

Company statement of financial position

as at 30 June 2017

	Notes	2017 Rm	2016 Rm
Assets			
Non-current assets			
Investments in associates and joint venture	2	639	639
Investments in subsidiaries	3	3 621	3 621
Loans to subsidiaries	3	16 583	15 869
Loan to Impala	4	6 280	4 467
Other financial assets	5	44	1 180
Deferred tax	6	11	—
		27 178	25 776
Current assets			
Trade and other receivables		129	50
Loan to Impala	4	344	115
Current tax receivable		9	—
Cash and cash equivalents	7	5 328	5 115
		5 810	5 280
Total assets		32 988	31 056
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	8	22 107	22 186
Retained earnings		3 742	3 266
Other components of equity		1	—
Total equity		25 850	25 452
Liabilities			
Non-current liabilities			
Deferred tax	6	—	81
Borrowings	9	5 105	5 260
Derivative financial instrument	10	1 233	—
		6 338	5 341
Current liabilities			
Trade and other payables		33	30
Current tax payable		—	16
Borrowings	9	767	217
		800	263
Total liabilities		7 138	5 604
Total equity and liabilities		32 988	31 056

The notes on pages 92 to 100 are an integral part of these financial statements.

Company statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

	Notes	2017 Rm	2016 Rm
Revenue	11	1 357	5 157
Finance cost		(449)	(330)
Other income	12	355	426
Other expenses	13	(729)	(503)
Profit before tax		534	4 750
Income tax expense	14	(58)	(92)
Profit for the year		476	4 658
Other comprehensive income, comprising items subsequently reclassified to profit or loss:			
Available-for-sale financial assets		1	—
Total comprehensive income for the year		477	4 658

The notes on pages 92 to 100 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 June 2017

	Ordinary shares Rm	Share premium Rm	Share- based payment reserve Rm	Total share capital Rm	Total other compo- nents of equity Rm	Retained earnings Rm	Total equity Rm
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	—	—	—	—	1	476	477
Profit for the year	—	—	—	—	—	476	476
Other comprehensive income	—	—	—	—	1	—	1
Balance at 30 June 2017	18	20 195	1 894	22 107	1	3 742	25 850
Balance at 30 June 2015	16	16 376	1 894	18 286	—	(1 392)	16 894
Shares issued	2	3 998	—	4 000	—	—	—
Share issue transaction cost	—	(100)	—	(100)	—	—	—
Total comprehensive income	—	—	—	—	—	4 658	4 658
Profit for the year	—	—	—	—	—	4 658	4 658
Other comprehensive income	—	—	—	—	—	—	—
Balance at 30 June 2016	18	20 274	1 894	22 186	—	3 266	25 452

The notes on pages 92 to 100 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 June 2017

	Notes	2017 Rm	2016 Rm
Cash flows from operating activities			
Cash (used in)/generated from operations	16	(171)	19
Dividends received	11	382	4 480
Finance income		543	502
Finance cost		(327)	(198)
Income tax paid		(176)	(103)
Net cash used in operating activities		251	4 700
Cash flows from investing activities			
Loans granted to subsidiaries		(2 486)	(3 485)
Net cash (used in)/from investing activities		(2 486)	(3 485)
Cash flows from financing activities			
Proceeds from borrowings		6 278	—
Repayments of borrowings		(4 557)	—
Cash from CCIRS		727	—
Issue of ordinary shares, net of cost		—	3 900
Net cash from financing activities		2 448	3 900
Net increase in cash and cash equivalents		213	5 115
Cash and cash equivalents at the beginning of the year		5 115	—
Cash and cash equivalents at the end of the year		5 328	5 115

The notes on pages 92 to 100 are an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 30 June 2017

1. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies are disclosed on pages 23 to 34.

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

2. Investments in associates and joint venture

	2017 Rm	2016 Rm
Associates		
Two Rivers Platinum (note 6 of Group annual financial statements)	202	202
Makgomo Chrome (note 6 of Group annual financial statements)	61	61
Joint venture		
Mimosa (note 6 of Group annual financial statements)	376	376
Total investments in associates and joint venture	639	639

Notes to the Company financial statements

for the year ended 30 June 2017

3. Investments in subsidiaries

	Issued share capital	% interest		Carrying amount			
				Investment		Loans	
		2017	2016	2017	2016	2017	2016
(All amounts in rand millions unless otherwise stated)							
Company and description							
Impala Holdings Limited	*	100	100	—	—	12 449	12 426
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	1 987	1 987	—	—
Owns mineral rights							
Imbasa Platinum (Pty) Limited	*	60	60	—	—	47	47
Owns mineral rights							
Inkosi Platinum (Pty) Limited	*	49	49	—	—	120	108
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	3 396	2 715
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	*	65	65	52	52	—	—
Sundry and dormant companies	*	77	77	—	—	—	2
Total				3 621	3 621	16 583	15 869
Total investment at cost						20 204	19 490

* 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 2017

	2017 Rm	2016 Rm
4. Loan to Impala		
Loan – convertible bonds 2018	308	4 582
Loan – convertible bonds 2022	6 316	–
	6 624	4 582
Current	344	115
Non-current	6 280	4 467

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%. Most of the loan has been repaid with a final payment on 21 February 2018.

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

	Notes	2017 Rm	2016 Rm
5. Other financial assets			
Available-for-sale investment	5.1	4	3
Loans	5.2	40	40
Derivative financial instruments	5.3	–	1 137
		44	1 180

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 US\$200 million to hedge certain aspects of the foreign exchange risk on the US\$ convertible bonds, 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 R9.24/US\$. (US\$200 million was swapped for R1 848 million on which Implats pays a fixed interest rate to Standard Bank of 5.94%. Implats receives the 1% coupon on the US\$200 million on the same date which Implats pays-on externally to the bond holders. During June 2017 Implats cancelled the CCIRS and paid an amount of R1 848 in return of the US\$200 million.)

Refer note 9 of Group annual financial statements.

Notes to the Company financial statements

for the year ended 30 June 2017

	2017 Rm	2016 Rm
6. Deferred tax		
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	—	16
Deferred tax liabilities to be settled after 12 months	—	65
	—	81
Total	11	81

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	Closing balance
2017			
Equity portion of bonds	(35)	35	—
Fair value of assets and liabilities	(46)	57	11
	(81)	92	11
	Opening balance	Recognised in profit or loss	Closing balance
2016			
Equity portion of bonds	(58)	23	(35)
Fair value of assets and liabilities	(50)	4	(46)
	(108)	27	(81)

	2017 Rm	2016 Rm
7. Cash and cash equivalents		
Cash at bank	5 328	5 115
Bank balances (US\$ million)	52	32
Refer note 13 of Group annual financial statements for detailed disclosure relating to cash and cash equivalents.		

8. Share capital		
The authorised share capital of the holding company consists of: 844.01 (2016: 844.01) million ordinary shares with a par value of 2.5 cents each		
The issued share capital of the holding company consists of: 734.78 (2016: 734.78) million ordinary shares with a par value of 2.5 cents each	18	18
Post year-end, the shareholders approved the conversion of the ordinary par value shares to ordinary no par value shares. At the same shareholders' meeting, the authorised share capital was 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 2017

	Notes	2017 Rm	2016 Rm
9. Borrowings			
Convertible bonds – ZAR (2018)	9.1	303	2 575
Convertible bonds – US\$ (2018)	9.2	380	2 848
Convertible bonds – ZAR (2022)	9.3	2 515	–
Convertible bonds – US\$ (2022)	9.4	2 609	–
Intra-group borrowing – Afplats	9.5	65	54
		5 872	5 477
Current		767	217
Non-current		5 105	5 260
Beginning of the year		5 477	4 812
Proceeds		6 297	57
Interest accrued		326	297
Interest repayment		(205)	–
Repayments		(4 565)	(168)
Conversion option on 2022 bonds		(1 156)	–
Loss on settlement of 2018 bonds		8	–
Exchange adjustment		(309)	479
End of the year		5 872	5 477

Proceeds of R6 278 million from the 2022 convertible bond issue, which together with interest of R38 million was advanced to Impala, totalling R6 316 million. Of the 2018 convertible bond an amount of R308 million still remains as a loan to Impala. (note 4)

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% (2016: 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% (2016: 3.1%). (Refer to note 9 in 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 to note 9 in 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 – Afplats

The borrowing from a subsidiary, Afplats, 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.

Notes to the Company financial statements

for the year ended 30 June 2017

	Notes	2017 Rm	2016 Rm
10. Derivative financial instruments			
Cross Currency Interest Rate Swap (CCIRS) (2022)	10.1	49	—
Conversion option – US\$ convertible bond (2022)	10.2	548	—
Conversion option – ZAR convertible bond (2022)	10.3	637	—
		1 233	—
10.1 Cross Currency Interest Rate Swap (CCIRS) (2022)			
<p>Implats entered into a CCIRS amounting to \$250 million to hedge certain aspects of 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 13.25% coupon on the US\$250 million on the same date which Implats pays-on externally to the bond holders and the interest thereon. At June 2022 Implats will repay the R3 256 million in return of the \$250 million.)</p> <p>The CCIRS with Standard Bank is carried at its fair value of R49 million. No hedge accounting has been applied.</p>			
10.2 Conversion option – US\$ convertible bond (2022) (note 9.4)			
<p>The US\$ bond holders have the option to convert the bonds to Implats shares at a price of \$3.89. The value of this conversion option was R559 million at initial recognition. The conversion option is carried at its fair value of R547 million, resulting in a R12 million profit for the period. At the general meeting held by shareholders on the 24th of July 2017, the approval to settle this option by means of Implats shares was obtained, as this option is US\$ denominated it does not meet the definition of equity and will continue to be accounted for as a derivative financial instrument in future.</p>			
The main inputs into this model are as follows:		2017	2016
Exercise price (US\$)		3.89	N/A
Share price on valuation date (US\$)		2.82	N/A
Volatility		35.00	N/A
Risk-free US\$ interest rate (%)		1.84	N/A
10.3 Conversion option – ZAR convertible bond (2022) (note 9.3)			
<p>The ZAR bond holders have the option to convert the bonds to Implats share at a price of R50.01. The value of this conversion option was R676 million at initial recognition. The conversion option is carried at its fair value of R637 million, resulting in a R39 million profit for the period. At the general meeting held by shareholders on 24 July 2017, the approval to settle this option by means of Implats shares was obtained, this option therefore then met the definition of equity and will therefore be accounted as equity at this date.</p>			
The main inputs into this model are as follows:		2017	2016
Exercise price (US\$)		50.01	N/A
Share price on valuation date (US\$)		36.85	N/A
Volatility		35.00	N/A
Risk-free US\$ interest rate (%)		10.8	N/A
11. Revenue			
Finance income on cash and cash equivalents		268	193
Finance income on subsidiaries shareholders' loans		663	441
Dividends received		382	4 480
Guarantee fees		39	43
Management fee		5	—
		1 357	5 157

Notes to the Company financial statements

for the year ended 30 June 2017

	2017 Rm	2016 Rm
12. Other income		
Derivative financial instruments – fair value movements		
– Cross-currency interest rate swap	–	426
– Other derivatives	51	–
Net foreign exchange transaction gains	304	–
	355	426
13. Other expenses		
Net foreign exchange transaction losses	–	388
Corporate costs	45	41
Exploration expenditure	2	8
Derivative financial instruments – fair value movements		
– Cross-currency interest rate swap (2018 US\$ bond)	517	–
– Cross-currency interest rate swap (2022 US\$ bond)	49	–
Service fee	5	–
Other	111	66
	729	503
14. Income tax expense		
Current tax		
South African company tax	150	131
Prior year under/(over) provision	–	(11)
Deferred tax		
Temporary differences (note 6)	(92)	(24)
Prior year adjustment (note 6)	–	(3)
Income tax expense	58	93
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	150	1 330
Adjusted for:		
Disallowable expenditure	16	31
Exempt dividend income	(107)	(1 254)
Deferred tax unrecognised	(3)	–
Taxable capital gain	2	–
Prior year adjustment	–	(14)
Tax expense	58	93
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	889	882
Standard Bank – Zimplats Pvt Ltd	1 111	1 248
Total guarantees	2 000	2 130

Notes to the Company financial statements

for the year ended 30 June 2017

	2017 Rm	2016 Rm
16. Cash generated from operations		
Profit before tax	534	4 750
Adjustment for:		
Foreign exchange (gain)/loss	(309)	479
Fair value adjustment on derivative	518	(426)
Finance cost	449	331
Finance income (note 11)	(913)	(634)
Loss with payment of bonds	8	
Dividend income (note 11)	(382)	(4 480)
	(95)	(20)
Cash movements from changes in working capital:		
Increase in trade and other receivables	(79)	(7)
Increase in trade and other payables	3	6
Cash (used in)/generated from operations	(171)	19
17. Related-party transactions		
Associates and joint venture (note 2)		
Two Rivers		
Transactions with related parties:		
Dividend received	279	369
Mokgomo Chrome		
Transactions with related parties:		
Dividend received	—	12
Mimosa		
Transactions with related parties:		
Dividend received	—	50
Subsidiaries (notes 3 and 4)		
Impala		
Transactions with related parties:		
Loans granted	6 278	1 964
Loan repayments	4 274	12 452
Interest income accrued	282	254
Balances arising from transactions with related parties:		
Loans	1 080	1 080
Loans – Impala	6 648	4 582
Impala Holdings Limited		
Transactions with related parties:		
Loan granted	—	11 338
Balances arising from transactions with related parties:		
Loans	11 346	11 346
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Loans granted	2 167	4 122
Loan repayments	1 695	1 516
Interest income accrued	209	117
Balances arising from transactions with related parties:		
Loan	3 396	2 715
Balances arising from transactions with related parties:		
Subsidiaries (refer to page 93)		
Impala Chrome		
Transactions with related parties:		
Dividend received	103	49
Share options granted to directors		
The aggregate number of share options granted to key management (directors and executive management) is disclosed in note 37 of the Group annual financial statements.		

Notes to the Company financial statements

for the year ended 30 June 2017

18. Financial risk management

The Company manages its risk on a Group-wide basis. Refer to note 22 of 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:

	2017 Rm	2016 Rm
Financial assets		
Loans to subsidiaries (note 3)	13 187	13 154
Loan to Impala (note 4)	6 624	4 582
Financial liabilities		
Borrowings (note 9)	(5 807)	(5 423)
	14 004	12 313

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.