the year.

Directors' report

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Afplats exploration and evaluation asset of R385 million and assets under construction of R225 million was also impaired as a result of the long term view of prices and exchange rate impact on the valuation of the resource.

The income tax credit for the current year includes deferred tax of R3.8 billion on the impairment of property, plant and equipment and exploration and evaluation assets. This credit was offset by a deferred tax expense of R1.2 billion as a result of the change in Zimplats' corporate income tax rate, which increased, as a result of the change from a special mining lease to a normal mining lease during the year.

Gross refined platinum production decreased by 4% to 1,5468 million ounces, as a result of the stock build up during the year. The Group's in concentrate mine-to-market output was 1.32 (2017: 1.30) million platinum ounces. Lower deliveries from Zimplats and Two Rivers were offset by higher volumes from Marula, Mimososa and Impala. Third-party platinum production increased by 2% to 259 000 ounces.

Cash flows from operations reduced to R1 million cash used in operating activities compared to R1.0 billion cash generated from operating activities in the prior year. This was mainly as a result of a negative cash flow impact from the increase in working capital of R2.3 billion offset by an increase in operating cash flow of R1.7 billion, compared to the previous year.

The negative cash flow due to the year on year increase in working capital, includes stock build-up on Group of R3.4 billion, mainly as result of increase in the stock levels due to the furnace rebuild and transformer fire. At year end, the Group had gross cash of R3.7 (2017: R7.8) billion on hand after utilising R1.5 billion of its R4.0 billion bank debt facilities, which remain available until 2021.

Implats has final approved terms to enter into a forward sale transaction to release R2 billion of the approximately R3.8 billion excess pipeline stock during FY2019. The R2 billion forward sale relates to excess material, which will only be produced in FY2020, effectively monetising the whole pipeline in FY2019. The pipeline is expected to return to normal operating levels during FY2020.

Dividends

No dividends were declared in respect of the 2018 financial year (2017: no dividend).

Capital expenditure

Capital expenditure of R4.6 billion, excluding interest capitalised of R61 million, was higher compared to the previous year (2017: R3.4 billion). Over the last year, R1.4 billion was spent on the two development shafts, 16 and 20, at Impala Rustenburg and R1.7 billion (US\$ 135 million) was spend at Zimplats, mainly on the Mupani and Bimha development. In other areas, additional capital was deferred as a response to the ongoing low-price environment and the need to conserve cash.

POST-BALANCE SHEET EVENTS

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

This post balance sheet event had no financial impact on the Group's consolidated financial statements but was considered in the valuations and impairment testing given the expected future tax benefit.

The final approval of the implementation of the Rustenburg strategic review was obtained on 31 July 2018 from the Implats board. The implementation of the review impacted on the boards evaluation of the going concern statement and the valuations used for impairment testing at year-end resulting in a R13 billion impairment for Impala.

The impact of external factors like the R/US\$ exchange rate and commodity prices will be monitored together with internal factors such as the execution of the Rustenburg strategic review plan. Deviations from what is expected and the impact on the funding plan and the capital structure will be assessed on an ongoing basis and mitigating action will be taken should this become a concern.

GOING CONCERN

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

Directors' report

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ASSOCIATED AND SUBSIDIARY COMPANIES

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

PROPERTY

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

DIRECTORATE

Name	Position as director	Date appointed
MSV Gantsho	Independent non-executive chairman	1 November 2010
PW Davey	Independent non-executive director	1 July 2013
D Earp	Independent non-executive director	1 August 2018
M Kerber	Chief financial officer	1 August 2018
U Lucht	Non-executive director	25 August 2017
AS Macfarlane	Independent non-executive director	1 December 2012
FS Mufamadi	Independent non-executive director	5 March 2015
NJ Muller	Chief executive officer	3 April 2017
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
LN Samuel	Executive director	27 November 2017
PE Speckmann	Independent non-executive director	1 August 2018
ZB Swanepoel	Independent non-executive director	5 March 2015

Changes to the board

During the year under review, the Ms Brenda Berlin resigned from the company as chief financial officer and executive director on 28 February 2018. It is with sadness that we have to report on the untimely passing of Mr Hugh Cameron, in April 2018, who was an independent non-executive director and chairman of the audit committee. The board oversaw a process to find a successor to Ms Berlin and to strengthen the audit committee. On 1 August 2018, Ms Meroonisha Kerber was appointed as chief financial officer and executive director and the board appointed Mr Preston Speckmann and Ms Dawn Earp as independent non-executive directors. Mr Speckmann and Ms Earp were also appointed as members of the audit committee which is chaired by Ms Earp. The average length of service of the current 10 non-executive directors is 3.7 years (2017: 4.2), while that of the executive directors is 0.7 years (2017: 3.4).

Board diversity

Gender	
Male	8
Female	5
Nationality	
Black South African	7
White South African	4
Non-South African	2
Independence	
Executive	3
Non-executive	1
Independent non-executive	9

Directors' report

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Interests of directors

The interests of directors in the shares of the Company for the year ended 30 June 2018 were as follows and did not individually exceed 1% of the issued share capital or voting control of the Company:

	Direct		Indirect	
	2018	2017	2018	2017
BENEFICIAL				
Directors	33 180	33 180	—	—
ZB Swanepoel	30 000	30 000	—	—
B Ngonyama	3 180	3 180	—	—
Senior management	73 532	53 324	—	—

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

Directors' interests

No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year. No material change in the foregoing interests has taken place between 30 June 2018 and the date of this report.

Directors' remuneration

Directors' remuneration is disclosed in the annual financial statements (note 36) in line with the Companies Act requirements.

SPECIAL RESOLUTIONS PASSED

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

Approval of directors' remuneration

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

Approval of financial assistance

Shareholders approved that the company may offer financial assistance in terms of section 44 and 45 of the Companies Act.

Acquisition of the Company's shares by the Company or subsidiaries

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

ADMINISTRATION

Financial, administrative and technical advisers

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

Company secretary

Mr TT Liale acted as secretary to Implats and Impala. Impala acted as secretaries to other subsidiaries in the Group. The business and postal addresses of the company secretary are set out on page 95.

United Kingdom secretaries

The business and postal addresses of the United Kingdom secretaries are set out on page 95.

Public officer

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

Consolidated statement of financial position

as at 30 June 2018

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	Notes	2018 Rm	2017 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	3	36 045	47 798
Exploration and evaluation assets	4	—	385
Investment property	5	90	89
Investment in equity-accounted entities	6	4 317	3 316
Deferred tax	7	4 757	389
Available-for-sale financial assets	8	198	179
Other financial assets	9	175	148
		45 582	52 304
Current assets			
Inventories	10	11 745	8 307
Trade and other receivables	11	4 409	3 736
Other financial assets	9	3	2
Prepayments		724	1 293
Cash and cash equivalents	12	3 705	7 839
		20 586	21 177
Total assets		66 168	73 481
EQUITY AND LIABILITIES			
Equity			
Share capital	13	20 491	20 000
Retained earnings		12 302	22 982
Foreign currency translation reserve		4 324	3 746
Other components of equity		96	79
Equity attributable to owners of the Company		37 213	46 807
Non-controlling interest	14	2 380	2 425
Total equity		39 593	49 232
LIABILITIES			
Non-current liabilities			
Provision for environmental rehabilitation	15	1 225	1 099
Deferred tax	7	5 485	4 390
Borrowings	16	7 925	8 373
Derivative financial instruments	17	50	1 233
Sundry liabilities	18	285	356
		14 970	15 451
Current liabilities			
Trade and other payables	19	8 086	6 902
Current tax payable	20	992	702
Borrowings	16	2 427	1 088
Sundry liabilities	18	100	106
		11 605	8 798
Total liabilities		26 575	24 249
Total equity and liabilities		66 168	73 481

The notes on pages 21 to 81 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2018

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	Notes	2018 Rm	2017 Rm
Revenue	22	35 854	36 841
Cost of sales	23	(34 277)	(37 370)
Gross profit/(loss)		1 577	(529)
Other operating income	24	180	1 191
Other operating expenses	25	(944)	(325)
Impairment	26	(13 629)	(10 229)
Royalty expense	27	(350)	(561)
Loss from operations		(13 166)	(10 453)
Finance income	28	350	411
Finance cost	29	(1 051)	(811)
Net foreign exchange transaction (losses)/gains		(662)	154
Other income	30	1 404	398
Other expenses	31	(300)	(883)
Share of profit of equity-accounted entities	6	383	496
Loss before tax		(13 042)	(10 688)
Income tax credit	32	2 249	2 590
Loss for the year		(10 793)	(8 098)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets	8	19	14
Deferred tax thereon	7	(3)	(3)
Share of other comprehensive income/(loss) of equity-accounted entities	6	108	(219)
Deferred tax thereon		(11)	22
Exchange differences on translating foreign operations		650	(1 555)
Deferred tax thereon		(84)	203
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Actuarial (loss)/gain on post-employment medical benefit	18	(1)	2
Deferred tax thereon	7	—	—
Total comprehensive loss		(10 115)	(9 634)
(Loss)/profit attributable to:			
Owners of the Company		(10 679)	(8 220)
Non-controlling interest		(114)	122
		(10 793)	(8 098)
Total comprehensive loss attributable to:			
Owners of the Company		(10 070)	(9 554)
Non-controlling interest		(45)	(80)
		(10 115)	(9 634)
Loss per share (cents per share)			
Basic	33	(1 486)	(1 145)
Diluted	33	(1 486)	(1 145)

The notes on pages 21 to 81 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2018

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	Ordinary shares Rm	Share premium Rm	Share- based payment reserve Rm
Balance at 30 June 2017	18	17 614	2 368
Bond conversion option (note16.6)	—	450	—
Shares purchased – Long-term Incentive Plan (note 13)	—	(78)	—
Share-based compensation expense (note 13)	—	—	119
Total comprehensive (loss)/income	—	—	—
Loss for the year	—	—	—
Other comprehensive income/(loss)	—	—	—
Dividends	—	—	—
Balance at 30 June 2018	18	17 986	2 487
Balance at 30 June 2016	18	17 252	2 277
Shares issued (note 13)	—	—	—
– Employee Share Ownership Programme	—	479	—
Conversion option settlement (note16.4)	—	(79)	—
Shares purchased – Long-term Incentive Plan (note 13)	—	(38)	—
Share-based compensation expense (note 13)	—	—	91
Total comprehensive income/(loss)	—	—	—
(Loss)/profit for the year	—	—	—
Other comprehensive income/(loss)	—	—	—
Transaction with non-controlling interest	—	—	—
Dividends	—	—	—
Balance at 30 June 2017	18	17 614	2 368

The table above excludes the treasury shares. Additional information for total share capital is disclosed in note 13.

The notes on pages 21 to 81 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2018

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	Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to:		Total equity Rm
					Owners of the Company Rm	Non-controlling interest Rm	
	20 000	22 982	3 745	80	46 807	2 425	49 232
	450	—	—	—	450	—	450
	(78)	—	—	—	(78)	—	(78)
	119	—	—	—	119	—	119
	—	(10 680)	579	16	(10 085)	(30)	(10 115)
	—	(10 679)	—	—	(10 679)	(114)	(10 793)
	—	(1)	579	16	594	84	678
	—	—	—	—	—	(15)	(15)
	20 491	12 302	4 324	96	37 213	2 380	39 593
	19 547	31 200	5 092	69	55 908	2 548	58 456
	479	—	—	—	479	—	479
	(79)	—	—	—	(79)	—	(79)
	(38)	—	—	—	(38)	—	(38)
	91	—	—	—	91	—	91
	—	(8 218)	(1 347)	11	(9 554)	(80)	(9 634)
	—	(8 220)	—	—	(8 220)	122	(8 098)
	—	2	(1 347)	11	(1 334)	(202)	(1 536)
	—	—	—	—	—	11	11
	—	—	—	—	—	(54)	(54)
	20 000	22 982	3 745	80	46 807	2 425	49 232

Consolidated statement of cash flows

for the year ended 30 June 2018

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	Notes	2018 Rm	2017 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	2 364	3 049
Exploration costs	31	(4)	(8)
Finance cost		(1 025)	(716)
Income tax paid	20	(1 336)	(1 312)
Net cash (used in)/from operating activities		(1)	1 013
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 667)	(3 432)
Proceeds from sale of property, plant and equipment		26	49
Purchase of investment property		(1)	—
Acquisition of interest in associate – Waterberg	6	(425)	—
Purchase of available-for-sale financial assets		—	(7)
Interest received from held-to-maturity financial assets		3	7
Loans granted		—	(1)
Loan repayments received		—	15
Finance income		182	426
Dividends received from equity-accounted investments	6	253	279
Net cash used in investing activities		(4 629)	(2 664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares, net of transaction cost		—	479
Shares purchased – Long-term Incentive Plan		(78)	(38)
Repayments of borrowings	16	(999)	(4 593)
Cash from CCIRS		—	728
Proceeds from borrowings net of transaction costs	16	1 500	6 278
Dividends paid to non-controlling interest		(15)	(54)
Net cash from financing activities		408	2 800
Net (decrease)/increase in cash and cash equivalents		(4 222)	1 149
Cash and cash equivalents at the beginning of the year		7 839	6 788
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		88	(98)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	3 705	7 839

The notes on pages 21 to 81 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION

The significant accounting policies have been disclosed in note 1.3.

 Judgements and estimates, deemed material applied in the preparation of these Group and Company financial statements are set out within the notes to the financial statements and are indicated by blue type and .

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

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

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

Year-end rate: R13.73 (2017: R13.07)
Annual average rate: R12.85 (2017: R13.64)

1.2 New and revised International Financial Reporting Standards (IFRS)

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

New and revised IFRSs early adopted by the Group

> IAS 19 – Employee Benefits

The amendments to IAS 19 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period when an entity re-measures its net defined benefit liability as the result of an amendment, curtailment or settlement of a defined post-employment benefit plan. The amendment is effective for annual periods beginning on or after 1 January 2019, and does not have an impact on the Group's financial statements.

> Improvements to IFRS Standards 2015 – 2017 Cycle

Various necessary, non-urgent changes to four different standards, effective for annual periods beginning on or after 1 January 2019. The annual improvements had no impact on the Group's financial statements.

> IAS 28 – Investments in Associates and Joint Ventures

Amendment clarifying that IFRS 9 *Financial Instruments*, including its impairment requirements, applies to long-term interests in associates and joint ventures that (although not equity-accounted) form part of an entity's net investment in these investees. The amendment had no impact on the Group's financial statements.

New and revised IFRSs not adopted by the Group

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

> IFRS 9 – Financial Instruments

This new standard replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. It uses a single approach, based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, to determine whether a financial asset is measured at amortised cost or at fair value. It requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. It also removes the requirement to separate embedded derivatives from financial asset hosts. The standard introduces new requirements for an entity electing to measure a liability at fair value to 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 section of the statement of profit or loss and other comprehensive income, rather than within profit or loss. This new standard will impact the classification and measurement of financial assets. The current classification of financial assets as described in 1.3.11.1 will be affected. Implats will classify its loans and receivables and held-to-maturity financial assets as measured at amortised cost. The derivative financial instruments and available-for-sale financial assets will be categorised as measured at fair value. The fair value movements on the available-for-sale financial assets will still be accounted for through other comprehensive income. Implats will apply the expected loss model when assessing for impairment of financial assets, but this impairment model is not expected to increase the impairment of financial assets. The standard will be applied retrospectively and it is not expected that any of the practical expedient provisions will be applied. The standard is effective for year-ends beginning on or after 1 January 2018.

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.2 New and revised International Financial Reporting Standards (IFRSs) continued

> IFRS 15 – Revenue from Contracts with Customers

The new standard deals with revenue transactions, including sales/purchases and refining income/expenditure. Implats would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period. Revenue from the sales of metals, which is the main revenue stream, will not be impacted. Toll refining income is also not expected to be impacted. The standard is effective for year-ends beginning on or after 1 January 2018.

> IFRS 16 – Leases

The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. Implats has non-material operating leases which will have to be brought onto the balance sheet in terms of the new standard and additional disclosure will be required. The standard is effective for year-ends beginning on or after 1 January 2019.

> IFRIC 23 – Uncertainty over Income Tax Treatment

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

1.3 Significant accounting policies

1.3.1 Statement of compliance

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

1.3.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for the following:

- > Certain financial assets and financial liabilities are measured at fair value
- > Derivative financial instruments are measured at fair value
- > Liabilities for cash-settled share-based payment arrangements are measured using a binomial option model.

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

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

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

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

Summary of accounting policy selections:

- > Certain accounting policies have been early adopted (note 1.2)
- > Property, plant and equipment and intangible assets are measured on the historical-cost model
- > Expenses are presented on a nature basis
- > Operating cash flows are presented on the indirect method
- > No hedge accounting has been applied, resultantly no selections have been made in terms of cash flow hedges
- > Other comprehensive income has been disclosed on a before tax basis, together with the tax effect separately for each item.

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for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.3 Consolidation

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

Subsidiaries

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

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

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 using the equity method of accounting.

Joint ventures

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

Joint ventures are accounted for using the equity method of accounting.

Equity method of accounting

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

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

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

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

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

1.3.4 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.4 Foreign currencies continued

Group companies

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

1.3.5 Property, plant and equipment

Carrying amount

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

Components

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

Cost

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

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

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

- > Any decrease in the liability reduces the cost of the related asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- > Any increase in the liability increases the carrying amount of the related asset. An increase to the cost of an asset is tested for impairment when there is an indication of impairment
- > These assets are depreciated over their useful lives.

Information technology software purchased and any direct expenditure incurred in customisation and installation thereof are capitalised. Internally developed software is capitalised only if it meets the criteria for capitalising development expenditure. All other software development expenditure is charged to the income statement.

Subsequent expenditure

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

Derecognition

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

Depreciation

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.5 Property, plant and equipment continued

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

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

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

1.3.6 Investment property

Investment property comprises land and houses held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Carrying amount

Investment property is recognised initially at cost, including transaction costs. Subsequent recognition of investment property is at cost, less accumulated depreciation and less any accumulated impairment losses.

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Depreciation

Investment property is depreciated over its useful life. Land is not depreciated. Depreciation is calculated on the carrying amount less residual value of the property and ceases when the residual value equals or exceeds the carrying amount of the asset. Depreciation on investment property is charged to profit and loss.

Residual value of assets is determined by estimating the amount the entity would currently realise from disposal, after disposal costs, if the asset was in the condition one would expect it to be, at the end of its life.

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

1.3.7 Exploration for and evaluation of mineral resources

The Group expenses all exploration and evaluation expenditures prior to the directors concluding that a future economic benefit is more likely than not to be realised, ie probable, thereafter exploration and evaluation expenses are capitalised. Exploration on greenfield 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 as development costs, if the final feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfield 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 pre-feasibility study, after which the expenditure is capitalised as a mine development cost if 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 pre-feasibility 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. These commercial reserves are capitalised to assets under construction and subsequently tested for impairment.

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 pre-feasibility study. This economic evaluation is distinguished from a pre-feasibility study in that some of the information that would normally be determined in a pre-feasibility 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 the Group will more likely than not obtain future economic benefit from the expenditures.

The initial costs of exploration and evaluation assets acquired in a business combination are based on the fair value at acquisition. Subsequently it is stated at cost less impairment provision. No amortisation is charged during the exploration and evaluation phase.

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for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3.8 Impairment of assets

Property, plant and equipment, exploration and evaluation assets and other assets

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

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

Exploration and evaluation assets are grouped with cash-generating units of that mine. 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.

Investment properties are evaluated for impairment on an individual per asset basis.

Equity-accounted investments

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

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

Available-for-sale financial assets

The Group assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired.

A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, 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 in profit or loss.

Any fair value loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

These impairment losses will not be reversed through profit or loss.

Held-to-maturity financial assets, loans, receivables and advances

A provision for impairment for these assets 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 counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default on or delinquency in payments are considered indicators that the financial asset 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 financial asset is reduced through the use of an impairment provision, and the amount of the impairment or any subsequent reversal thereof is recognised in profit or loss.

1.3.9 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 using the effective interest method. The corresponding rental obligations, net of finance charges, are included in other long-term and short-term payables respectively. The interest element is expensed to profit or loss, as a finance charge, over the lease period.

The property, plant and equipment acquired under finance leasing contracts is depreciated in terms of the Group accounting policy, limited to the lease contract term, if there is no reasonable certainty that ownership will be obtained by the end of the lease term (note 3).

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.

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.10 Inventory

Mining metal inventories

Costs incurred in the production process are appropriately accumulated as stockpiles, metal in process and product inventories. Platinum, palladium and rhodium are treated as main products and other platinum group and base metals produced as by-products.

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

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

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

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

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

Non-mining metal inventories

All metals purchased or recycled by the Group are valued at the lower of cost or net realisable value. The cost of non-mining metal inventories comprise the cost of purchase as well as refining costs required to convert the metal to its refined state.

Stores and materials

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

1.3.11 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.3.11.1 Financial assets

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

Purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. 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 at fair value through profit or 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 at fair value through profit or loss and are initially measured at fair value on contract date. These financial assets are subsequently re-measured at fair value. Movements in fair value are recognised in other income and expense (note 30 and 31) within profit or loss. The cash flow received and paid in terms of the cross-currency interest rate swap is included in finance cost paid and received within the statement of cash flows.

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 interest-free housing loans, trade and other receivables and cash and cash equivalents. Loans and receivables are subsequently measured at amortised cost using the effective interest method less any accumulated impairment loss.

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.11 Financial instruments continued

1.3.11.1 Financial assets continued

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

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 or 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 reclassified to profit or loss as gains or losses from investment securities.

1.3.11.2 Equity instruments

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

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

Compound instruments

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

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

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

1.3.11.3 Financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss and other financial liabilities subsequently carried at amortised cost. No financial liabilities were designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading and derivatives are classified as at fair value through profit or loss. These financial liabilities are measured at fair value. Movements in fair value are recognised in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost 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.

1.3.11.4 Effective interest method

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

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1. GENERAL INFORMATION *continued*

1.3 Significant accounting policies *continued*

1.3.11 Financial instruments *continued*

1.3.11.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.3.12 Provision for environmental rehabilitation

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

Decommissioning costs

This cost will arise from rectifying the 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 of the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (note 1.3.5).

Restoration costs

This cost will arise from rectifying the 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 of the discount, which is recognised in profit or loss as a finance cost, are expensed to profit or loss.

Ongoing rehabilitation cost

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

1.3.13 Employee benefits

Short-term employee benefits

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

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

Defined contribution retirement plans

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

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

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

Post-employment medical benefit plan

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

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.

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for the year ended 30 June 2018

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1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.13 Employee benefits continued

Share-based payments

Equity-settled share-based payments

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

1.3.14 Income tax

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

Additional profits tax (APT)

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

Deferred tax

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

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

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

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

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

The principal temporary differences are disclosed in note 7.

1.3.15 Revenue

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 risks and rewards of ownership are transferred and when the entity no longer has 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.

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.

1.3.16 Interest income

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

1.3.17 Deferred profit on sale and leaseback of houses

The excess of the proceeds over the carrying amount of the asset sold is amortised over the lease term.

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2. SEGMENT INFORMATION

Notes to operating segment analysis

The Group distinguishes its segments between the different mining operations, refining services, chrome processing and an all other segment. Afplats is included in the 'all other segment'.

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

Capital expenditure comprises additions to property, plant and equipment (note 3).

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

Impala mining segment's two largest sales customers amounted to 11% and 8% of total sales (2017: 12% and 10%) each.

Operating segments – June 2018

	Mining segments			Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other segments [®] Rm
	Impala Rm	Zimplats Rm	Marula Rm				
Segment profit							
Revenue	13 255	7 485	2 357	23 097	22 044	226	—
On-mine operations	(11 909)	(2 613)	(1 870)	(16 392)	—	—	—
Processing operations	(2 997)	(1 562)	(247)	(4 806)	(534)	—	—
Refining and marketing operations	(689)	—	—	(689)	(833)	—	—
Corporate cost	(193)	(393)	—	(586)	(124)	—	—
Share-based payments	(61)	(16)	(5)	(82)	—	—	—
Chrome operation	—	—	—	—	—	(146)	—
Treatment charge	—	(30)	(4)	(34)	—	(25)	—
Depreciation	(2 806)	(841)	(184)	(3 831)	—	(7)	—
Metals purchased	—	—	—	—	(20 090)	—	—
Change in inventories	2 609	15	—	2 624	1 090	5	—
Cost of sales	(16 046)	(5 440)	(2 310)	(23 796)	(20 491)	(173)	—
Gross profit/(loss)	(2 791)	2 045	47	(699)	1 553	53	—
Royalty expense	(158)	(134)	(57)	(349)	—	(1)	—
Impairment	(13 019)	—	—	(13 019)	—	—	(610)
Net foreign exchange gains/(losses)	(26)	(3)	28	(1)	(482)	9	(188)
Finance income	46	30	26	102	35	4	186
Finance expense	(817)	(67)	(12)	(896)	(34)	—	(121)
Profit from metals purchased	224	—	—	224	—	—	—
Other income/(expense)	(566)	244	(52)	(374)	608	—	567
Profit/(loss) before tax	(17 107)	2 115	(20)	(15 012)	1 680	65	(166)
Income tax expense	4 775	(2 075)	(10)	2 690	(470)	(18)	49
Profit/(loss) for the year*	(12 332)	40	(30)	(12 322)	1 210	47	(117)
External revenue[#]	34 876	—	—	34 876	752	226	—

* Total segmental loss of R11 182 million is reconciled to the consolidated loss on page 33.

[#] External revenue excludes inter-group sales.

[®] Afplats included in the "all other segment".

Notes to the consolidated financial statements

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2. SEGMENT INFORMATION continued Operating segments – June 2018 continued

	Mining segments			Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other segments [#] Rm
	Impala Rm	Zimplats Rm	Marula Rm				
Segment assets and liabilities							
Non-current segment assets	21 001	14 914	2 759	38 674	92	42	2 457
Property, plant and equipment	16 309	14 914	2 359	33 582	—	42	2 421
Deferred tax	4 335	—	310	4 665	92	—	—
Other assets	337	—	90	427	—	—	36
Current segment assets	8 935	5 698	1 037	15 670	8 242	108	32 321
Inventories	5 933	862	48	6 843	5 781	7	—
Trade and other receivables	2 197	277	156	2 630	1 686	32	61
Intercompany accounts	763	2 241	831	3 835	—	—	31 034
Prepayments	39	685	—	724	—	—	—
Cash and cash equivalents	—	1 633	2	1 635	775	69	1 226
Other assets	3	—	—	3	—	—	—
Total assets*	29 936	20 612	3 796	54 344	8 334	150	34 778
Non-current segment liabilities	2 502	4 232	371	7 105	—	12	6 712
Deferred tax	211	3 341	224	3 776	—	12	556
Borrowings	1 175	584	67	1 826	—	—	6 099
Provisions	832	307	79	1 218	—	—	7
Other liabilities	284	—	1	285	—	—	50
Current segment liabilities	30 279	2 683	4 163	37 125	6 553	22	4 241
Trade and other payables	3 588	995	453	5 036	3 520	22	62
Intercompany accounts	26 536	114	3 708	30 358	3 033	—	2 391
Borrowings	55	583	2	640	—	—	1 787
Other liabilities	100	991	—	1 091	—	—	1
Total liabilities*	32 781	6 915	4 534	44 230	6 553	34	10 953
Segmental cash flow							
Net increase/(decrease) in cash and cash equivalents	(6 588)	408	—	(6 180)	(1 112)	74	2 996
Net cash from/(used in) operating activities	(3 521)	2 511	(198)	(1 208)	1 202	89	(2 270)
Net cash (used in)/from investing activities	(2 686)	(1 794)	(97)	(4 577)	26	—	(88)
Net cash (used in)/from financing activities	(381)	(309)	295	(395)	(2 340)	(15)	814
Capital expenditure	2 766	1 739	101	4 606	—	—	—

* Total segmental assets of R97 606 million and total segmental liabilities of R61 770 million is reconciled to the consolidated assets and liabilities on page 35.

[#] Property, plant and equipment of R2 421 million and deferred tax liability of R195 million of Afplats is included in the 'all other segment'.

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2. SEGMENT INFORMATION continued

Operating segments – June 2017

	Mining segments			Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other segments [®] Rm
	Impala Rm	Zimplats Rm	Marula Rm				
Segment profit							
Revenue	14 604	7 038	1 616	23 258	21 711	432	—
On-mine operations	(11 703)	(2 828)	(1 810)	(16 341)	—	—	—
Processing operations	(2 896)	(1 514)	(212)	(4 622)	(433)	—	—
Refining and marketing operations	(615)	—	—	(615)	(763)	—	—
Corporate cost	(197)	(445)	—	(642)	(94)	—	—
Share-based payments	(72)	(11)	(5)	(88)	—	—	—
Chrome operation	—	—	—	—	—	(186)	—
Treatment charge	—	(19)	(3)	(22)	—	(35)	—
Depreciation	(2 487)	(1 036)	(172)	(3 695)	—	(7)	—
Metals purchased	—	—	—	—	(19 054)	—	—
Change in inventories	460	100	—	560	150	1	—
Cost of sales	(17 510)	(5 753)	(2 202)	(25 465)	(20 194)	(227)	—
Gross profit/(loss)	(2 906)	1 285	(586)	(2 207)	1 517	205	—
Royalty expense	(399)	(116)	(44)	(559)	—	(2)	—
Impairment	(10 149)	—	(80)	(10 229)	—	—	—
Net foreign exchange gains/(losses)	(338)	(13)	(40)	(391)	253	(11)	304
Finance income	52	12	3	67	114	4	967
Finance expense	(656)	(121)	(221)	(998)	(5)	—	(548)
Loss from metals purchased	(9)	—	—	(9)	—	—	—
Other income/(expense)	759	378	(15)	1 122	(86)	(14)	(643)
Profit/(loss) before tax	(13 646)	1 425	(983)	(13 204)	1 793	182	80
Income tax expense	3 786	(849)	251	3 188	(501)	(55)	(51)
Profit/(loss) for the year*	(9 860)	576	(732)	(10 016)	1 292	127	29
External revenue[#]	35 763	—	—	35 763	646	432	—

* Total segmental loss of R8 568 million is reconciled to the consolidated loss below.

[#] External revenue excludes inter-group sales.

[®] Afplats included in the 'all other segment'.

Reconciliation between the consolidated and the total segmental loss after tax	2018 Rm	2017 Rm
Total segmental loss after tax	(11 182)	(8 568)
Share of profit of equity-accounted entities	383	496
Unrealised profit in stock consolidation adjustment	(211)	(51)
IRS pre-production realised on Group	217	42
Net realisable value adjustment made on consolidation	—	(17)
Total loss after tax	(10 793)	(8 098)

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2. SEGMENT INFORMATION continued Operating segments – June 2017 continued

	Mining segments			Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other segments [#] Rm
	Impala Rm	Zimplats Rm	Marula Rm				
Segment assets and liabilities							
Non-current segment assets	29 687	13 293	2 903	45 883	—	48	3 048
Property, plant and equipment	29 364	13 293	2 445	45 102	—	48	2 648
Deferred tax	—	—	378	378	—	—	11
Other assets	323	—	80	403	—	—	389
Current segment assets	6 009	5 060	490	11 559	403	113	29 209
Inventories	3 311	706	43	4 060	4 981	2	—
Trade and other receivables	1 774	220	44	2 038	1 534	88	76
Intercompany accounts	670	1 937	400	3 007	—	—	23 272
Prepayments	15	1 277	1	1 293	—	—	—
Cash and cash equivalents	237	920	2	1 159	1 887	23	5 861
Other assets	2	—	—	2	—	—	—
Total assets*	35 696	18 353	3 393	57 442	8 402	161	32 257
Non-current segment liabilities	2 901	3 382	343	6 626	1	1 260	6 459
Deferred tax	643	1 899	227	2 769	1	27	488
Borrowings	1 230	1 111	69	2 410	—	—	5 963
Provisions	683	364	44	1 091	—	—	8
Other liabilities	345	8	3	356	—	1 233	—
Current segment liabilities	23 165	1 972	3 804	28 937	5 547	23	2 975
Trade and other payables	2 856	863	392	4 111	3 230	23	1
Intercompany accounts	19 073	94	3 408	22 575	2 317	—	2 238
Borrowings	39	314	—	353	—	—	735
Overdraft from treasury	1 091	—	—	1 091	—	—	—
Other liabilities	106	701	4	807	—	—	1
Total liabilities*	26 066	5 354	4 147	35 563	5 548	1 283	9 434
<i>* Total segmental assets of R98 262 million and total segmental liabilities of R51 828 million is reconciled to the consolidated assets and liabilities on page 35.</i>							
Segmental cash flow							
Net increase/(decrease) in cash and cash equivalents	(950)	200	(3)	(753)	1 176	(3)	213
Net cash from/(used in) operating activities	(545)	765	(577)	(357)	1 062	152	251
Net cash (used in)/from investing activities	(2 362)	(565)	(106)	(3 033)	114	3	(2 486)
Net cash (used in)/from financing activities	1 957	—	680	2 637	—	(158)	2 448
Capital expenditure	2 472	864	113	3 449	—	1	(16)

[#] Afplats included in the 'all other segment'.

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2. SEGMENT INFORMATION continued

Operating segments continued

<i>Reconciliation between the consolidated and the total segmental assets</i>	2018 Rm	2017 Rm
Segmental assets	97 606	98 262
Intercompany accounts eliminated	(34 869)	(26 279)
Investment in equity-accounted entities	4 317	3 316
Unrealised profit in stock, NRV and other adjustments to inventory	(886)	(736)
Impala segment bank overdraft taken to cash	—	(1 091)
Other	—	9
Total consolidated assets	66 168	73 481
<i>Reconciliation between the consolidated and the total segmental liabilities</i>		
Segmental liabilities	61 770	51 828
Intercompany accounts eliminated	(35 782)	(27 130)
Deferred income tax raised on consolidation (foreign entities FCTR and reserves)	1 234	1 173
Other deferred tax from consolidation adjustments	(93)	(77)
Inventory adjustments	(554)	(463)
Impala segment bank overdraft taken to cash	—	(1 091)
Other	—	9
Total consolidated liabilities	26 575	24 249

	Revenue		Capital expenditure		Non-current assets	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Other segment information						
South Africa	28 369	29 803	2 867	2 570	34 875	34 875
Zimbabwe	7 485	7 038	1 739	864	13 293	13 293
	35 854	36 841	4 606	3 434	48 168	48 168

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

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

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3. 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
Cost – 2018						
<i>Opening balance</i>	42 666	15 233	5 227	8 456	4 275	75 857
Capital expenditure	2 434	325	–	1 323	524	4 606
Interest capitalised	–	–	–	61	–	61
Transfer from assets under construction	179	373	16	(590)	22	–
Disposals	(36)	(95)	(4)	–	(364)	(499)
Rehabilitation adjustment (note 15)	(34)	–	–	–	–	(34)
Exchange adjustment	339	325	126	111	124	1 025
<i>Closing balance</i>	45 548	16 161	5 365	9 361	4 581	81 016
Cost – 2017						
<i>Opening balance</i>	40 940	15 826	5 459	8 376	5 066	75 667
Capital expenditure	2 269	143	1	708	313	3 434
Transfer from assets under construction	276	142	77	(517)	22	–
Disposals	(40)	(98)	(5)	–	(792)	(935)
Rehabilitation adjustment (note 15)	16	–	–	–	–	16
Exchange adjustment	(795)	(780)	(305)	(111)	(334)	(2 325)
<i>Closing balance</i>	42 666	15 233	5 227	8 456	4 275	75 857

Notes to the consolidated financial statements

for the year ended 30 June 2018

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3. PROPERTY, PLANT AND EQUIPMENT continued

	Shafts, mining develop- ment and infra- structure Rm	Metal- lurgical and refining plants Rm	Land and buildings Rm	Assets under construc- tion Rm	Other assets Rm	Total Rm
Accumulated depreciation and impairment – 2018						
<i>Opening balance</i>	14 540	6 016	1 177	2 872	3 454	28 059
Depreciation (notes 23 and 34)	2 487	671	286	—	394	3 838
Disposals	(19)	(94)	—	1	(361)	(473)
Impairment (note 26)	11 910	—	—	1 334	—	13 244
Exchange adjustment	213	84	(77)	—	83	303
<i>Closing balance</i>	29 131	6 677	1 386	4 207	3 570	44 971
Accumulated depreciation and impairment – 2017						
<i>Opening balance</i>	12 439	5 618	985	2 872	4 031	25 945
Depreciation (notes 23 and 34)	2 316	671	257	—	458	3 702
Disposals	(31)	(92)	(1)	—	(789)	(913)
Exchange adjustment	(184)	(181)	(64)	—	(246)	(675)
<i>Closing balance</i>	14 540	6 016	1 177	2 872	3 454	28 059
<i>Carrying amount at 30 June 2018</i>	16 417	9 484	3 979	5 154	1 011	36 045
<i>Carrying amount at 30 June 2017</i>	28 126	9 217	4 050	5 584	821	47 798

Included in property, plant and equipment are land and buildings with a carrying amount of R676 (2017: R753) million, refining plants with a carrying amount of R59 (2017: R70) million and other assets with a carrying amount of R2 (2017: R3) million arising from finance leases capitalised (note 16).

Notes to the consolidated financial statements

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3. PROPERTY, PLANT AND EQUIPMENT continued

	2018 Rm	2017 Rm
Assets under construction		
<i>Assets under construction consist mainly of (carrying amount):</i>		
Impala (17 Shaft) [#]	731	1 931
Afplats (Leeuwkop) [#]	2 421	2 648
Zimplats (Ngezi phase 2 and underground mine project)	2 002	990
Other immaterial items	–	15
	5 154	5 584
[#] The decrease is as a result of the impairment.		
Other assets		
<i>Other assets consist mainly of (carrying amount):</i>		
Mobile equipment	823	629
Information technology	186	191
Other immaterial items	2	1
	1 011	821
Commitments in respect of property, plant and equipment:		
Commitments contracted for	1 703	1 636
Approved expenditure not yet contracted	8 071	5 364
	9 774	7 000
Less than one year	4 017	4 338
Between one and five years	5 757	2 662
	9 774	7 000

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3. PROPERTY, PLANT AND EQUIPMENT continued

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.

3.1 Shafts, mining development and infrastructure

Individual mining assets are depreciated using the units-of-production (UOP) method for the units associated with the assets (note 1.3.5).

3.2 Metallurgical and refining plants

Metallurgical and refining assets are depreciated using the UOP method (note 1.3.5).

3.3 Land, buildings and general infrastructure

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

3.4 Other assets

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

Asset type	Estimated useful life
> Information technology	3 years
> Mobile equipment	5 or 10 years
> Other immaterial items	1 to 5 years

3.5 Units-of-production



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

For purposes of calculating depreciation and taking into account board approved projects and reserve centares for the depreciation calculation, the following average life-of-mines have resulted: Impala 25 years, Zimplats 30 years and Marula 30 years.

3.6 Mineral reserves estimations



The estimation of reserves impacts the depreciation of property, plant and equipment and the recoverable amount of property, plant and equipment. Factors impacting the determination of proved and probable reserves are:

- > The grade of mineral reserves may vary significantly from time to time (ie differences between actual grades mined and resource model grades)
- > Differences between actual commodity prices and commodity price assumptions
- > Unforeseen operational issues at mine sites
- > Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

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

During the current year, proved and probable mineral reserves were reassessed. The upper ores for Mupani and Bimha mines at Zimplats were included in the mineral reserves which resulted in a R90 million decrease in depreciation based on the UOP method.

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3. PROPERTY, PLANT AND EQUIPMENT continued

3.7 Production start date



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

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

3.8 Prepaid royalty

During the prior year, the prepaid royalty of R10 149 million which was part of the Impala cash generating unit, was impaired in full. The prepaid royalty formed part of the deal with the Royal Bafokeng Nation (RBN). In terms of the transaction, Impala agreed to pay the RNB all future royalties due to them, discharging any further obligation to pay royalties.

3.9 Impairment

During the current year, property plant and equipment of R13 019 million of the Impala operating segment was impaired, comprising shafts of R11 910 million as well as assets under construction of R1 109 million. Assets under construction of R225 million and exploration and evaluation assets of R385 million, which formed part of the Afplats operating segment were also impaired. The Afplats operating segment is included in the "all other segment", as disclosed in note 2. This was mainly due to the strategic review of Impala Rustenburg, the associated revision of the production profile and the Group's view of long-term metal prices. A strategic review was initiated to determine the most effective structural changes required to return Impala Rustenburg to profitability in the prevailing platinum price environment. The conclusion from this review was that Impala Rustenburg must contract to a smaller, more focused operation positioned around its best assets. Operations will therefore cease at depleted end-of-life and uneconomic shafts. Future mining activity will be focused on profitable, lower-cost, high-value and generally longer-life assets. On a fair value less cost to sell basis, the recoverable amount of Impala is R17 300 million. The recoverable amount is based on future discounted cash flows, including an *in situ* 4E ounce value for mineral resources outside the approved mine plan. This is a Level 3 valuation in terms of the fair value hierarchy (note 21.1).



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

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

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

The key financial assumptions used in the impairment calculations are:

- > Long-term real basket price per platinum ounce sold of R27 500 (2017: R30 900 in equivalent 2018 terms)
- > Long-term real discount rate – a range of 8% to 13% (2017: 8.4% to 13.4%) for the various cash-generating units in the Group
- > *In situ* resource valuation of between US\$1.80 and US\$9.00 (2017: US\$2.40 and US\$ 12.00) per 4E ounce depending on whether the resource is inferred, indicated and measured.

For Impala, if the long-term metal prices were to increase by 5%, the recoverable amount would increase by approximately R1.5 billion. Conversely, a decrease of 5% would negatively affect the recoverable amount by approximately R1.4 billion. A 10% increase or decrease in the *in situ* 4E value would affect the recoverable amount by approximately R155 million.

If the real discount rate were to increase or decrease by 50 basis points, the recoverable amount will decrease or increase respectively by approximately R345 million.

For Afplats, a 10% increase or decrease in the *in situ* 4E value would affect the recoverable amount by approximately R223 million.

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4. EXPLORATION AND EVALUATION ASSETS

	2018 Rm	2017 Rm
Cost	4 318	4 318
Accumulated impairment	(4 318)	(3 933)
Carrying amount	—	385

Exploration and evaluation assets consist of Leeuwkop surplus resources acquired with the acquisition of Afplats.

Impairment

- ⊙ Afplats is a separate non-productive cash-generating unit. Management utilised a data set of all platinum transactions done in South Africa since 2005 for exploration and evaluation assets' annual impairment test. The transactions are distinguished by 'status of assets' (being producing, developing or exploration) and 'location of assets' (being eastern, western or northern limb). This data set and the current economic outlook for the mining industry, yielded in a range of in situ UG2 4E ounce valuations as set out below. The recoverable amount was derived from the reserve and resource ounce valuation which was categorised as a Level 2 valuation of the fair value hierarchy. The Afplats reserve and resource ounce valuation was based on the UG2 4E ounces. These ounces were valued using a range of US\$1.80 and US\$9.00 per 4E ounce depending on whether the resource is inferred, indicated and measured. On a fair value less cost to sell basis the recoverable amount is R2 226 million, resulting in an impairment of R385 million of exploration and evaluation assets, as well as R225 million of property, plant and equipment. Refer to note 3 for more impairment related disclosure.

5. INVESTMENT PROPERTY

	2018 Rm	2017 Rm
Cost		
<i>Opening balance</i>	219	223
Additions	1	—
Disposal	—	(4)
Closing balance	220	219
Accumulated depreciation and impairment		
<i>Opening balance</i>	130	50
Impairment	—	80
Closing balance	130	130
Carrying amount	90	89

Rental income of R5 (2017: R3) million was received during the year after cost. The carrying amount of investment property of R90 (2017: R89) million comprising undeveloped land and residential houses, was tested impairment, but has a fair value of R110 (2017: R87) million. Fair value was calculated using a discounted cash flow valuation technique and an 8.4% discount rate was applied.

Investment property is depreciated over the expected useful life of the asset. No depreciation is provided on land.

Impairment

- ⊙ In 2017 an impairment of R80 million was recognised, reflecting the weak economic circumstances in the region with various mine closures. Current and projected occupancy levels and rental income were used to determine the recoverable amount on a discounted cash flow basis. The value in use was determined using an 8.4% discount rate and assuming a 100% occupancy within five years.

On the higher of fair value less cost to sell or value-in-use basis (being the method used), the recoverable amount was R89 million, resulting in an impairment of R80 million in the prior year.

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6. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

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

Company	Principal activity	Place of incorporation	Place of business	Proportion of ownership and voting rights held by the Group		2018 Rm	2017 Rm
				2018 %	2017 %		
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	50	50	2 268	1 961
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	46	49	1 528	1 260
Individually immaterial associates*						521	95
Total investment in equity-accounted entities						4 317	3 316

* Include 15% investment in Waterberg (R410 million) currently in exploration phase.

Movement in investment in equity-accounted entities	2018 Rm	2017 Rm
Beginning of the year	3 316	3 342
Acquisition of interest in associate – Waterberg	425	—
Share of profit	473	472
Gain – Two Rivers change of interest (note 30)	248	—
Share of other comprehensive income/(loss)	108	(219)
Dividends received	(253)	(279)
End of the year	4 317	3 316
Share of profit of equity-accounted entities is made up as follows:		
Share of profit	473	472
Movement in unrealised profit in stock	(90)	24
Total share of profit of equity-accounted entities	383	496

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6. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES continued

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

	Mimosa		Two Rivers	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Capital and reserves	4 536	3 922	3 322	2 632
Non-current liabilities	1 387	1 272	1 152	1 041
Current liabilities	416	414	662	648
	6 339	5 608	5 136	4 321
Non-current assets	4 301	3 990	3 653	2 923
Current assets	2 039	1 618	1 482	1 399
	6 340	5 608	5 135	4 322
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	423	245	18	79
Current financial liabilities (excluding trade and other payables and provisions)	27	44	336	261
Non-current financial liabilities (excluding trade and other payables and provisions)	—	25	87	65
Revenue	3 601	3 242	3 995	3 995
Profit for the year	398	393	575	636
Total comprehensive income	398	393	575	636
The above profit for the year includes the following:				
Depreciation and amortisation	417	519	324	275
Interest income	—	32	11	15
Interest expense	28	34	25	29
Income tax expense	289	102	235	274
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the consolidated financial statements:				
Net assets of the entity	4 536	3 922	3 322	2 632
Proportion of the Group's ownership interest in the investment	2 268	1 961	1 528	1 291
Elimination of difference between carrying amount and fair value of the associates' identifiable assets and liabilities on acquisition	—	—	—	(30)
Carrying amount of the Group's interest in the investment	2 268	1 961	1 528	1 261
Dividends received by the Group	—	—	253	279

Aggregate information of associates that are not individually material

	2018 Rm	2017 Rm
The Group's share of profit/(loss)	1	(36)
The Group's share of total comprehensive income	1	(36)
Aggregate carrying amount of the Group's interest in these associates	521	95

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

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7. DEFERRED TAX

	2018 Rm	2017 Rm
The analysis of the deferred tax assets and deferred tax liabilities presented in the consolidated statement of financial position is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	133	152
Deferred tax assets to be recovered after 12 months	4 624	237
	4 757	389
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	391	351
Deferred tax liabilities to be settled after 12 months	5 094	4 039
	5 485	4 390
Total	728	4 001

The deferred tax assets relates to the carried forward tax losses of Impala and Marula, as well as the royalty prepayment tax deduction claimed over the next 20 years. The deferred tax assets will be recoverable using the estimated future taxable income based on the business plans of the entities.

There are unrecognised temporary differences of R1 898 (2017: R715) million in the Group, relating to certain subsidiaries. This comprises unredeemed capex of R394 (2017: R356) million and capital losses of R1 504 (2017: R1 071) million.

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

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

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

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7. DEFERRED TAX CONTINUED

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Changes in tax rate Rm	Closing balance Rm
Sub-total brought forward	2 895	(4 918)	180	1 227	(616)
Unrealised profit in metal inventories purchased from equity-accounted entities	(14)	(35)	—	—	(49)

	Opening balance Rm	Recognised in other comprehensive income Rm	Foreign currency translation adjustment Rm	Changes in tax rate Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 118	95	—	—	1 213
Other	2	3	—	—	5
	1 120	98	—	—	1 218

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

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7. DEFERRED TAX CONTINUED

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Closing balance Rm
2017				
Property, plant and equipment	7 984	(363)	(215)	7 406
Exploration and evaluation assets	365	—	—	365
Royalty prepayment	532	(2 786)	—	(2 254)
Convertible bonds	35	(35)	—	—
Fair value of assets and liabilities	101	(5)	—	96
Rehabilitation and post-retirement medical provisions	(177)	(22)	6	(193)
Lease liabilities	(150)	(14)	—	(164)
Share-based compensation	(62)	24	1	(37)
Leave pay	(160)	(29)	—	(189)
Unrealised profit in metal inventories	(33)	(31)	—	(64)
Assessed losses	(1 377)	(842)	3	(2 216)
Other	160	7	(22)	145
	7 218	(4 096)	(227)	2 895

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(23)	9	—	(14)

	Opening balance Rm	Recognised in other comprehensive income	Foreign currency translation adjustment Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 343	(225)	—	1 118
Other	(1)	3	—	2
	1 342	(222)	—	1 120
Total	8 537	(4 309)	(227)	4 001

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 Rm	2017 Rm
Available-for-sale financial assets	198	179

The Group holds shares listed on the JSE through the Impala Pollution Control, Rehabilitation and Closure Trust Fund (note 15) and a non-material interest in the insurance cell captive. The fair value of these listed shares as at the close of business is the stock exchange quoted prices. The investment is restricted for use by the Group by virtue of its nature.

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9. OTHER FINANCIAL ASSETS

	Notes	2018 Rm	2017 Rm
Subsequently carried at fair value			
Derivative financial asset	17.1	21	—
Subsequently carried at amortised cost			
Held-to-maturity financial assets	9.1	73	70
Loans carried at amortised cost	9.2	84	80
		178	150
Current (loans carried at amortised cost)		3	2
Non-current		175	148

Refer note 21 for fair value and financial risk disclosure.

9.1 Held-to-maturity financial assets

The investment is held through the Impala Pollution Control, Rehabilitation and Closure Trust Fund. The fund is an irrevocable trust under the Group's control. The interest rate on interest-bearing investments is 10% on average with a maturity date in the 2021 (2017: 2021) financial year. The investment is restricted for use by the Group by virtue of its nature. (note 15)

9.2 Loans carried at amortised cost

The interest-free loans of R84 (2017: R80) million relate to the employee home-ownership scheme. Non-interest-bearing loans are provided to qualifying employees of Impala and Marula. These loans are repayable over 20 years from grant date. The average remaining repayment period is between 11 and 20 years. The market-related effective weighted average interest rate is 9.5% (2017: 9.4%). These loans are secured by a second bond over residential properties.

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10. INVENTORIES

	2018 Rm	2017 Rm
Mining metal		
Refined metal	1 381	350
Main products – at cost	219	–
Main products – at net realisable value	909	341
By-products – at net realisable value	253	9
In-process metal	4 585	2 977
At cost	828	200
At net realisable value	3 757	2 777
	5 966	3 327
Non-mining metal		
Refined metal	776	993
At cost	776	993
At net realisable value	–	–
In-process metal	4 120	3 252
At cost	4 120	3 252
At net realisable value	–	–
	4 896	4 245
Stores and materials	883	735
Total carrying amount	11 745	8 307

The write down to net realisable value comprises R250 (2017: R78) million for refined mining metal and R1 268 (2017: R948) million for in-process mining metal.

Included in refined metal is ruthenium on lease to third parties of 45 000 (2017: 36 000) ounces (Metal lease fee income is disclosed in note 28).



Quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Changes in engineering estimates of metal contained in-process resulted in an increase of in-process metal of R435 (2017: R376) million.

Non-mining metal consists mainly of inventory held by Impala Refining Services.

No inventories are encumbered.

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11. TRADE AND OTHER RECEIVABLES

	2018 Rm	2017 Rm
Trade receivables	1 299	842
Advances	765	692
Other receivables	230	250
Employee receivables	212	240
South African Revenue Service (value added taxation)	1 007	985
Current tax receivable (note 20)	896	727
	4 409	3 736
The foreign currency denominated balances, included above, were as follows:		
Trade and other receivables (US\$ million)	109	73
The credit exposures of trade receivables and advances by country are as follows:		
Asia	29	75
Australia	9	–
Europe	315	131
North America	6	5
South Africa	911	605
Zimbabwe	794	718
	2 064	1 534

Refer note 21 for fair value and financial risk disclosure.

Advances



Due to the time involved in toll refining metals, certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal being purchased. The weighted average effective interest rate on advances was 1.8% (2017: 1.8%). The associated purchase liability serves as collateral for the advance.

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

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

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12. CASH AND CASH EQUIVALENTS

	2018 Rm	2017 Rm
Short-term bank deposits	1 929	5 981
Cash at bank	1 776	1 858
	3 705	7 839
<p>The weighted average effective interest rate on short-term bank deposits was 7.1% (2017: 7.3%) and these deposits have a maximum maturity of 60 (2017: 60) days. Exposure to foreign currency denominated balances as at 30 June was as follows: Bank balances (US\$ million)</p>		
	153	137
<p>The exposures by country are as follows:</p>		
South Africa	2 064	6 914
Europe	970	807
Zimbabwe	663	113
Asia	8	5
	3 705	7 839
<p>The following cash and cash equivalents, included above, are restricted for use by the Group by virtue of their nature and not timing:</p>		
Impala Pollution Control, Rehabilitation and Closure Trust Fund* (note 15)	4	—
Morokotso Trust	12	17
	16	17

* This cash has been invested by the Trust.

Refer note 21 for fair value and financial risk disclosure. Credit limit facilities are also disclosed in note 21.

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13. SHARE CAPITAL

	2018 Rm	2017 Rm
Ordinary shares	18	18
Share premium	17 986	17 614
Share-based payment reserve	2 487	2 368
Total share capital	20 491	20 000
The authorised share capital of the holding company consist of 944.01 (2017: 844.01) million ordinary no par value shares.	(million)	(million)
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	734.78	734.78
Treasury shares	(16.23)	(16.23)
Number of ordinary shares issued outside the Group	718.55	718.55
The movement of ordinary shares during the year was as follows:		
Beginning of the year	718.55	709.68
Shares issued – Morokotso	–	8.87
Shares issued – Long-term Incentive Plan	2.07	0.71
Shares purchased – Long-term Incentive Plan	(2.07)	(0.71)
End of the year	718.55	718.55

The Morokotso Trust is consolidated and the Implats shares held by it were resultantly accounted for as treasury shares. During the previous year, 8 865 524 treasury shares were sold by the Morokotso Trust, resulting in R479 million being recognised within the statement of changes in equity as share premium in the previous year. 16 233 994 treasury shares which were bought in terms of a share buy-back is held at the discretion of the Group.

At the shareholders' meeting, the shareholders approved the conversion of the ordinary par value shares to ordinary no par value shares. The authorised share capital was also increased by 100 million shares from 844.01 million to 944.01 million. The authorised but unissued share capital of the Company increased to 209.23 million from 109.23 million and remains under the control of the directors. The issued share capital remained unchanged at 734.78 million.

13.1 Equity-settled share-based compensation

The Group issues equity-settled and cash-settled (note 18) share-based payments to employees. Equity-settled schemes include the Long-term Incentive Plan, comprising Share Appreciation Rights (SAR) and Conditional Share Plan (CSP) which consist of shares with a nil exercise price.

During the year, R119 million was expensed (2017: R91 million income) in terms of the Long-term Incentive Plan.

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

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13. SHARE CAPITAL continued

13.1 Equity-settled share-based compensation continued

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

	Long-term Incentive Plan (SAR)		Long-term Incentive Plan (CSP)	
	2018	2017	2018	2017
Weighted average option value (rand) ¹	18.35	22.50	18.32	29.40
Weighted average share price on valuation date (rand) ²	44.55	54.17	28.82	49.35
Weighted average exercise price (rand) ^{3 and 5}	44.15	54.97	Nil	Nil
Volatility ⁴	40.98	44.44	N/A	N/A
Dividend yield (%)	0.04	0.05	Nil	Nil
Risk-free interest rate (%)	7.46	7.37	5.27	7.51

¹ The weighted average option value of equity-settled shares is calculated on grant date.

² Weighted average share price for valuation of equity-settled shares is calculated taking into account the market price on all grant dates.

³ The weighted average exercise price for equity-settled shares is calculated taking into account the exercise price on each grant date.

⁴ Volatility for equity-settled shares is the 400-day moving average historical volatility on Implats' shares on each valuation date.

⁵ The weighted average market price of the share on date of issue approximates the weighted average exercise price. Options are granted based on the market price at the date of issue.

	2018		2017	
	Number (000)	Weighted average exercise price (R)	Number (000)	Weighted average exercise price (R)
SAR				
Movement in the number of share options outstanding was as follows:				
Beginning of the year	6 281	54.97	5 641	62.40
Granted	4 003	38.62	1 665	50.74
Forfeited	(1 935)	81.03	(1 025)	134.91
End of the year	8 349	44.15	6 281	54.97
Exercisable	597		358	
Not yet exercisable	7 751		5 923	
	8 348		6 281	

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

Price per share	Vesting year 2018	Vesting year 2019	Vesting year 2020	Vesting year 2021	Total number
< R50	—	—	151	3 879	4 030
R50 – R100	—	2 509	1 212	—	3 721
Total 2018	—	2 509	1 363	3 879	7 751
Total 2017	1 263	3 073	1 587	—	5 923

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

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13. SHARE CAPITAL continued

13.1 Equity-settled share-based compensation continued

	2018 Number (000)	2017 Number (000)
CSP		
Movement in the number of share options outstanding was as follows:		
Beginning of the year	15 819	12 857
Granted	8 812	5 679
Forfeited	(2 246)	(2 043)
Exercised/shares issued	(2 066)	(674)
End of the year (not yet exercisable)	20 319	15 819

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

	Vesting year 2018	Vesting year 2019	Vesting year 2020	Vesting year 2021	Total number
Total 2018	—	6 856	4 825	8 638	20 319
Total 2017	2 821	7 603	5 395	—	15 819

The share options are full value shares, with a Rnil exercise price. The contractual life ends on the vesting date.

Refer to note 36 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Long-term Incentive Plan – Conditional Share Plan (LTIP – CSP)

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

Long-term Incentive Plan – Share Appreciation Rights (LTIP – SAR)

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

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14. NON-CONTROLLING INTEREST

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

Company	Place of incorporation	Place of business	Proportion of ownership and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2018	2017	2018	2017	2018	2017
Zimplats Holdings Limited	Guernsey	Zimbabwe	13%	13%	(25)	80	1 751	1 691
Afplats (Pty) Limited*	South Africa	South Africa	26%	26%	(106)	(2)	590	696
Individually immaterial subsidiaries					17	44	39	38
Total					(114)	122	2 380	2 425

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

Summarised financial information (100%) in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below presents amounts before intra-group eliminations. Zimplats' financial information disclosed below was translated using the closing and annual average US dollar exchange rates as in note 1.

	Zimplats Holdings Limited		Afplats (Pty) Limited	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Non-current assets	14 915	13 292	1 727	1 729
Current assets	5 676	5 060	58	71
Total assets	20 591	18 352	1 785	1 800
Equity	13 675	12 999	1 769	1 790
Non-current liabilities	4 231	3 381	7	8
Current liabilities	2 685	1 972	9	2
Total equity and liabilities	20 591	18 352	1 785	1 800
Revenue	7 485	7 038	—	—
Gross profit	2 042	1 288	(23)	(9)
Profit from operations	2 039	1 441	(23)	(9)
Profit before tax	2 126	1 437	(21)	(7)
Income tax expense	(2 099)	(768)	(1)	(1)
Profit for the year	27	669	(22)	(8)
Net cash from/(used in) operating activities	2 505	765	(14)	(6)
Net cash (used in)/from investing activities	(1 572)	(565)	14	5
Net increase/(decrease) in cash and cash equivalents	933	200	—	(1)
Dividends paid to non-controlling interests	—	—	—	—


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

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15. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2018 Rm	2017 Rm												
Beginning of the year	1 099	1 082												
Change in estimate – rehabilitation asset (note 3)	(34)	16												
Change in estimate – other operating expense/(income) (notes 24 and 25)	90	(42)												
Interest accrued (note 31)	100	93												
Utilised – rehabilitation done	(44)	(11)												
Exchange adjustment	14	(39)												
End of the year	1 225	1 099												
<p>  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. </p> <p> In particular from 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). These regulations were amended in October 2016 and the current closure cost was calculated in accordance with the new regulations, resulting in an increase in the rehabilitation provision. </p> <p> 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. </p> <p> Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R2 378 (2017: R1 932) million. Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated. </p> <p> South African operations </p> <p> The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 9.0% and 9.7% (2017: between 8.9% and 9.9%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 3.3% (2017: 3.1%). </p> <p> Zimbabwe operations </p> <p> The discount rate used was 9.3% (2017: 8.1%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 2.0% (2017: 2.0%). </p> <p> Guarantees, an insurance policy and the funds in the Impala Pollution Control, Rehabilitation and Closure Trust Fund are available to the Department of Mineral Resources to satisfy the requirements of the National Environmental Management Act with respect to environmental rehabilitation (note 35). </p> <p> Pollution Control, Rehabilitation and Closure Trust Fund </p> <p> The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following: </p> <table border="1"> <tbody> <tr> <td>Cash and cash equivalents (note 12)</td> <td style="text-align: right;">4</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Held-to-maturity financial assets (note 9)</td> <td style="text-align: right;">73</td> <td style="text-align: right;">70</td> </tr> <tr> <td>Available-for-sale financial assets</td> <td style="text-align: right;">183</td> <td style="text-align: right;">175</td> </tr> <tr> <td></td> <td style="text-align: right;">260</td> <td style="text-align: right;">245</td> </tr> </tbody> </table>			Cash and cash equivalents (note 12)	4	—	Held-to-maturity financial assets (note 9)	73	70	Available-for-sale financial assets	183	175		260	245
Cash and cash equivalents (note 12)	4	—												
Held-to-maturity financial assets (note 9)	73	70												
Available-for-sale financial assets	183	175												
	260	245												

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 assets, available-for-sale assets, and cash equivalents.

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

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16. BORROWINGS

	Notes	2018 Rm	2017 Rm
Standard Bank Limited – BEE Partners Marula	16.1	887	889
Standard Bank Limited – Zimplats term loan	16.2	1 167	1 111
Standard Bank Limited – Zimplats revolving credit facility	16.3	—	314
Convertible bonds – ZAR (2018)	16.4	—	303
Convertible bonds – US\$ (2018)	16.5	—	380
Convertible bonds – ZAR (2022)	16.6	2 631	2 516
Convertible bonds – US\$ (2022)	16.7	2 858	2 609
Revolving credit facility	16.8	1 510	—
Finance leases	16.9	1 299	1 339
		10 352	9 461
Current		2 427	1 088
Non-current		7 925	8 373
Reconciliation			
Beginning of the year		9 461	9 279
Proceeds		1 500	6 278
Interest accrued (note 29)		928	664
Interest repayments		(689)	(533)
Capital repayments		(999)	(4 593)
Conversion option on 2022 bonds		—	(1 156)
Loss on settlement of 2018 bonds		—	8
Exchange adjustments		151	(486)
End of the year		10 352	9 461
The effective interest rates for all borrowings for the year were as follows:		%	%
Bank loans ZAR		10	12
Bank loans US\$		7	6

Refer note 21 for fair value and financial risk disclosure.

16.1 Standard Bank Limited – BEE partners Marula

BEE partners obtained term loans of R753 million, which carry interest at the six-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 205 basis points (2017: 205 basis points) and revolving credit facilities of R105 million which carry interest at JIBAR plus 220 basis points (2017: 220 basis points) to purchase a 27% share in Marula. The BEE partners' shareholding in Marula and their loans are consolidated as the loans are guaranteed by Implats. The loans are repayable in 2020.

16.2 Standard Bank Limited – Zimplats term loan

US\$ denominated revolving credit facility of US\$85 (2017: US\$85) million bears interest at three-month London Interbank Offered Rate (LIBOR) plus 700 (2017: 700) basis points. The facility will be repaid in two equal annual payments commencing in December 2018.

16.3 Standard Bank Limited – Zimplats revolving credit facility

Zimplats drew down US\$24 million on this \$34 million facility in the prior year. The facility bears interest at LIBOR plus 278 basis points.

16.4 Convertible bonds – ZAR (2018)

The remaining balance of the ZAR denominated bonds was repaid on 21 February 2018. The effective interest rate was 8.5% (2017: 8.5%).

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16. BORROWINGS continued

16.5 Convertible bonds – US\$ (2018)

The remaining balance of the US\$ denominated bonds was repaid on 21 February 2018. The effective interest rate was 3.1% (2017: 3.1%).

16.6 Convertible bonds – ZAR (2022) (note 17.3)

The ZAR denominated bonds have a par value of R3 250 million and carry a coupon of 6.375% (R207.2 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bond holder has the option to convert the bonds to Implats' shares at a price of R50.01. The value of this conversion option derivative was R676 million on issue. At the general meeting held by shareholders, shareholders' approval to settle this option by means of Implats' shares was obtained, which has resulted in the bond being accounted for as a compound instrument and resulted in the derivative being transferred into equity. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 12.8%.

16.7 Convertible bonds – US\$ (2022) (note 17.2)

The US\$ denominated bonds have a par value of US\$250 million and carry a coupon of 3.25% (US\$8.1 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bond holder has the option to convert the bonds to Implats' shares at a price of US\$3.89. The value of this conversion option derivative was R559 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 8.38%. (Refer notes 9 and 17 for additional information regarding the conversion option and the CCIRS entered into to hedge foreign exchange risk on this bond.)

16.8 Revolving credit facility

During the current year, Implats drew down R1 500 million on the Standard Bank facility. The facility bears interest at 10.2%. The facility expires end of 2021.

16.9 Finance leases

The finance leases comprise mainly the houses leased from Friedshelf which have an effective interest rate of 10.2% and are repayable over the next 10 years. The houses were previously sold to Friedshelf as part of a sale and leaseback transaction. It also includes a lease arrangement for a Sasol hydrogen pipeline and an oxygen and nitrogen plant with a remaining life of eight years and five years respectively, and an effective interest rate of 11.5% as well as forklifts with a remaining life of three years and at an effective interest rate of 8.5%.

	2018			2017		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
Lease liabilities						
Less than one year	191	134	57	179	139	40
Between one and five years	888	442	446	849	489	360
More than five years	963	167	796	1 193	254	939
	2 042	743	1 299	2 221	882	1 339

16.10 Capital management

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

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

The Group monitors the debt-to-equity ratio. This ratio is calculated as net debt to net debt plus equity. The Group excludes leases in its determination of net debt. The targeted gearing ratio is a maximum of 10% for the long-term but the board approved an increased gearing ratio of 15% for the short term. Gearing ratio as at 30 June 2018 was 11.9% (2017: 0.6%).

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17. DERIVATIVE FINANCIAL INSTRUMENTS

		2018 Rm	2017 Rm
Cross Currency Interest Rate Swap (CCIRS) (2022)	17.1	—	49
Conversion option – US\$ convertible bond (2022)	17.2	50	547
Conversion option – ZAR convertible bond (2022)	17.3	—	637
		50	1 233

17.1 Cross Currency Interest Rate Swap (CCIRS) (2022)

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

The CCIRS is carried at its fair value of R21 million asset (note 9) (2017: R49 million liability). No hedge accounting has been applied.

17.2 Conversion option – US\$ convertible bond (2022) (note 16.7)

The US\$ bond holders have the option to convert the bonds to Implats shares at a price of US\$3.89. The conversion option was valued at its fair value of R50 million at year end, resulting in a R497 million profit for the period in other income.



The main inputs into the binomial model fair value calculation are as follows:	2018	2017
Exercise price (US\$)	3.89	3.89
Share price on valuation date (US\$)	1.47	2.82
Volatility (%)	32.01	35.00
US\$ interest rate (%)	2.65	1.84

17.3 Conversion option - ZAR convertible bond (2022) (note 16.6)

The ZAR bond holders have the option to convert the bonds to Implats shares at a price of R50.01. The conversion option was accounted for in equity, upon receipt of shareholders' approval to settle this option by means of Implats shares, at a fair value of R625 million, resulting in a R12 million profit for the period in other income.

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18. SUNDRY LIABILITIES

	Notes	2018 Rm	2017 Rm
Summary			
Post-employment medical benefits	18.1	68	67
Cash-settled share-based compensation	18.2	1	43
Deferred profit on sale and leaseback of houses (note 16.9)		247	278
Other financial liability		69	74
		385	462
Current		100	106
Non-current		285	356
18.1 Post-employment medical benefits			
Beginning of the year		67	68
Finance cost		6	6
Actuarial loss/(gain)		1	(2)
Benefits paid		(6)	(5)
End of the year		68	67
Current		—	—
Non-current		68	67

The Company historically provided post-employment medical benefits to qualifying employees. Post-employment medical benefits for remaining employees and retirees are an unfunded liability. A 1% increase in the medical inflation rate results in a R6.3 (2017: R6.4) million increase in the provision and a decrease of 1% results in a decrease in the provision of R5.4 (2017: R5.5) million. Subsidies of R6.4 (2017: R5.9) million are expected to be paid in the next financial year.

Qualifying active employees have an average age of 52 (2017: 53) years and an average service period of 24 (2017: 22) years. Retirees have an average age of 75 (2017: 75) years.

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

As at 30 June 2018, actuarial parameters used by independent valuers assumed 8.1% (2017: 8.1%) as the long-term medical inflation rate and 9.4% (2017: 9.0%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

18.2 Cash-settled share-based compensation

The Group issues equity-settled (note 13) and cash-settled share-based payments to employees. The fair value of share-based payments is calculated using the binomial option model. Allocations under this cash-settled share-based scheme ceased in November 2012 and lapse in 2022. There are 13 million (2017: 14 million) options at the end of the period, with an average option value of R0.01 (2017: R2.90), all exercisable at year end.

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19. TRADE AND OTHER PAYABLES

	2018 Rm	2017 Rm
Trade payables	6 535	5 289
Leave liability ¹	891	846
Royalties payable	225	194
South African Revenue Service (value added tax)	424	565
Other payables	11	8
	8 086	6 902
The uncovered foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US\$ million)	2	2

Refer note 21 for fair value and financial risk disclosure.

¹ 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.

20. CURRENT TAX

	2018 Rm	2017 Rm
Current tax payable	992	702
Current tax receivable (note 11)	(896)	(727)
Net current tax payable/(receivable)	96	(25)
Beginning of the year	(25)	(112)
Income tax expense (note 32)	1 442	1 506
Payments made during the year	(1 336)	(1 312)
Interest income and penalties refund	(37)	(32)
Exchange adjustment	52	(75)
End of the year	96	(25)

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

21.1 Financial instruments

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

	2018 Rm	2017 Rm
Financial assets		
Loans and receivables	6 295	9 943
Loans carried at amortised cost (note 9)	84	80
Trade receivables (note 11)	1 299	842
Advances (note 11)	765	692
Other receivables (note 11)	230	250
Employee receivables (note 11)	212	240
Cash and cash equivalents (note 12)	3 705	7 839
Financial instruments at fair value through profit or loss		
Derivative financial instruments (note 9)	21	—
Held-to-maturity financial assets (note 9)	73	70
Available-for-sale financial assets (note 8)	198	179
Total financial assets	6 587	10 192
Financial liabilities		
Financial liabilities at amortised cost	16 967	14 832
Borrowings (note 16)	10 352	9 461
Other financial liability (note 18)	69	74
Trade payables (note 19)	6 535	5 289
Other payables (note 19)	11	8
Financial instruments at fair value through profit or loss		
Derivative financial instruments (note 17)	50	1 233
Total financial liabilities	17 017	16 065

Notes to the consolidated financial statements

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.1 Financial instruments continued

Fair value

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

Level 1 – Quoted prices in active markets for the same instrument

Level 2 – Valuation techniques for which significant inputs are based on observable market data

Level 3 – Valuation techniques for which any significant input is not based on observable market data

The following financial instruments are carried at fair value:

Financial instrument	Fair value		Fair value hierarchy	Valuation technique and key inputs
	2018	2017		
Available-for-sale financial assets (note 8)				
– Listed securities	198	179	Level 1	Quoted market price for the same instrument
Financial instruments at fair value through profit or loss (assets) (note 9)				
– Cross Currency Interest Rate Swap (CCIRS) (2022)	21	–	Level 2	Discounted cash flow. Risk-free ZAR interest rate, risk-free US\$ interest rate, US\$ exchange rate
Financial instruments at fair value through profit or loss (liabilities) (note 17)				
– Conversion option – US\$ convertible bond (2022)	50	547	Level 2	Binomial option valuation. Risk-free US\$ interest rate, US% exchange rate, Implats share price, Implats share volatility
– Conversion option – ZAR convertible bond (2022)	–	637	Level 2	Binomial option valuation. Risk-free ZAR interest rate, Implats share price, Implats share volatility
– Cross Currency Interest Rate Swap (CCIRS) (2022)	–	49	Level 2	Discounted cash flow. Risk-free ZAR interest rate, risk-free US\$ interest rate, US\$ exchange rate

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

The carrying amount of financial assets and liabilities which are not carried at fair value, is a reasonable approximation of their fair value, except where otherwise indicated (note 21.2.1).

Notes to the consolidated financial statements

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.1 Financial instruments continued

Financial instrument income/(expenses):

	2018 Rm	2017 Rm
Net fair value movement on derivative financial instruments (notes 30 and 31)	366	(515)
Net fair value movement on available-for-sale financial assets:		
– Recognised in other comprehensive income	19	14
– Finance income for financial assets using effective-interest method (note 28)	350	410
– Finance expense for financial liabilities using effective-interest method (note 29)	(1 006)	(705)

21.2 Financial risk management

Introduction

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

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

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

21.2.1 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 Group entered into a Cross Currency Interest Rate Swap (CCIRS) amounting to US\$250 million to hedge certain aspects of the foreign exchange risk on the US\$ convertible bonds. The exchange rate risk on the dollar interest payments is hedged and the risk relating to future capital cash settlement of the bonds at a rand/dollar exchange rate weaker than R13.025/US\$ is hedged. No hedge accounting has been applied. Excluding the foreign exchange effect of dollar interest rate change, a 10% movement in the exchange rate will result in a R343 (2017: R327) million profit or loss on the capital portion of the hedge, which offsets the borrowing (US\$ bond) exposure in the sensitivity analysis below.

Sensitivity analysis

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

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.1 Market risk continued

Foreign exchange risk continued

	Year-end US\$ exposure		Profit/loss effect	
	2018 US\$m	2017 US\$m	2018 Rm	2017 Rm
Financial assets				
Trade and other receivables	109	73	±150	±95
Cash and cash equivalents	34	67	±47	±87
Financial liabilities				
Borrowings	(208)	(229)	±285	±299
Trade and other payables	(2)	(2)	±3	±3
	(67)	(91)	±91	±120

± 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 insignificant equity securities price risk because of available-for-sale financial assets held by the Group.

Commodity price risk

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

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

Sensitivity analysis

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

	Year-end commodity exposure		Profit/loss effect	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Financial assets	—	—	—	—
Financial liabilities				
Trade and other payables	(3 262)	(2 879)	±326	±288
	(3 262)	(2 879)	±326	±288

± 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

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.1 Market risk continued

Interest rate risk

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

The US\$ Convertible bond (carrying amount R2 858 million) has a fair value of approximately R2 590 million, and the ZAR Convertible bond (carrying amount R2 631 million) has a fair value of approximately R2 320. These fair values are categorised within Level 3 of the fair value hierarchy. A discounted cash-flow valuation technique was used using a 12% discount rate on the US\$ Convertible bond and 16.4% discount rate on the ZAR Convertible bond.

Fixed interest rate exposure:

	2018 Rm	2017 Rm
Financial assets		
Loans carried at amortised cost (note 9)	84	80
Financial liabilities		
Borrowings (note 16)	(5 489)	(5 808)
	(5 405)	(5 728)

Held-to-maturity investments are at market-related variable rates.

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

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

Sensitivity analysis

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

	Variable interest rate exposure		Profit/loss effect	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Financial assets				
Held-to-maturity financial assets (note 9)	73	70	±1	±1
Trade and other receivables (note 11)	765	692	±8	±7
Cash and cash equivalents (note 12)	3 705	7 839	±37	±78
Financial liabilities				
Borrowings (note 16)	(3 564)	(2 314)	±36	±23
	979	6 287	±10	±63

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

21.2.2 Credit risk

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

The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Group could have to pay if the guarantees are called on (note 35).

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

Cash and cash equivalents

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

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.2 Credit risk continued

Banks' credit ratings	Exposure	
	2018 Rm	2017 Rm
South African operations		
AA (zaf)	2 064	6 599
AA+ (zaf)	—	315
Overseas operations		
AA (zaf)	1 211	917
No rating	430	8
	3 705	7 839

Foreign currency exposure and exposure by country for cash and cash equivalents is analysed further in note 12.

Trade and other receivables

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

Advances are made to customers based on toll refining 'in-process metal'. Credit risk on advances where sufficient in-process metal creditors serve as collateral is low (note 11).

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

	New customers	2 years and less	From 2 to 5 years	Longer than 5 years	Total
Financial year 2018					
Number of customers	—	2	6	43	51
Value at year-end (R million)	—	12	221	1 831	2 064
Financial year 2017					
Number of customers	1	2	5	43	51
Value at year-end (R million)	—	—	—	1 534	1 534

No customers are in default at year-end (2017: nil).

Credit risk exposure in respect of trade receivables and advances is analysed further in note 11.

Credit risk exposure in respect of employee receivables is limited taking the employee's annual earnings into account. Only an insignificant amount of these employee receivables are past due, as a result of employees having left the employment of the Group.

Available-for-sale and held-to-maturity financial assets

The Group limits the amount of credit exposure related to these investments to any single financial institution by only dealing with well-established financial institutions of high credit quality standing.

Financial institutions' credit ratings	Exposure	
	2018 Rm	2017 Rm
AA (zaf)	81	78
BBB (zaf)	89	82
No rating	101	89
	271	249

Loans

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

No loans are past due.

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has undrawn general banking facilities with various financial institutions as indicated below. Of these facilities, R4.0 (2017: R4.0) billion were committed facilities at year-end.

Credit limit facilities – South African banks

Banks' credit ratings	Credit limit facilities	
	2018 Rm	2017 Rm
AA (zaf)	4 000	4 000
AA (zaf) ¹	200	200
	4 200	4 200

R1 500 (2017: Rnil) million of these facilities had been drawn down at year-end. The uncommitted facilities are renewed annually. The R4.0 billion committed facilities expire end of 2021.

¹ Uncommitted

Credit limit facilities – foreign banks

Banks' credit ratings	Credit limit facilities	
	2018 Rm	2017 Rm
AA (zaf)	466	445

Rnil (2017: R314) million of these facilities had been drawn down at year-end. 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 12) on the basis of expected cash flows.

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.3 Liquidity risk continued

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

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

	Total carrying amount Rm	Contractual interest Rm	Total undiscounted contractual cash flow Rm	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At June 2018							
Financial assets							
Loans carried at amortised cost (note 9)	84	83	167	10	10	30	117
Trade and other receivables (note 11)	2 506	—	2 506	2 506	—	—	—
Cash and cash equivalents (note 12)	3 705	—	3 705	3 705	—	—	—
Other financial assets (note 9)	21	633*	654	207	207	240	—
Financial liabilities							
Borrowings (note 16)	10 352	3 485	13 837	2 757	1 212	8 905	963
Sundry liabilities (note 18)	69	—	69	69	—	—	—
Trade and other payables (note 19)	6 535	—	6 535	6 535	—	—	—
At June 2017							
Financial assets							
Loans carried at amortised cost (note 9)	80	87	167	10	10	30	117
Trade and other receivables (note 11)	2 024	—	2 024	2 024	—	—	—
Cash and cash equivalents (note 12)	7 839	—	7 839	7 839	—	—	—
Financial liabilities							
Borrowings (note 16)	9 461	4 285	13 746	1 663	1 211	9 679	1 193
Sundry liabilities (note 18)	74	—	74	74	—	—	—
Derivative financial instruments (note 17)	49	1 003*	1 052	213	213	626	—
Trade and other payables (note 19)	5 289	—	5 289	5 289	—	—	—

* Represent the net cash flow of interest payment and receipts as well as the net swap in respect of future capital.

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

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22. REVENUE

	2018 Rm	2017 Rm
22.1 Analysis of revenue by category		
<i>Sales of goods</i>		
Precious metals		
Platinum	16 427	19 791
Palladium	9 646	8 916
Rhodium	3 763	2 173
Ruthenium	477	170
Iridium	798	605
Gold	1 148	1 257
Silver	22	25
	32 281	32 937
Base metals		
Nickel	1 863	1 971
Copper	537	407
Cobalt	86	87
Chrome	369	824
	2 855	3 289
<i>Revenue from services</i>		
Toll refining	718	615
	35 854	36 841
22.2 Analysis of revenue by destination		
<i>Main products (Pt, Pd and Rh)</i>		
Asia	14 286	14 959
North America	5 374	5 053
Europe	5 032	5 896
South Africa	5 144	4 972
	29 836	30 880
<i>By products</i>		
South Africa	2 595	3 250
Asia	1 123	912
Europe	1 174	926
North America	370	196
Australia	38	62
	5 300	5 346
<i>Toll refining</i>		
South Africa	718	615
North America	—	—
	718	615
	35 854	36 841

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for the year ended 30 June 2018

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23. COST OF SALES

	2018 Rm	2017 Rm
On-mine operations	16 392	16 341
Wages and salaries	9 836	9 716
Materials and consumables	5 262	5 348
Utilities	1 294	1 277
Processing operations	5 340	5 055
Wages and salaries	1 057	1 006
Materials and consumables	2 714	2 407
Utilities	1 569	1 642
Refining and selling	1 522	1 378
Wages and salaries	531	489
Materials and consumables	473	382
Selling and promotional expenses	357	343
Utilities	161	164
Corporate costs	710	736
Wages and salaries	396	451
Other costs	314	285
Share-based compensation	82	88
Chrome operation – cost of sales	146	186
Depreciation of operating assets (notes 3 and 34)	3 838	3 702
Metals purchased	9 651	10 030
Change in metal inventories	(3 404)	(146)
	34 277	37 370
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	1 990	2 056
Operating lease rentals	40	37
Employment benefit expense comprises:		
Wages and salaries	10 972	10 801
Pension costs – defined contribution plans	863	873
Share-based compensation	82	88
Cash-settled (note 18.2)	(37)	(3)
Equity-settled (note 13.1)	119	91
	11 917	11 762

Key management compensation is disclosed in note 36.

24. OTHER OPERATING INCOME

Other operating income comprises the following principal categories:

Profit on disposal of property, plant and equipment (note 33)	–	24
Profit on sale and leaseback of houses	30	30
Rehabilitation provisions – change in estimate (note 15)	–	42
Insurance claim – asset damage (note 33)	–	154
Insurance claim – 14 Shaft business interruption	–	657
Recovery of RBZ debt	133	284
Other	17	–
	180	1 191

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25. OTHER OPERATING EXPENSES

	2018 Rm	2017 Rm
Other operating expenses comprise the following principal categories:		
Audit remuneration	16	16
14 Shaft fire non-production cost	—	53
Restructuring costs	525	—
Trade payables – commodity price adjustments	272	186
Rehabilitation provisions – change in estimate (note 15)	90	—
Other	41	70
	944	325
The following disclosure items are included in other operating expenses:		
Audit remuneration	16	16
Other services	1	1
Audit services including interim review	15	15

26. IMPAIRMENT

Impairment of non-financial assets is made up of the following:

Prepaid royalty	—	10 149
Property, plant and equipment (note 3)	13 244	—
Exploration and evaluation assets (note 4)	385	—
Investment property (note 5)	—	80
	13 629	10 229

During the prior year the prepaid royalty was impaired in full. The prepaid royalty formed part of the deal with the Royal Bafokeng Nation (RBN). In terms of the transaction, Impala agreed to pay RBN all future royalties due to them, discharging any further obligation to pay royalties.

27. ROYALTY EXPENSE

Stakeholder royalties	164	112
State royalties	186	199
Amortisation of royalty prepayment (note 34)	—	250
	350	561

28. FINANCE INCOME

Cash and cash equivalents	208	309
Loans carried at amortised cost	13	10
Held-to-maturity financial assets	6	7
Trade and other receivables	123	84
	350	410
Metal lease fees	—	1
	350	411

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29. FINANCE COST

	2018 Rm	2017 Rm
Borrowings (note 16)	928	664
Other financial liabilities	—	8
Sundry liabilities	6	5
Provision for environmental rehabilitation (note 15)	100	93
Trade and other payables	78	41
Finance costs	1 112	811
Less: Borrowing cost capitalised (note 3) ¹	(61)	—
	1 051	811

¹ The average rate calculated for the capitalisation was 8.8%. This interest has been capitalised insofar as qualifying capital expenditure has been incurred.

30. OTHER INCOME

Guarantee fees	30	32
Zimplats export initiative	174	215
Derivative financial instruments – fair value movements – Other derivatives	509	51
Gain – Two Rivers change in interest (note 6)	248	—
A1 legal action – recovery	443	100
	1 404	398

31. OTHER EXPENSES

Exploration expenditure (note 34)	4	8
Tax interest, penalties and other fines	56	99
Non-production-related corporate cost	33	141
Derivative financial instruments – fair value movements – Cross Currency Interest Rate Swap (2018 US\$ bond)	—	517
– Cross Currency Interest Rate Swap (2022 US\$ bond)	143	49
BEE expense	—	13
Other	64	56
	300	883

32. INCOME TAX CREDIT

Current tax

South African company tax	(604)	(808)
Current tax on profits for the year	(691)	(762)
Prior year adjustment	87	(46)
Other countries' company tax	(838)	(698)
Current tax on profits for the year	(307)	(147)
Current additional profits tax	(559)	(551)
Prior year adjustment	28	—
Total current tax (note 20)	(1 442)	(1 506)


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32. INCOME TAX CREDIT continued

	2018 Rm	2017 Rm
Deferred tax		
Temporary differences (note 7)	4 969	4 042
Prior year adjustment (note 7)	(51)	54
Change in tax rate (Zimbabwe corporate tax) (note 7)	(1 227)	—
Total deferred tax	3 691	4 096
Total income tax credit	2 249	2 590
The tax of the Group's loss differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	3 652	2 992
Adjusted for:		
Disallowable expenditure:		
Income tax interest and penalties	(8)	(15)
Equity-settled share-based compensation expense	(20)	(10)
Finance cost accruals	(20)	(31)
Consulting fees	(7)	(1)
Fair value adjustments	—	(81)
Head office costs	(17)	(31)
Other	(101)	(81)
Exempt income:		
Profit on bond settlement	—	22
Zimplats RBZ recovery	—	44
Profit on sale of assets	1	—
Fair value adjustments	20	—
Other	31	18
Prior year adjustment	64	8
Change in tax rate (Zimbabwe corporate tax)	(1 227)	—
Deferred tax not recognised	15	(3)
Effect of after-tax share of profit from associates	177	139
Effect of different taxes of foreign subsidiaries	248	171
Additional profits tax	(559)	(551)
Income tax income	2 249	2 590

 The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially reported, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Zimplats ceased to be a special mining lease holder with effect from 31 May 2018 following the release of ground to the Government of Zimbabwe and issuance of two ordinary mining leases to the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited. The year ended 30 June 2018 was treated as a hybrid year for income tax and additional profits tax (APT) as follows:

i) Income tax

- SML computation for the 11 months from 1 July 2017 to 31 May 2018; and
- General miner computation for one month (1 to 30 June 2018)

ii) APT: computations for the 11 months from 1 July 2017 to 31 May 2018.

Zimplats has engaged the Zimbabwe Revenue Authority (ZIMRA) to confirm transitional provisions for computations for the year ended 30 June 2018, treatment of unredeemed capital allowances of the SML and the treatment of Ngezi and Selous Metallurgical Complex as an integrated mining location for income tax computations. The Group is awaiting a response from ZIMRA.

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33. LOSS PER SHARE

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:

	2018 Millions	2017 Millions
Number of ordinary shares issued outside the Group (note 13)	718.55	718.55
Adjusted for weighted average number of ordinary shares issued during the year	—	(0.51)
Weighted average number of ordinary shares in issue for basic earnings per share	718.55	718.04
Adjusted for dilution effect for Long-term Incentive Plan	3.56	3.75
Convertible bonds	—	—
Weighted average number of ordinary shares for diluted earnings per share	722.11	721.79
	Rm	Rm
Loss attributable to the owners of the Company	(10 679)	(8 220)
Basic earnings		
Basic earnings per share is calculated by dividing the loss attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for basic earnings per share.		
	Cents	Cents
Basic loss per share	(1 486)	(1 145)
Diluted earnings		
Diluted earnings per share is calculated by dividing the loss attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. The convertible bonds could potentially dilute earnings per share in the future, but were anti-dilutive for the current year. Potential ordinary shares are only treated as dilutive when their conversion would decrease earnings per share.		
Diluted loss per share	(1 486)	(1 145)
Headline earnings		
Profit attributable to owners of the Company is adjusted as follows:	Rm	Rm
Loss attributable to owners of the Company	(10 679)	(8 220)
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment (note 24)	—	(17)
Earnings remeasurement	—	(24)
Tax effects and non-controlling interests	—	7
Impairment (notes 3, 4, 5 and 26)	9 699	7 365
Earnings remeasurement	13 629	10 229
Tax effects and non-controlling interests	(3 930)	(2 864)
Gain – Two Rivers change in interest (notes 6 and 30)	(248)	—
Earnings remeasurement	(248)	—
Tax effects and non-controlling interests	—	—
Insurance compensation relating to scrapping of property, plant and equipment (note 24)	—	(111)
Earnings remeasurement	—	(154)
Tax effects and non-controlling interests	—	43
Headline loss	(1 228)	(983)
Headline loss per share (cents)	Cents	Cents
Basic	(171)	(137)
Diluted	(171)	(137)

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34. CASH GENERATED FROM OPERATIONS

	2018 Rm	2017 Rm
Loss before tax	(13 042)	(10 688)
Adjustment for:		
Exploration costs (note 31)	4	8
Depreciation (notes 3 and 23)	3 838	3 702
Finance income (note 28)	(350)	(411)
Finance cost	1 051	811
Share of profit of equity-accounted entities	(383)	(496)
Employee benefit provisions	(6)	(11)
Share-based compensation	76	(14)
Provision for community development	(5)	—
Loss on disposal of investment	—	13
Rehabilitation provisions	47	(54)
Amortisation of prepaid royalty (note 27)	—	250
Foreign currency adjustment	100	(307)
Profit on disposal of property, plant and equipment (note 24)	—	(24)
Deferred profit on sale and leaseback of houses (note 24)	(30)	(30)
Impairments	13 629	10 229
Bad debt provision	—	15
Loss on bond settlement	—	8
Prepayments utilised	173	(154)
Fair value adjustment on derivative financial instruments	(366)	515
Tax penalties and interest	(37)	(32)
Inventory adjustments	726	441
	5 425	3 771
Cash movements from changes in working capital:		
Decrease/(increase) in trade and other receivables	60	(750)
Increase in inventories	(4 247)	(593)
Increase in trade and other payables	1 126	621
Cash generated from operations	2 364	3 049

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35. CONTINGENT LIABILITIES AND GUARANTEES

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

The Group has issued guarantees on behalf of companies within the Group to the following holders:

	2018 Rm	2017 Rm
Guarantees (contingent liability)		
Friedshelf	109	118
Total guarantees	109	118

Guarantees to Friedshelf are in respect of rental of houses sold to and leased back from Friedshelf by Marula.

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

	2018 Rm	2017 Rm
Guarantees		
Department of Mineral Resources (DMR)	1 355	1 277
Eskom	111	111
South African Revenue Service (SARS)	6	3
Registrar of Medical Aids	5	5
Total guarantees	1 477	1 396

Guarantees to the DMR are in respect of future environmental rehabilitation. In this regard, a provision amounting to R1 225 (2017: R1 099) million has been raised (note 15).

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36. RELATED-PARTY TRANSACTIONS

	2018 Rm	2017 Rm
(i) Associates		
Two Rivers		
Transactions with related parties:		
Refining fees	33	32
Purchases of mineral concentrates	3 749	3 745
Year-end balances arising from transactions with related parties:		
Payables to associates	1 145	1 034
Makgomo Chrome		
Transactions with related parties:		
Refining fees	5	27
Sale of mineral concentrates	5	27
Friedshelf		
Transactions with related parties:		
Interest accrued	125	130
Repayments	148	147
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	1 192	1 215
The finance leases have an effective interest rate of 10.2%.		
(ii) Joint venture		
Mimosa		
Transactions with related parties:		
Refining fees	285	317
Interest received	11	6
Purchases of mineral concentrates	3 372	3 199
Year-end balances arising from transactions with related parties:		
Payables to joint venture	965	844
Receivables from joint venture	793	717

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

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36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation

The following tables summarises the fixed and variable remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2018:

Fixed remuneration

Individual	Package (R'000)	Retirement funds (R'000)	Other benefits (R'000)	Total 2018 (R'000)	Total 2017 (R'000)
Executive directors					
NJ Muller	9 117	1 316	17	10 450	2 443
B Berlin [§]	3 751	140	86	3 977	5 678
LN Samuel [®]	3 548	447	11	4 006	—
Prescribed officers					
PD Finney	3 750	565	146	4 461	4 231
M Munroe [#]	2 362	298	8	2 668	—
GS Potgieter	5 825	239	11	6 075	6 021
A Mhembere [*]	583 [*]	88 [*]	62 [*]	733 [*]	654 [*]
B Jager [^]	891	79	46	1 016	—
Company secretary					
TT Llale	1 840	224	—	2 064	2 002

* (US\$'000)

[§] Resigned 28 February 2018

[®] Appointed October 2017

[#] Appointed January 2018

[^] Acting chief financial officer, remuneration for four months March to June

Variable remuneration

Individual	Bonus 2017 (R'000)	Retention (R'000)	Gains on LTIs and shares sold (R'000)	Total 2018 (R'000)	Total 2017 (R'000)
Executive directors					
NJ Muller	681	—	5 351	6 032	10 000
B Berlin [§]	2 315	1 247	483	4 045	6 409
Prescribed officers					
PD Finney	829	1 274	300	2 403	3 212
GS Potgieter	2 315	1 829	491	4 635	4 457
A Mhembere [*]	387 [*]	—	46 [*]	433 [*]	448 [*]
Company secretary					
TT Llale	309	—	124	433	802

* (US\$'000)

[§] Resigned 28 February 2018

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36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

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

(R'000)	Board	Audit committee	Health, safety, environment and risk committee	Nominations, governance and ethics committee	Social, transformation and remuneration committee	Capital allocation and investment committee	Ad hoc meetings	Total
HC Cameron	287	287	—	—	—	94	—	668
PW Davey	375	177	—	123	—	123	17	815
MSV Gantsho	1 929	—	—	—	—	—	—	1 929
UH Lucht (RBH)	375	42	—	—	31	123	—	571
AS Macfarlane	375	—	296	—	—	—	34	705
FS Mufamadi	375	—	—	123	—	—	—	498
B Ngonyama	375	217	—	—	133	—	68	793
MEK Nkeli	375	177	133	—	296	—	68	1 049
ZB Swanepoel	375	—	133	—	—	273	17	798

The following table reflects the status of shares and unexercised options held by executive directors, prescribed officers and other senior executives and the gains made by them as a result of past awards during the year ended 30 June 2018:

Name	Balance at 30 June 2017	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year [#]	Date exercised	Balance at 30 June 2018	Allocation price (R)	First vesting date
Directors									
N Muller									
Sign-on	450 147	—		—	225 073	3 Apr 18	225 074		
							112 537	44.43	3 Apr 19
							112 537	44.43	3 Apr 20
LTIP SAR	145 781	485 700	21 Nov 17	—	—		631 481		
							145 781	43.29	16 May 20
							485 700	36.75	21 Nov 20
LTIP CSP	80 376	208 480	21 Nov 17	—	—		288 859		
							80 379	—	16 May 20
							208 480	—	21 Nov 20
B Berlin									
Share appreciation scheme	139 485	—		139 485	—		—		
LTIP SAR	323 398	94 575	21 Nov 17	417 973	—		—		
LTIP CSP	145 001	60 892	21 Nov 17	193 838	12 055	13 Nov 17	—		
LN Samuel									
LTIP SAR	—	87 444	21 Nov 17	—	—		87 444		
							87 444	36.75	21 Nov 20
LTIP CSP	—	56 301	21 Nov 17	—	—		56 301		
							56 301	—	21 Nov 20

[#] For associated gains refer to table on page 78.

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36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2017	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year*	Date exercised	Balance at 30 June 2018	Allocation price (R)	First vesting date
Prescribed officers									
PD Finney									
Share appreciation scheme	77 927	—		2 977	—		74 950		
							2 774	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
LTIP SAR	140 528	70 581	21 Nov 17	25 113	—		185 996		
							4 723	146.89	14 Nov 15
							5 191	134.91	11 Nov 16
							5 024	81.90	13 Nov 17
							67 309	35.16	12 Nov 18
							33 168	54.29	09 Nov 19
							70 581	36.75	21 Nov 20
LTIP CSP	83 519	45 444	21 Nov 17	7 477	7 477	13 Nov 17	114 009		
							40 370	—	12 Nov 18
							28 195	—	09 Nov 19
							45 444	—	21 Nov 20
M Munroe									
LTIP SAR	—	90 770	6 Mar 18	—	—		—		
							90 770	29.27	6 Mar 21
LTIP CSP	—	54 353	6 Mar 18	—	—		54 353	—	6 Mar 21
GS Potgieter									
Share appreciation scheme	98 878	—		—	—		98 878		
							93 783	186.60	1 Jul 12
							5 095	171.76	10 Nov 13
LTIP SAR	200 557	95 716	21 Nov 17	41 128	—		255 145		
							6 549	146.89	14 Nov 15
							7 174	134.91	11 Nov 16
							8 228	81.90	13 Nov 17
							92 411	35.16	12 Nov 18
							45 067	54.29	09 Nov 19
							95 716	36.75	21 Nov 20
LTIP CSP	118 227	61 627	21 Nov 17	12 246	12 245	13 Nov 17	155 363		
							55 426	—	12 Nov 18
							38 310	—	09 Nov 19
							61 627	—	21 Nov 20

* For associated gains refer to table on page 78.

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36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2017	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year [#]	Date exercised	Balance at 30 June 2018	Allocation price (R)	First vesting date
A Mhembere									
LTIP SAR	314 024	145 452	21 Nov 17	49 487	—		409 989		
							8 659	146.89	14 Nov 15
							10 620	134.91	11 Nov 16
							9 900	81.90	13 Nov 17
							166 180	35.16	12 Nov 18
							69 178	54.29	09 Nov 19
							145 452	36.75	21 Nov 20
LTIP CSP	187 947	93 653	21 Nov 17	14 734	14 735	13 Nov 17	252 131		
							99 671	—	12 Nov 18
							58 807	—	09 Nov 19
							93 653	—	21 Nov 20
Company secretary									
TT Llale									
Share appreciation scheme	13 356	—		460	—		12 896		
							682	116.76	18 Nov 10
							3 164	162.88	1 May 11
							494	171.39	4 Nov 11
							1 000	209.09	13 May 12
							1 224	193.83	1 Nov 12
							1 540	193.79	12 May 13
							853	171.76	10 Nov 13
							3 939	145.48	24 May 14
LTIP SAR	27 052	14 966	21 Nov 17	5 188	—		36 830		
							1 038	81.90	13 Nov 17
							13 785	35.16	12 Nov 18
							7 041	54.29	09 Nov 19
							14 966	80.97	21 Nov 20
LTIP CSP	34 686	19 272	21 Nov 17	3 090	3 089	13 Nov 17	47 779		
							16 536	—	12 Nov 18
							11 971	—	09 Nov 19
							19 272	—	21 Nov 20

[#] For associated gains refer to table on page 78.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

This post balance sheet event had no financial impact on the Group's consolidated financial statements but was considered in the valuations and impairment testing given the expected future tax benefit.

The final approval of the implementation of the Rustenburg strategic review was obtained on 31 July 2018 from the Implats board. A strategic review was initiated to determine the most effective structural changes required to return Impala Rustenburg to profitability in the prevailing platinum price environment. The conclusion from this review was that Impala Rustenburg must contract to a smaller, more focused operation positioned around its best assets. Therefore, operations will cease at depleted end-of-life and uneconomic shafts. Future mining activity will be focused on profitable, lower-cost, high-value and generally longer-life assets. The implementation of the review impacted on the boards evaluation of the going concern statement and the valuations used for impairment testing at year-end resulting in a R13 billion impairment for Impala.

Company statement of financial position

as at 30 June 2018

Implats Annual Financial Statements 2018 | 82

	Notes	2018 Rm	2017 Rm
ASSETS			
Non-current assets			
Investments in associates and joint venture	2	1 064	639
Investments in subsidiaries	3	3 281	3 621
Loans to subsidiaries	3	16 868	16 583
Loan to Impala	4	6 276	6 280
Other financial assets	5	75	44
Deferred tax	6	—	11
		27 564	27 178
Current assets			
Trade and other receivables		207	129
Loan to Impala	4	7 883	344
Current tax receivable		33	9
Cash and cash equivalents	7	1 415	5 328
		9 538	5 810
Total assets		37 102	32 988
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	22 557	22 107
Retained earnings		6 192	3 742
Other components of equity		11	1
Total equity		28 760	25 850
LIABILITIES			
Non-current liabilities			
Deferred tax	6	245	—
Borrowings	9	5 405	5 105
Derivative financial instrument	10	50	1 233
		5 700	6 338
Current liabilities			
Trade and other payables		29	33
Current tax payable		—	—
Borrowings	9	2 613	767
		2 642	800
Total liabilities		8 342	7 138
Total equity and liabilities		37 102	32 988

The notes on pages 86 to 94 are an integral part of these financial statements.

Company statement of profit or loss and other comprehensive income

for the year ended 30 June 2018

Implats Annual Financial Statements 2018 | 83

	Notes	2018 Rm	2017 Rm
Revenue	11	3 457	1 357
Finance cost		(675)	(449)
Other income	12	509	355
Other expenses	13	(735)	(729)
Profit before tax		2 556	534
Income tax expense	14	(106)	(58)
Profit for the year		2 450	476
Other comprehensive income, comprising items subsequently reclassified to profit or loss:			
Available-for-sale financial assets		10	1
Total comprehensive income for the year		2 460	477

The notes on pages 86 to 94 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 June 2018

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	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Total share capital Rm	Retained earnings Rm	Other components of equity Rm	Total equity Rm
Balance at 30 June 2017	18	20 195	1 894	22 107	3 742	1	25 850
Bond conversion option (note10.3)	—	450	—	450	—	—	450
Total comprehensive income	—	—	—	—	2 450	10	2 460
Profit for the year	—	—	—	—	2 450	—	2 450
Other comprehensive income	—	—	—	—	—	10	10
Balance at 30 June 2018	18	20 645	1 894	22 557	6 192	11	28 760
Balance at 30 June 2016	18	20 274	1 894	22 186	3 266	—	25 452
Conversion option settlement	—	(79)	—	(79)	—	—	(79)
Total comprehensive income	—	—	—	—	476	1	477
Profit for the year	—	—	—	—	476	—	476
Other comprehensive income	—	—	—	—	—	1	1
Balance at 30 June 2017	18	20 195	1 894	22 107	3 742	1	25 850

The notes on pages 86 to 94 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 June 2018

Implats Annual Financial Statements 2018 | 85

	Notes	2018 Rm	2017 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	16	(67)	(171)
Dividends received	11	2 621	382
Finance income		669	543
Finance cost		(686)	(327)
Income tax paid		(48)	(176)
Net cash from operating activities		2 489	251
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interest in associate – Waterberg		(425)	–
Advances subsidiaries loans		(7 782)	(2 486)
Net cash used in investing activities		(8 207)	(2 486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2 465	6 278
Repayments of borrowings		(660)	(4 557)
Cash from CCIRS		–	727
Net cash from financing activities		1 805	2 448
Net (decrease)/increase in cash and cash equivalents		(3 913)	213
Cash and cash equivalents at the beginning of the year		5 328	5 115
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1 415	5 328

The notes on pages 86 to 94 are an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 30 June 2018

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1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and principal accounting policies are disclosed on pages 21 to 30.

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

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

2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

	2018 Rm	2017 Rm
Associates		
Two Rivers Platinum (note 6 of the Group annual financial statements)	202	202
Makgomo Chrome (note 6 of the Group annual financial statements)	61	61
Waterberg (note 6 of the Group annual financial statements)	425	—
Joint venture		
Mimosa (note 6 of the Group annual financial statements)	376	376
Total investments in associates and joint venture	1 064	639

Notes to the Company financial statements

for the year ended 30 June 2018

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3. INVESTMENTS IN SUBSIDIARIES

(All amounts in rand millions unless otherwise stated)	Issued share capital	Carrying amount					
		% interest		Investment		Loans	
		2018	2017	2018	2017	2018	2017
Company and description							
Impala Holdings Limited	*	100	100	—	—	12 426	12 449
Investment holding company							
Impala Platinum Limited	*	100	100	—	—	(note 4)	(note 4)
Mines, refines and markets PGMs							
Impala Platinum Investments (Pty) Limited	*	100	100	—	—	—	—
Impala Platinum Properties (Rustenburg) (Pty) Limited	*	100	100	—	—	—	—
Impala Platinum Properties (Johannesburg) (Pty) Limited	*	100	100	—	—	—	—
Own properties							
Biz Afrika 1866 (Pty) Limited	*	—	—	—	—	—	—
Afplats (Pty) Limited		74	74	1 647	1 987	—	—
Owns mineral rights							
Imbasa Platinum (Pty) Limited	*	60	60	—	—	47	47
Owns mineral rights							
Inkosi Platinum (Pty) Limited	*	49	49	—	—	133	120
Owns mineral rights							
Gazelle Platinum Limited	*	100	100	—	—	220	220
Investment holding company							
Impala Refining Services Limited	*	100	100	—	—	—	—
Provides toll refining services							
Impala Platinum Japan Limited ¹	¥10m	100	100	2	2	—	—
Marketing representative							
Impala Platinum Zimbabwe (Pty) Limited	*	100	100	73	73	351	351
Investment holding company							
Impala Platinum BV ²	€0.02	100	100	900	900	—	—
Investment holding company							
Zimplats Holdings Limited ^{**3}	US\$10.8m	87	87	—	—	—	—
Investment holding company							
Zimbabwe Platinum Mines (Pvt) Limited ⁴	US\$30.1m	87	87	—	—	—	—
Owns mineral rights and mines PGMs							
Marula Platinum (Pty) Limited	*	73	73	607	607	3 691	3 396
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	*	65	65	52	52	—	—
Sundry and dormant companies	*	77	77	—	—	—	—
Total				3 281	3 621	16 868	16 583
Total investments at cost						20 149	20 204

* Share capital less than R50 000

** Listed on the Australian Securities Exchange

¹ Incorporated in Japan

² Incorporated in the Netherlands

³ Incorporated in Guernsey

⁴ Incorporated in Zimbabwe

Notes to the Company financial statements

for the year ended 30 June 2018

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4. LOAN TO IMPALA

	Notes	2018 Rm	2017 Rm
Loan – convertible bonds 2018	4.1	–	308
Loan – convertible bonds 2022	4.2	6 350	6 316
Intra-group loan	4.3	7 809	–
		14 159	6 624
Current		7 883	344
Non-current		6 276	6 280

4.1 Loan – convertible bonds 2018

The Company made a loan to Impala Platinum Ltd in respect of the cash obtained from the 2018 convertible bonds. Interest on the loan is charged at 5.7%. The loan was repaid on 21 February 2018.

4.2 Loan – convertible bonds 2022

The Company made a new loan to Impala Platinum Ltd in respect of the cash obtained from the 2022 convertible bonds issue. Interest on the loan is charged at 9% with bi-annual payments ending on 7 June 2022.

4.3 Intra-group loan

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

5. OTHER FINANCIAL ASSETS

	Notes	2018 Rm	2017 Rm
Available-for-sale investment	5.1	15	4
Loans	5.2	39	40
Derivative financial instruments	5.3	21	–
		75	44

5.1 Available-for-sale investment

The Company holds shares in Guardrisk, an insurance cell captive. The fair value of these shares is equal to the underlying net value of assets in the cell.

5.2 Loans

Loans granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Platinum Mining (Pty) Limited in terms of a BEE transaction. The loan is repayable on approval and adoption by the board of directors of Marula of a feasibility study on any aspect and/or portion of the non-cash producing portion of the Marula Mine.

5.3 Derivative financial instruments

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

The CCIRS is carried at its fair value of R21 million asset (2017: R49 million liability – note 10). No hedge accounting has been applied.

Refer notes 9 and 17 of the Group annual financial statements.

Notes to the Company financial statements

for the year ended 30 June 2018

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6. DEFERRED TAX

	2018 Rm	2017 Rm
The analysis of the deferred tax assets and deferred tax liabilities presented in the statement of financial position is as follows:		
Deferred tax asset		
Deferred tax assets to be recovered within 12 months	—	11
Deferred tax assets to be recovered after 12 months	—	—
	—	11
Deferred tax liability		
Deferred tax liabilities to be settled within 12 months	(64)	—
Deferred tax liabilities to be settled after 12 months	(181)	—
	(245)	—
Total	(245)	11

Deferred income taxes are calculated at the prevailing tax rates.

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

	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
2018				
Equity portion of bonds	—	—	(175)	(175)
Fair value of assets and liabilities	11	(81)	—	(70)
	11	(81)	(175)	(245)
2017				
Equity portion of bonds	(35)	35	—	—
Fair value of assets and liabilities	(46)	57	—	11
	(81)	92	—	11

7. CASH AND CASH EQUIVALENTS

	2018 Rm	2017 Rm
Cash at bank	1 415	5 328
Bank balances (US\$ million)	28	52
Refer note 12 of the Group annual financial statements for detailed disclosure relating to cash and cash equivalents.		

8. SHARE CAPITAL

Ordinary shares	18	18
Share premium	20 645	20 195
Share-based payment reserve	1 894	1 894
Total share capital	22 557	22 107

The authorised share capital of the holding company consist of 944.01 (2017: 844.01) million ordinary no par value shares.

The issued share capital of the holding company consists of 734.78 (2017: 734.78) million ordinary no par value shares.

At the shareholders' meeting, the shareholders approved the conversion of the ordinary par value shares to ordinary no par value shares. The authorised share capital was also increased by 100 million shares from 844.01 million to 944.01 million. The authorised but unissued share capital of the Company increased to 209.23 million from 109.23 million. The issued share capital remained unchanged at 734.78 million.

Notes to the Company financial statements

for the year ended 30 June 2018

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9. BORROWINGS

	Notes	2018 Rm	2017 Rm
Convertible bonds – ZAR (2018)	9.1	–	303
Convertible bonds – US\$ (2018)	9.2	–	380
Convertible bonds – ZAR (2022)	9.3	2 630	2 515
Convertible bonds – US\$ (2022)	9.4	2 858	2 609
Intra-group borrowing	9.5	1 020	65
Revolving credit facility	9.6	1 510	–
		8 018	5 872
Current		2 613	767
Non-current		5 405	5 105
Beginning of the year		5 873	5 477
Proceeds		2 465	6 297
Interest accrued		606	326
Interest repayment		(367)	(205)
Repayments		(660)	(4 565)
Conversion option on 2022 bonds		–	(1 156)
Loss on settlement of 2018 bonds		–	8
Exchange adjustment		101	(309)
End of the year		8 018	5 873

9.1 Convertible bonds – ZAR (2018)

The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion was R319 million (before tax) on issue. During the year Implats called 89% of the bonds. The effective interest rate of the bond is 8.5% (2017: 8.5%).

9.2 Convertible bonds – US\$ (2018)

The US\$ denominated bonds have a par value of US\$200 million and carry a coupon of 1% (US\$2 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of US\$24.13. The value of this conversion option derivative was R106 million at initial recognition. During the year Implats called 85% of the bonds. The effective interest rate is 3.1% (2017: 3.1%). (Refer note 9 of the Group financial statements for information regarding the CCIRS entered into, to hedge certain aspects of the foreign exchange risk on this bond.)

9.3 Convertible bonds – ZAR (2022) (note 10.3)

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

9.4 Convertible bonds – US\$ (2022) (note 10.2)

The US\$ denominated bonds have a par value of US\$250 million and carry a coupon of 3.25% (US\$8.1 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bond holder has the option to convert the bonds to Implats shares at a price of US\$3.89. The value of this conversion option derivative was R559 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 8.38%. (Refer note 9 of the Group financial statements for information regarding the conversion option and the CCIRS entered into, to hedge certain aspects of the foreign exchange risk on this bond.)

9.5 Intra-group borrowing

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

9.6 Revolving credit facility

During the current year, Implats drew down R1 500 million on the Standard bank facility. The facility bears interest at 10.2%. The facility expires end of 2021.

Notes to the Company financial statements

for the year ended 30 June 2018

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10. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	2018 Rm	2017 Rm
Cross Currency Interest Rate Swap (CCIRS) (2022)	10.1	–	49
Conversion option – US\$ convertible bond (2022)	10.2	50	548
Conversion option – ZAR convertible bond (2022)	10.3	–	637
		50	1 233

10.1 Cross Currency Interest Rate Swap (CCIRS) (2022)

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

The CCIRS is carried at its fair value of R21 million asset (note 5) (2017: R49 million liability). No hedge accounting has been applied.

10.2 Conversion option – US\$ convertible bond (2022) (note 9.4)

The US\$ bond holders have the option to convert the bonds to Implats shares at a price of US\$3.89. The conversion option was valued at its fair value of R50 million at year end, resulting in a R497 million profit for the period in other income.

The main inputs into this model are as follows:	2018	2017
Exercise price (US\$)	3.89	3.89
Share price on valuation date (US\$)	1.47	2.82
Volatility (%)	32.01	35.00
Risk-free US\$ interest rate (%)	2.65	1.84

10.3 Conversion option – ZAR convertible bond (2022) (note 9.3)

The ZAR bond holders have the option to convert the bonds to Implats shares at a price of R50.01. The conversion option was accounted for as equity upon shareholders' approval to settle this option by means of Implats shares at a fair value of R625 million, resulting in a R12 million profit for the period in other income.

11. REVENUE

	2018 Rm	2017 Rm
Finance income on cash and cash equivalents	172	268
Finance income on subsidiaries' shareholders' loans	622	663
Dividends received	2 621	382
Guarantee fees	38	39
Management fee	4	5
	3 457	1 357

Notes to the Company financial statements

for the year ended 30 June 2018

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12. OTHER INCOME

	2018 Rm	2017 Rm
Derivative financial instruments – fair value movements		
– Other derivatives	509	51
Net foreign exchange transaction gains	–	304
	509	355

13. OTHER EXPENSES

Net foreign exchange transaction losses	188	–
Corporate costs	33	45
Exploration expenditure	–	2
Derivative financial instruments – fair value movements		
– Cross Currency Interest Rate Swap (2018 US\$ bond)	–	517
– Cross Currency Interest Rate Swap (2022 US\$ bond)	143	49
Service fee	4	5
Impairment of investment in Afplats [#]	339	–
Other	28	111
	735	729

[#] Refer notes 3.9 and 4 of the consolidated financial statements for detail disclosure relating to the impairment in Afplats.

14. INCOME TAX EXPENSE

Current tax

South African company tax	34	150
Prior year over provision	(9)	–

Deferred tax

Temporary differences	69	(92)
Prior year adjustment	12	–

Income tax expense

	106	58
--	------------	-----------

The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:

Normal tax for companies on (loss)/profit before tax

	716	150
Adjusted for:		
Disallowable expenditure	22	16
Exempt dividend income	(734)	(107)
Prior year adjustment	3	–
Deferred tax unrecognised	98	(3)
Taxable capital gain	1	2

Tax expense

	106	58
--	------------	-----------

15. CONTINGENT LIABILITIES AND GUARANTEES

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

The Company has issued guarantees on behalf of companies within the Group to the following holders:

Guarantees

Standard Bank – Marula BEE parties	887	889
Standard Bank – Zimplats Pvt Ltd	1 167	1 111
Total guarantees	2 054	2 000

Notes to the Company financial statements

for the year ended 30 June 2018

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16. CASH GENERATED FROM OPERATIONS

	2018 Rm	2017 Rm
Profit before tax	2 556	534
Adjustment for:		
Foreign exchange loss/(gain)	101	(309)
Fair value adjustment on derivative	(366)	518
Impairment of investment in Afplats	339	—
Finance cost	606	449
Finance income	(600)	(913)
Loss with payment of bonds	—	8
Dividend income (note 11)	(2 621)	(382)
	15	(95)
Cash movements from changes in working capital:		
Increase in trade and other receivables	(78)	(79)
Decrease in trade and other payables	(4)	3
Cash (used in)/generated from operations	(67)	(171)

17. RELATED-PARTY TRANSACTIONS

Associates and joint venture (note 2)

Two Rivers

Transactions with related parties:

Dividend received

253 279

Mokgomo Chrome

Transactions with related parties:

Dividend received

— —

Mimosa

Transactions with related parties:

Dividend received

— —

Subsidiaries (notes 3 and 4)

Impala

Transactions with related parties:

Loans granted

— 6 278

Loan repayments

— 4 274

Interest income accrued

573 282

Balances arising from transactions with related parties:

Loans

1 080 1 080

Loans – Impala

6 350 6 648

Impala Holdings Limited

Transactions with related parties:

Loan granted

— —

Balances arising from transactions with related parties:

Loans

11 346 11 346

Marula Platinum Proprietary Limited

Transactions with related parties:

Loans granted

296 2 167

Loan repayments

— 1 695

Interest income accrued

— 209

Balances arising from transactions with related parties:

Loan

3 692 3 396

Impala Chrome

Transactions with related parties:

Dividend received

28 103

Share options granted to directors

The aggregate number of share options granted to key management (directors and executive management) is disclosed in note 36 of the Group annual financial statements.

Notes to the Company financial statements

for the year ended 30 June 2018

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18. FINANCIAL RISK MANAGEMENT

The Company manages its risk on a Group-wide basis. Refer to note 21 of the Group annual financial statements.

18.1 Market risk

Foreign exchange risk

There are no significant concentrations of foreign exchange risk.

Interest rate risk

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

Fixed interest rate exposure:

	2018 Rm	2017 Rm
Financial assets		
Loans to subsidiaries (note 3)	13 177	13 187
Loan to Impala (note 4)	14 159	6 624
Financial liabilities		
Borrowings	(5 488)	(5 807)
	21 848	14 004

The carrying amount of other financial assets and liabilities which are not carried at fair value, is a reasonable approximation of their fair value.

18.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 15).

The potential concentration of credit risk could arise in loans to associates, loans to subsidiaries, receivables and prepayments and trade receivables. No financial assets were past due for the current or the comparative period under review. No terms relating to financial assets have been renegotiated resulting in assets not being past due.

Loans to subsidiaries

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

Loans

Credit risk relating to these loans consist of loans to BEE companies.

Trade and trade receivables

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

18.3 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 15.

18.4 Cash flow interest rate risk

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

Contact details and administration

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REGISTERED OFFICE

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