Consolidated statement of financial position

as at 30 June 2017

	Notes	2017 Rm	2016 Rm
Assets			
Non-current assets			
Property, plant and equipment	3	**47 798**	49 722
Exploration and evaluation assets	4	**385**	385
Investment property	5	**89**	173
Investment in equity-accounted entities	6	**3 316**	3 342
Deferred tax	7	**389**	37
Other financial assets	8	**327**	312
Derivative financial instrument	9	**—**	1 137
Prepayments	10	**—**	10 180
		52 304	65 288
Current assets			
Inventories	11	**8 307**	8 202
Trade and other receivables	12	**3 736**	3 605
Other financial assets	8	**2**	12
Prepayments	10	**1 293**	1 121
Cash and cash equivalents	13	**7 839**	6 788
		21 177	19 728
Total assets		**73 481**	85 016
Equity and liabilities			
Equity			
Share capital	14	**20 000**	19 547
Retained earnings		**22 982**	31 200
Other components of equity		**3 825**	5 161
Equity attributable to owners of the Company		**46 807**	55 908
Non-controlling interest	15	**2 425**	2 548
Total equity		**49 232**	58 456
Liabilities			
Non-current liabilities			
Deferred tax	7	**4 390**	8 574
Borrowings	16	**8 373**	8 715
Derivative financial instrument	9	**1 233**	—
Sundry liabilities	17	**356**	443
Provisions	18	**1 099**	1 082
		15 451	18 814
Current liabilities			
Trade and other payables	19	**6 902**	6 382
Current tax payable	20	**702**	645
Borrowings	16	**1 088**	564
Other financial liabilities	21	**74**	66
Sundry liabilities	17	**32**	89
		8 798	7 746
Total liabilities		**24 249**	26 560
Total equity and liabilities		**73 481**	85 016

The notes on pages 23 to 87 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 2017

	Notes	2017 Rm	2016 Rm
Revenue	23	**36 841**	35 932
Cost of sales	24	**(37 370)**	(35 928)
Gross (loss)/profit		**(529)**	4
Other operating income	25	**1 191**	647
Other operating expenses	26	**(325)**	(198)
Impairment	27	**(10 229)**	(307)
Royalty expense	28	**(561)**	(516)
Loss from operations		**(10 453)**	(370)
Finance income	29	**411**	369
Finance cost	30	**(811)**	(705)
Net foreign exchange transaction gains/(losses)		**154**	(549)
Other income	31	**398**	547
Other expenses	32	**(883)**	(154)
Share of profit of equity-accounted entities	6	**496**	262
Loss before tax		**(10 688)**	(600)
Income tax credit	33	**2 590**	557
Loss for the year		**(8 098)**	(43)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets	8	**14**	(7)
Deferred tax thereon	7	**(3)**	—
Share of other comprehensive income of equity-accounted entities	6	**(219)**	342
Deferred tax thereon	7	**22**	(34)
Exchange differences on translating foreign operations		**(1 555)**	2 380
Deferred tax thereon	7	**203**	(311)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Actuarial gain/(loss) on post-employment medical benefit	17	**2**	(1)
Deferred tax thereon	7	**—**	—
Total comprehensive (loss)/income		**(9 634)**	2 369
Profit/(loss) attributable to:			
Owners of the Company		**(8 220)**	(70)
Non-controlling interest		**122**	27
		(8 098)	(43)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(9 554)**	1 990
Non-controlling interest		**(80)**	336
		(9 634)	2 326
Earnings per share (cents per share)			
Basic	34	**(1 145)**	(10)
Diluted	34	**(1 145)**	(10)

The notes on pages 23 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2017

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2016	**18**	**17 252**	**2 277**
Shares issued (note 14)			
– Employee Share Ownership Programme	**–**	**479**	**–**
Conversion option settlement (note16.4)		**(79)**	
Shares purchased – Long-term Incentive Plan (note 14)	**–**	**(38)**	**–**
Share-based compensation expense (note 14)			
– Long-term Incentive Plan	**–**	**–**	**91**
Total comprehensive income/(loss)	**–**	**–**	**–**
– Profit/(loss) for the year	**–**	**–**	**–**
– Other comprehensive income/(loss)	**–**	**–**	**–**
Transaction with non-controlling interest	**–**	**–**	**–**
Dividends	**–**	**–**	**–**
Balance at 30 June 2017	**18**	**17 614**	**2 368**
Balance at 30 June 2015	16	13 369	2 348
Shares issued (note 14)			
– Ordinary share issue	2	3 998	–
– Ordinary share issue transaction cost	–	(100)	–
– Implats Share Incentive Scheme	–	2	–
Shares purchased – Long-term Incentive Plan (note 14)	–	(17)	–
Share-based compensation expense (note 14)			
– Long-term Incentive Plan	–	–	(71)
Total comprehensive income/(loss)	–	–	–
– Profit/(loss) for the year	–	–	–
– Other comprehensive income/(loss)	–	–	–
Dividends	–	–	–
Balance at 30 June 2016	18	17 252	2 277

The table above excludes the treasury shares, Morokotso Trust (ESOP) and the Implats Share Incentive Scheme as these structured entities are consolidated. Additional information for total share capital is disclosed in note 14.

The notes on pages 23 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2017

Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to: Owners of the Company Rm	Attributable to: Non-controlling interest Rm	Total equity Rm
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**
15 733	31 271	3 024	76	50 104	2 258	52 362
4 000	—	—	—	4 000	—	4 000
(100)	—	—	—	(100)	—	(100)
2	—	—	—	2	—	2
(17)	—	—	—	(17)	—	(17)
(71)	—	—	—	(71)	—	(71)
—	(71)	2 068	(7)	1 990	336	2 326
—	(70)	—	—	(70)	27	(43)
—	(1)	2 068	(7)	2 060	309	2 369
—	—	—	—	—	(46)	(46)
19 547	31 200	5 092	69	55 908	2 548	58 456

Consolidated statement of cash flows

for the year ended 30 June 2017

	Notes	2017 Rm	2016 Rm
Cash flows from operating activities			
Cash generated from operations	35	**3 049**	4 216
Exploration costs	32	**(8)**	(13)
Finance cost		**(716)**	(589)
Income tax paid	20	**(1 312)**	(883)
Net cash from operating activities		**1 013**	2 731
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3 432)**	(3 658)
Proceeds from sale of property, plant and equipment		**49**	42
Purchase of available-for-sale financial assets		**(7)**	(152)
Purchase of held-to-maturity financial assets		**–**	(70)
Proceeds from available-for-sale financial assets		**–**	23
Proceeds from held-to-maturity financial assets		**7**	40
Loans granted		**(1)**	(2)
Loan repayments received		**15**	24
Finance income		**426**	394
Dividends received	6	**279**	439
Net cash used in investing activities		**(2 664)**	(2 920)
Cash flows from financing activities			
Issue of ordinary shares, net of transaction cost		**479**	3 902
Shares purchased – Long-term Incentive Plan		**(38)**	(17)
Repayments of borrowings	16	**(4 593)**	(13)
Cash from CCIRS		**728**	–
Proceeds from borrowings net of transaction costs	16	**6 278**	389
Dividends paid to non-controlling interest		**(54)**	(46)
Net cash from financing activities		**2 800**	4 215
Net increase in cash and cash equivalents		**1 149**	4 026
Cash and cash equivalents at the beginning of the year	13	**6 788**	2 597
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**(98)**	165
Cash and cash equivalents at the end of the year	13	**7 839**	6 788

The notes on pages 23 to 87 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 30 June 2017

1. General information
The principal 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 is indicated by blue type.

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:	R13.07 (2016: R14.69)
Annual average rate:	R13.64 (2016: R14.42)

1.2 New and revised International Financial Reporting Standards (IFRSs)
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

- *IFRS 2* – Share-based Payment
  Amendments to clarify that the accounting for the effects of vesting and non-vesting conditions on cash-settled share-based payments should follow the same approach as for equity-settled share-based payments and the classification of share-based payment transactions with net settlement features should be classified as equity-settled in its entirety. These amendments have no impact on the Group's financial statements.

- *Amendments to IAS 40* – Investment Property
  The amendments clarify that entities should only transfer property to, or from, investment property when there is evidence of their change in use. The amendments had no impact on the Group's financial statements.

- *Improvements to IFRS Standards 2014-2016 Cycle*
  Various necessary, non-urgent changes to three different standards. The annual improvements had no impact on the Group's financial statements.

- *IFRIC 22* – Foreign Currency Transactions and Advance Consideration
  New interpretation standard that clarifies what exchange rates should be used in transactions that involve advance foreign currency receipts and payments. The IFRIC 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 choosing 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 1.3.12.1 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 is effective for year-ends beginning on or after 1 January 2018.

Notes to the consolidated financial statements
for the year ended 30 June 2017

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. The most important consideration is whether toll refining income will in future be recognised over time instead of at the date of declaration (note 1.3.16). Revenue from the sales of metals, which is the main revenue stream, will not 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 position 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 were 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 historic 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

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.3 Consolidation

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

Business combinations

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

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. Any shortfall is recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the fair value of the consideration paid or received and the carrying amount of the non-controlling interest, is recognised directly in equity and attributed to the owners of the Company.

The profit or loss realised when control is lost by the Group as a result of the disposal of an entity is calculated after taking into account any related goodwill.

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 by the equity method of accounting in the Group.

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 by the equity method of accounting in the Group.

Equity method of accounting

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.3 Consolidation continued

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.

Group companies

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

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 other maintenance is written off to the income statement.

Cost

Preproduction 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.5 Property, plant and equipment continued

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 preproduction 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 to profit or loss 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.

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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.6 Investment property continued

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 within 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 prefeasibility 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 prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures. 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 prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the directors to conclude that 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.

1.3.8 Prepaid royalty

Prepaid royalty is reported, initially at cost and subsequently at cost less accumulated amortisation, using the units-of-production method based on economically recoverable proved and probable mineral reserves of the area to which the royalty relates. The amount amortised for the period is recognised within royalty expense in profit and loss.

1.3.9 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.9 Impairment of assets continued

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 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.

1.3.10 Leases

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

Leases where the lessee assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lower of the estimated present value of the underlying lease payments and the fair value of the asset. Each lease payment is allocated between the liability and finance charges 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.11 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.

1.3.12 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.

1.3.12.1 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 remeasured at fair value. Movements in fair value are recognised in other income and expense (note 31 and 32) 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.12 Financial instruments continued

1.3.12.1 Financial assets continued

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 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.

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.

1.3.12.2 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.

1.3.12.3 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.12 Financial instruments continued

1.3.12.3 Financial liabilities continued

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 is 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.

1.3.12.4 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.

1.3.12.5 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.

1.3.13 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.

1.3.14 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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

1. General information continued
1.3 Significant accounting policies continued
1.3.14 Employee benefits continued
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.

Share-based payments
Cash-settled share-based payments
Cash-settled share-based payments are valued on the reporting date and recognised over the vesting period. A liability equal to the portion of the services received is determined and recognised at each reporting date with a corresponding expense. The fair value of share-based payments is calculated using the binomial option model for non-vested shares. Vested cash-settled shares are valued at their intrinsic value.

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.

1.3.15 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

1. General information continued

1.3 Significant accounting policies continued

1.3.15 Income tax continued

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.

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

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

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.

1.3.17 Interest income

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

1.3.18 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.

1.3.19 Dividend distribution

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

2. Segment information

Operating segments – June 2017

	Mining segments			Total mining segments	Impala Refining Services	Impala Chrome	All other segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm	Rm	Rm	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)	(139)	(3 662)	–	(7)	–
Metals purchased	–	–	–	–	(19 054)	–	–
Change in inventories	460	100	–	560	150	1	–
Cost of sales	(17 510)	(5 753)	(2 169)	(25 432)	(20 194)	(227)	–
Gross profit/(loss)	(2 906)	1 285	(553)	(2 174)	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	(950)	(13 171)	1 793	182	80
Income tax expense	3 786	(849)	241	3 178	(501)	(55)	(51)
Profit/(loss) for the year*	(9 860)	576	(709)	(9 993)	1 292	127	29
External revenue#	35 763	–	–	35 763	646	432	–

** Total segmental loss of R8 545 is reconciled to the consolidated loss on page 37.*
 # External revenue excludes inter-group sales.

Notes to the consolidated financial statements

for the year ended 30 June 2017

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	2 092	45 072	–	48	3 048
Property, plant and equipment	29 364	13 293	1 634	44 291	–	48	2 648
Other assets	323	–	458	781	–	–	400
Current segment assets	6 009	5 060	490	11 559	8 402	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	2 582	56 631	8 402	161	32 257
Non-current segment liabilities	2 901	3 382	116	6 399	1	1 260	6 459
Deferred tax	643	1 899	–	2 542	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	3 800	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	–	807	–	–	1
Total liabilities*	26 066	5 354	3 916	35 336	5 548	1 283	9 434

** Total segmental assets of R97 451 million and total segmental liabilities of R51 601 million is reconciled to the consolidated assets and liabilities on page 39.*

	Impala Rm	Zimplats Rm	Marula Rm	Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other# segments Rm
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)

 # The "all other segments" cash flow reflects only the cash flows of Impala Platinum Holdings Limited, which performs the treasury function for the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2017

2. Segment information continued

Operating segments – June 2016

	Mining segments			Total mining segments	Impala Refining Services	Impala Chrome	All other segments
	Impala Rm	Zimplats Rm	Marula Rm	Rm	Rm	Rm	Rm
Segment profit							
Revenue	14 556	6 753	1 678	22 987	20 539	314	—
On-mine operations	(10 600)	(2 904)	(1 669)	(15 173)	—	—	—
Processing operations	(2 534)	(1 572)	(206)	(4 312)	(419)	—	—
Refining and marketing operations	(571)	—	—	(571)	(723)	—	—
Corporate cost	(174)	(245)	—	(419)	(74)	—	—
Share-based payments	(29)	12	(4)	(21)	—	—	—
Chrome operation	—	—	—	—	—	(196)	—
Treatment charge	—	(18)	(4)	(22)	—	(25)	—
Depreciation	(2 037)	(1 082)	(155)	(3 274)	—	(7)	—
Metals purchased	—	—	—	—	(18 780)	—	—
Change in inventories	(561)	(389)	—	(950)	1 009	(3)	—
Cost of sales	(16 506)	(6 198)	(2 038)	(24 742)	(18 987)	(231)	—
Gross profit/(loss)	(1 950)	555	(360)	(1 755)	1 552	83	—
Royalty expense	(351)	(113)	(50)	(514)	—	(2)	—
Net foreign exchange gains/(losses)	169	(12)	59	216	(388)	10	(388)
Finance income	245	1	7	253	85	2	639
Finance expense	(496)	(105)	(161)	(762)	(26)	—	(527)
Profit from metals purchased	256	—	—	256	—	—	—
Other income/(expense)	43	120	(55)	108	82	—	347
Profit/(loss) before tax	(2 084)	446	(560)	(2 198)	1 305	93	71
Income tax expense	645	(302)	134	477	149	(26)	(81)
Profit/(loss) for the year*	(1 439)	144	(426)	(1 721)	1 454	67	(10)
External revenue#	35 026	—	—	35 026	592	314	—

** Total segmental loss of R210 is reconciled to the consolidated loss below.*
 # External revenue excludes inter-group sales.

Reconciliation between the consolidated and the total segmental profit after tax:	2017 Rm	2016 Rm
Total segmental loss after tax	**(8 545)**	(210)
Share of profit of equity-accounted entities	**496**	262
Unrealised profit in stock consolidation adjustment	**(51)**	(48)
Additional depreciation on assets carried at consolidation	**(23)**	(27)
IRS preproduction realised on Group	**42**	—
Net realisable value adjustment made on consolidation	**(17)**	(20)
Total loss after tax	**(8 098)**	(43)

Notes to the consolidated financial statements
for the year ended 30 June 2017

2. Segment information continued

Operating segments – June 2016 continued

	Mining segments						
	Impala Rm	Zimplats Rm	Marula Rm	Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other# segments Rm
Segment assets and liabilities							
Non-current segment assets	39 931	15 044	1 890	56 865	—	54	4 192
Property, plant and equipment	29 443	15 044	1 671	46 158	—	54	2 666
Prepayments	10 180	—	—	10 180	—	—	—
Other assets	308	—	219	527	—	—	1 526
Current segment assets	5 676	4 314	617	10 607	6 824	128	25 736
Inventories	2 848	697	38	3 583	4 831	1	—
Trade and other receivables	1 905	128	96	2 129	1 281	101	94
Intercompany accounts	576	1 798	478	2 852	—	—	20 502
Prepayments	247	874	—	1 121	—	—	—
Cash and cash equivalents	88	817	5	910	712	26	5 140
Other assets	12	—	—	12	—	—	—
Total assets*	45 607	19 358	2 507	67 472	6 824	182	29 928
Non-current segment liabilities	6 840	3 638	128	10 606	23	21	6 702
Deferred tax	4 438	2 056	—	6 494	23	21	574
Borrowings	1 277	1 248	71	2 596	—	—	6 119
Provisions	703	318	52	1 073	—	—	9
Other liabilities	422	16	5	443	—	—	—
Current segment liabilities	19 413	1 843	3 033	24 289	5 255	27	2 460
Trade and other payables	2 231	795	290	3 316	2 974	27	65
Intercompany accounts	17 007	67	2 739	19 813	2 281	—	2 191
Borrowings	24	353	—	377	—	—	187
Other liabilities	151	628	4	783	—	—	17
Total liabilities	26 253	5 481	3 161	34 895	5 278	48	9 162

** Total segmental assets of R104 406 million and total segmental liabilities of R49 383 million is reconciled to the consolidated assets and liabilities on page 39.*

	Impala Rm	Zimplats Rm	Marula Rm	Total mining segments Rm	Impala Refining Services Rm	Impala Chrome Rm	All other# segments Rm
Segmental cash flow							
Net increase/(decrease) in cash and cash equivalents	(927)	(501)	2	(1 426)	711	(23)	5 115
Net cash from/(used in) operating activities	1 614	520	(391)	1 743	1 326	51	4 700
Net cash (used in)/from investing activities	(278)	(978)	(84)	(1 340)	(615)	2	(3 485)
Net cash (used in)/from financing activities	(2 263)	(43)	477	(1 829)	—	(76)	3 900
Capital expenditure	2 490	981	89	3 560	—	—	—

 # The "all other segments" cash flow reflects only the cash flows of Impala Platinum Holdings Limited, which performs the treasury function for the Group.

Notes to the consolidated financial statements
for the year ended 30 June 2017

2. Segment information continued

Operating segments – June 2016 continued

	2017 Rm	2016 Rm
Reconciliation between the consolidated and the total segmental assets:		
Segmental assets	97 451	104 406
Intercompany accounts eliminated	(26 279)	(23 354)
Investment in equity-accounted entities	3 316	3 342
Mining right accounted on consolidation	811	844
IRS preproduction stock adjustment	(463)	—
Unrealised profit in stock and NRV adjustment to inventory	(273)	(213)
Impala segment bank overdraft taken to cash	(1 091)	—
Other	9	(9)
Total consolidated assets	73 481	85 016
Reconciliation between the consolidated and the total segmental liabilities:		
Segmental liabilities	51 601	49 383
Intercompany accounts eliminated	(27 130)	(24 285)
Deferred income tax raised on consolidation (foreign entities FCTR and reserves)	1 173	1 295
Unrealised profit in stock adjustment to inventory (deferred tax effect)	(77)	(60)
Other deferred tax from consolidation adjustments (assets)	227	236
IRS preproduction stock adjustment	(463)	—
Impala segment bank overdraft taken to cash	(1 091)	—
Other	9	(9)
Total consolidated liabilities	24 249	26 560

Notes to the consolidated financial statements

for the year ended 30 June 2017

2. Segment information continued

	Revenue		Capital expenditure		Non-current assets	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
Other segment information						
South Africa	**29 803**	29 179	**2 570**	2 579	**34 875**	46 067
Zimbabwe	**7 038**	6 753	**864**	981	**13 293**	15 044
	36 841	35 932	**3 434**	3 560	**48 168**	61 111

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.

Notes to operating segment analysis

During the year the manner in which the segments are reported on internally has been reviewed and the segmental reporting has been aligned to incorporate changes to the internal reporting methodology.

The Group distinguishes its segments between the different mining operations, refining services, chrome processing and an 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 12% and 10% of total sales (2016: 10%) each.

Notes to the consolidated financial statements
for the year ended 30 June 2017

3. Property, plant and equipment

	Shafts, mining development and infrastructure Rm	Metallurgical and refining plants Rm	Land and buildings Rm	Assets under construction Rm	Other assets Rm	Total Rm
Cost – 2017						
Opening balance	**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 18)	**16**	**—**	**—**	**—**	**—**	**16**
Exchange adjustment	**(795)**	**(780)**	**(305)**	**(111)**	**(334)**	**(2 325)**
Closing balance	**42 666**	**15 233**	**5 227**	**8 456**	**4 275**	**75 857**
Cost – 2016						
Opening balance	37 781	14 204	5 082	7 983	4 294	69 344
Capital expenditure	1 941	232	15	1 078	294	3 560
14 Shaft re-establishment	69	—	—	—	—	69
Interest capitalised (note 30)	—	—	—	29	—	29
Transfer from assets under construction	452	278	39	(799)	30	—
Disposals	(441)	(65)	(7)	—	(72)	(585)
Scrapping*	(225)	—	—	—	—	(225)
Transfer to investment property (note 5)	—	—	(135)	(88)	—	(223)
Rehabilitation adjustment (note 18)	143	—	—	—	—	143
Exchange adjustment	1 220	1 177	465	173	520	3 555
Closing balance	40 940	15 826	5 459	8 376	5 066	75 667

Notes to the consolidated financial statements

for the year ended 30 June 2017

3. Property, plant and equipment continued

	Shafts, mining development and infrastructure Rm	Metallurgical and refining plants Rm	Land and buildings Rm	Assets under construction Rm	Other assets Rm	Total Rm
Accumulated depreciation and impairment – 2017						
Opening balance	**12 439**	**5 618**	**985**	**2 872**	**4 031**	**25 945**
Depreciation (note 24)	**2 316**	**671**	**257**	**—**	**458**	**3 702**
Disposals	**(31)**	**(92)**	**(1)**	**—**	**(789)**	**(913)**
Exchange adjustment	**(184)**	**(181)**	**(64)**	**—**	**(246)**	**(675)**
Closing balance	**14 540**	**6 016**	**1 177**	**2 872**	**3 454**	**28 059**
Accumulated depreciation and impairment – 2016						
Opening balance	10 470	4 778	747	2 872	3 229	22 096
Depreciation (note 24)	2 001	665	153	—	500	3 319
Disposals	(437)	(65)	—	—	(70)	(572)
Scrapping*	(119)	—	—	—	—	(119)
Impairment	249	—	—	—	8	257
Exchange adjustment	275	240	85	—	364	964
Closing balance	12 439	5 618	985	2 872	4 031	25 945
Carrying amount at 30 June 2017	**28 126**	**9 217**	**4 050**	**5 584**	**821**	**47 798**
Carrying amount at 30 June 2016	28 501	10 208	4 474	5 504	1 035	49 722

** The scrapping of R106 million net book value relates mainly (R98 million) to Impala Rustenburg's 14 Shaft underground fire.*

Included in property, plant and equipment are land and buildings with a carrying amount of R753 (2016: R831) million, refining plants with a carrying amount of R70 (2016: R82) million and other assets with a carrying amount of R3 (2016: R4) million arising from finance leases capitalised (note 16.8).

Notes to the consolidated financial statements

for the year ended 30 June 2017

3. Property, plant and equipment continued

	2017 Rm	2016 Rm
Assets under construction		
Assets under construction consist mainly of (carrying amount):		
Impala (17 Shaft and final metal processing facility)	**1 931**	1 889
Afplats (Leeuwkop)	**2 648**	2 666
Zimplats (Ngezi phase 2 and underground mine project)	**990**	945
Other immaterial items	**15**	4
	5 584	5 504
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	**629**	904
Information technology	**191**	123
Other immaterial items	**1**	8
	821	1 035
Commitments in respect of property, plant and equipment:		
Commitments contracted for	**1 636**	1 254
Approved expenditure not yet contracted	**5 364**	5 911
	7 000	7 165
Less than one year	**4 338**	4 362
Between one and five years	**2 662**	2 803
	7 000	7 165

Notes to the consolidated financial statements
for the year ended 30 June 2017

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. This reassessment resulted in an immaterial change in mineral reserves which had no impact on the depreciation based on the UOP method.

Notes to the consolidated financial statements
for the year ended 30 June 2017

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 Impairment

June 2016: 12 Shaft

12 Shaft mechanised section was impaired during the prior year. Due to prevailing PGM prices, it was decided to defer mining of this section. This will be mined in future if it becomes economically feasible. The asset was impaired in its totality. On the higher of fair value less cost to sell or value-in-use basis, this asset is deemed to have a nil value for the time being resulting in the impairment of R257 million in the previous year.

June 2017: Property, plant and equipment

No other property, plant and equipment was impaired during the year, however refer to note 10 for the impairment of the prepaid royalty.

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

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

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

The key financial assumptions used in the impairment calculations are:
- Long-term real basket price per platinum ounce sold of R29 100 (2016: R31 000 in equivalent 2017 terms)
- Long-term real discount rate – a range of 8.4% to 13.4% (2016: 8% to 13%) for the various cash-generating units in the Group
- In situ resource valuation of between US$2.40 and US$12.00 per 4E ounce depending on whether the resource is inferred, indicated and measured

Refer note 10 for more detail relating to the impairment of the prepaid royalty, the associated judgements and estimates used in determining the recoverable amount and the sensitivity analysis of the key inputs.

4. Exploration and evaluation assets

	2017 Rm	2016 Rm
Cost	**4 318**	4 318
Accumulated impairment	**(3 933)**	(3 933)
Carrying amount	**385**	385

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

5. Investment property

	2017 Rm	2016 Rm
Cost		
Opening balance	**223**	—
Transfer from assets under construction	**—**	223
Disposal	**(4)**	—
Closing balance	**219**	223
Accumulated depreciation and impairment		
Opening balance	**50**	—
Impairment	**80**	50
Closing balance	**130**	50
Carrying amount	**89**	173

During the previous year, land and houses at Marula were transferred to investment property as the intended use of these properties changed from being owner occupied to being rented out to external parties. Rental income of R3 (2016: R2) million was received during the year after cost. The investment property comprising undeveloped land and residential houses has a fair value of R87 million. This fair value is categorised within Level 3 of the fair value hierarchy (note 22.1). A discounted cash flow valuation technique was used using an 8.4% discount rate.

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

Impairment

In 2017 a further 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 is R89 million, resulting in an impairment of R80 million.

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:

				Proportion of ownership and voting rights held by the Group			
Company	**Principal activity**	**Place of incorporation**	**Place of business**	**2017 %**	2016 %	**2017 Rm**	2016 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	**50**	50	**1 961**	1 983
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	**49**	49	**1 260**	1 228
Individually immaterial associates						**95**	131
Total investment in equity-accounted entities						**3 316**	3 342

Movement in investment in equity-accounted entities:	2017 Rm	2016 Rm
Beginning of the year	**3 342**	3 172
Share of profit	**472**	267
Share of other comprehensive income	**(219)**	342
Dividends received	**(279)**	(439)
End of the year	**3 316**	3 342
Share of profit of equity-accounted entities is made up as follows:		
Share of profit	**472**	267
Movement in unrealised profit in stock	**24**	(5)
Total share of profit of equity-accounted entities	**496**	262

Notes to the consolidated financial statements

for the year ended 30 June 2017

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	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Capital and reserves	**3 922**	3 967	**2 632**	2 566
Non-current liabilities	**1 272**	1 360	**1 041**	855
Current liabilities	**414**	843	**648**	802
	5 608	6 170	**4 321**	4 223
Non-current assets	**3 990**	4 740	**2 923**	2 671
Current assets	**1 618**	1 430	**1 399**	1 552
	5 608	6 170	**4 322**	4 223
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**245**	22	**79**	78
Current financial liabilities (excluding trade and other payables and provisions)	**44**	215	**261**	354
Non-current financial liabilities (excluding trade and other payables and provisions)	**25**	–	**65**	63
Revenue	**3 242**	2 881	**3 995**	3 535
Profit/(loss) for the year	**393**	(161)	**636**	620
Total comprehensive income	**393**	(161)	**636**	620
The above profit/(loss) for the year include the following:				
Depreciation and amortisation	**519**	452	**275**	283
Interest income	**32**	1	**15**	14
Interest expense	**34**	27	**29**	18
Income tax (income)/expense	**102**	(31)	**274**	254
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the consolidated financial statements:				
Net assets of the entity	**3 922**	3 967	**2 632**	2 566
Proportion of the Group's ownership interest in the investment	**1 961**	1 983	**1 291**	1 258
Elimination of difference between carrying amount and fair value of the associates' identifiable assets and liabilities on acquisition	**–**	–	**(30)**	(30)
Carrying amount of the Group's interest in the investment	**1 961**	1 983	**1 261**	1 228
Dividends received by the Group	**–**	50	**279**	369

Aggregate information of associates that are not individually material

	2017 Rm	2016 Rm
The Group's share of profit/(loss)	**(36)**	44
The Group's share of total comprehensive income	**(36)**	44
Aggregate carrying amount of the Group's interest in these associates	**95**	131

There are no unrecognised losses or significant restrictions on the ability of joint ventures or associates to transfer funds to the Group. Refer note 15 for information regarding indigenisation in Zimbabwe.

Notes to the consolidated financial statements
for the year ended 30 June 2017

7. Deferred tax

	2017 Rm	2016 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	**152**	37
Deferred tax assets to be recovered after 12 months	**237**	—
	389	37
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	**351**	593
Deferred tax liabilities to be settled after 12 months	**4 039**	7 981
	4 390	8 574
Total	**4 001**	8 537

There are unrecognised temporary differences of R715 (2016: R737) million in the Group, relating to subsidiaries. This comprises unredeemed capex of R356 (2016: R333) million and capital losses of R1 071 (2016: R1 070) 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	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**
Sub-total carried forward	**7 218**	**(4 096)**	**(227)**	**2 895**

Notes to the consolidated financial statements
for the year ended 30 June 2017

7. Deferred tax continued

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Sub-total brought forward	**7 218**			**2 895**
Unrealised profit in metal inventories purchased from equity-accounted entities	**(23)**	**9**	**—**	**(14)**
		Recognised in other comprehensive income 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**

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Closing balance Rm
2016				
Property, plant and equipment	7 932	(273)	325	7 984
Exploration and evaluation assets	365	—	—	365
Royalty prepayment	480	52	—	532
Convertible bonds	58	(23)	—	35
Fair value of assets and liabilities	159	(58)	—	101
Rehabilitation and post-retirement medical provisions	(145)	(24)	(8)	(177)
Lease liabilities	(130)	(20)	—	(150)
Share-based compensation	(40)	(21)	(1)	(62)
Leave pay	(146)	(14)	—	(160)
Unrealised profit in metal inventories	(18)	(15)	—	(33)
Assessed losses	(866)	(510)	(1)	(1 377)
Other	70	65	25	160
	7 719	(841)	340	7 218

	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	(21)	(2)	—	(23)

	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	998	345	—	1 343
Other	(1)	—	—	(1)
	997	345	—	1 342
Total	8 695	(498)	340	8 537

Notes to the consolidated financial statements
for the year ended 30 June 2017

8. Other financial assets

	Notes	2017 Rm	2016 Rm
Subsequently carried at fair value			
Available-for-sale financial assets	8.1	**179**	157
Subsequently carried at amortised cost			
Held-to-maturity financial assets	8.2	**70**	70
Loans carried at amortised cost	8.3	**80**	97
		329	324
Current (loans carried at amortised cost)		**2**	12
Non-current		**327**	312

Refer note 22 for fair value and financial risk disclosure.

8.1 Available-for-sale financial assets

The Group holds shares listed on the JSE and non-material shares 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.

8.2 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 (2016: 2021) financial year. The investment is restricted for use by the Group by virtue of its nature.

8.3 Loans carried at amortised cost

	2017 Rm	2016 Rm
Interest-bearing loans	**–**	19
Interest-free loans	**80**	78
	80	97
Current	**2**	12
Non-current	**78**	85

The interest-free loans of R80 (2016: R78) million relate to the employee homeownership 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 12 and 20 years. The market-related effective interest rate is 9.0% (2016: 9.0%). These loans are secured by a second bond over residential properties.

8.4 A1 Advances

Pursuant to an order by the United States District Court for the Eastern District of Pennsylvania (the Court) A1, a recycling customer, was obligated to pay the Group US$201 million (on which it has previously defaulted). The Court further ordered that the business of A1 be placed in the care of a Receiver to wind up the operations with a view to partially settling the amounts due to Implats.

Simultaneously, Implats instituted a civil action lawsuit against the A1 shareholders for, amongst other things, constructive fraud. A jury found the A1 shareholders guilty and awarded US$16 million to Implats, of which US$7.6 million (R100 million) was received during the current financial year (note 31).

The winding up of the A1 business is almost complete whereafter the net proceeds (currently held in escrow) will be distributed to all creditors, including Implats.

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9. Derivative financial instrument

Asset	Note	2017 Rm	2016 Rm
Cross Currency Interest Rate Swap (CCIRS) (2018)	9.1	–	1 137

9.1 Cross Currency Interest Rate Swap (CCIRS) (2018)

Implats entered into a CCIRS amounting to US$200 million to hedge the foreign exchange risk on the US$ 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 839 million for the receipt of US$200 million.

No hedge accounting has been applied.

Liability	Notes	2017 Rm	2016 Rm
Cross Currency Interest Rate Swap (CCIRS) (2022)	9.2	49	–
Conversion option – US$ convertible bond (2022)	9.3	547	–
Conversion option – ZAR convertible bond (2022)	9.4	637	–
		1 233	–

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

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 R49 million. No hedge accounting has been applied.

9.3 Conversion option – US$ convertible bond

The US$ bond holders have the option to convert the bonds to Implats shares (subject to shareholders' approval) at a price of $3.89. The value of this conversion option was R559 million at initial recognition. The conversion option is carried at its fair value of R547 million, resulting in a R12 million profit for the period. At the general meeting held by shareholders on 24 July 2017, the approval to settle this option by means of Implats shares was obtained. Given this option is US$ denominated it does not meet the definition of equity (fixed number of shares for fixed amount) and will continue to be accounted for as a derivative financial instrument in future.

The main inputs into the binomial model fair value calculation 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
US$ interest rate (%)	1.84	N/A

9.4 Conversion option – ZAR convertible bond

The ZAR bond holders have the option to convert the bonds to Implats shares (subject to shareholders' approval) 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 meets the definition of equity and will therefore be accounted within equity from 24 July 2017.

The main inputs into the binomial model fair value calculation are as follows:	2017	2016
Exercise price (ZAR)	50.01	N/A
Share price on valuation date (ZAR)	36.85	N/A
Volatility	35.00	N/A
Interest rate (%)	10.80	N/A

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10. Prepayments

	Note	2017 Rm	2016 Rm
Royalties	10.1	–	10 399
Business-related prepaid expenditure		1 293	902
		1 293	11 301
Current		1 293	1 121
Non-current		–	10 180

10.1 Royalties

In March 2007, the Group finalised a deal with the Royal Bafokeng Nation (RBN). In terms of this transaction, Impala agreed to pay the RBN all future royalties due to them, thus effectively discharging any further obligation to pay royalties. In turn the RBN purchased shares through Royal Bafokeng Impala Investment Company and Royal Bafokeng Tholo Investment Holding Company, giving them a 13.2% holding in the Company at the time. The RBN sold part of their shareholding during the 2016 year to realise value, but they remain invested in the Company with a shareholding of 6.3%.

	2017 Rm	2016 Rm
Cost		
Opening balance	10 399	10 618
Royalty expense	(250)	(219)
Closing balance	10 149	10 399
Impairment		
Opening balance	–	–
Impairment	10 149	–
Closing balance	10 149	–
Carrying amount	–	10 399

The carrying amount of the Impala cash-generating unit includes property, plant and equipment, rehabilitation provision and related deferred tax balances (operating assets). The excess value of Impala's operating assets over the carrying amount is allocated to the royalty prepayment. During the current year, the excess value was not sufficient to cover the prepayment net of deferred tax and as such the prepayment was impaired in full.

The estimated value (being fair value less cost to sell) of the operations is based on life-of-mine 1 profiles, with associated estimates of capital and operating expenditure, 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 22.1). The major factors affecting the value of the operations are the long-term view of metal prices and exchange rates and the discount rate at which each year's after tax cash flows are discounted to today's money.

The Group's view of long-term metal prices (in today's money) is a dollar basket of US$2 100 (2016: US$ 2 000 in equivalent 2017 terms) per platinum ounce. Exchange rates have strengthened significantly over the last year, which has also had an impact on the forecast rand basket price which has been estimated (in today's money) at R29 100 (2016: R31 100 in equivalent 2017 terms) per platinum ounce.

The discount rate increased during the current year due to an increase in market related borrowing rates as evidenced by the interest rate at which the 2022 bonds were issued. This had the effect of increasing the real discount rate to almost 8.5%.

If the long-term metal prices were to increase by 5%, the recoverable amount would increase by approximately R4.2 billion. Conversely, a decrease of 5% would negatively affect the recoverable amount by approximately R3.6 billion.

Mineral resources outside the approved mine plans are valued based on the internal view of the *in situ* 4E ounce value. A 10% increase or decrease would affect the recoverable amount by approximately R700 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 R850 million.

Refer note 3 for more assumptions and estimates relating to impairment.

Notes to the consolidated financial statements
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11. Inventories

	2017 Rm	2016 Rm
Mining metal		
Refined metal	**350**	259
Main products – at cost	**—**	—
Main products – at net realisable value	**341**	211
By-products – at net realisable value	**9**	48
In-process metal	**2 977**	2 523
At cost	**200**	1 661
At net realisable value	**2 777**	862
	3 327	2 782
Non-mining metal		
Refined metal	**993**	1 267
At cost	**993**	1 267
At net realisable value	**—**	—
In-process metal	**3 252**	3 360
At cost	**3 252**	3 360
At net realisable value	**—**	—
	4 245	4 627
Stores and materials	**735**	793
Total carrying amount	**8 307**	8 202

The write down to net realisable value comprises R78 (2016: R106) million for refined mining metal and R948 (2016: R558) million for in-process mining metal.

Included in refined metal is metal on lease to third parties of 36 000 (2016: 36 000) ounces ruthenium (note 29).

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 in-process metal of R376 (2016: R384) million.

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

No inventories are encumbered.

Notes to the consolidated financial statements
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12. Trade and other receivables

	Note	2017 Rm	2016 Rm
Trade receivables		**842**	735
Advances	12.1	**692**	460
Other receivables		**250**	403
Employee receivables		**240**	257
South African Revenue Service (value added taxation)		**985**	993
Current tax receivable (note 20)		**727**	757
		3 736	3 605
The foreign currency denominated balances, included above, were as follows:			
Trade and other receivables (US$ million)		**73**	41
The credit exposures of trade receivables and advances by country are as follows:			
North America		**5**	40
South Africa		**605**	593
Asia		**75**	36
Europe		**131**	63
Zimbabwe		**718**	463
		1 534	1 195

Refer note 22 for fair value and financial risk disclosure.

12.1 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% (2016: 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

13. Cash and cash equivalents

	2017 Rm	2016 Rm
Short-term bank deposits	**5 981**	4 535
Cash at bank	**1 858**	2 253
	7 839	6 788
The weighted average effective interest rate on short-term bank deposits was 7.3% (2016: 6.3%) and these deposits have a maximum maturity of 60 days (2016: 60 days).		
Exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US$ million)	**137**	89
The exposures by country are as follows:		
South Africa	**6 914**	5 961
Europe	**807**	784
Zimbabwe	**113**	34
Asia	**5**	9
	7 839	6 788
The following cash and cash equivalents, included above, are restricted for use by the Group by virtue of their nature and not timing:		
Impala Pollution Control, Rehabilitation and Closure Trust Fund*	**–**	1
Morokotso Trust	**17**	17
	17	18

** This cash has been invested by the trust; these investments acquired are similarly restricted (note 8).*

Refer note 22 for fair value and financial risk disclosure.

Notes to the consolidated financial statements
for the year ended 30 June 2017

14. Share capital

	2017 Rm	2016 Rm
Ordinary shares	**18**	18
Share premium	**17 614**	17 252
Share-based payment reserve	**2 368**	2 277
Total share capital	**20 000**	19 547

The authorised share capital of the holding company is R21 (2016: R21) million consisting of 844.01 (2016: 844.01) million ordinary shares with a par value of 2.5 cents each.

	(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)
Morokotso Trust	**–**	(8.87)
Number of ordinary shares issued outside the Group	**718.55**	709.68
The movement of ordinary shares during the year was as follows:		
Beginning of the year	**709.68**	607.08
Shares issued	**–**	102.57
Shares issued – Morokotso	**8.87**	–
Shares issued – Implats Share Incentive scheme	**–**	0.03
Shares issued – Long-term Incentive Plan	**0.71**	0.50
Shares purchased – Long-term Incentive Plan	**(0.71)**	(0.50)
End of the year	**718.55**	709.68

The Morokotso Trust was consolidated and the Implats shares held by it were resultantly accounted for as treasury shares. During the year, 8 865 524 (2016: 37 488) treasury shares were sold by the Morokotso Trust (2016: Share Incentive Trust), resulting in R479 (2016: R2) million being recognised within the statement of changes in equity as share premium. 16 233 994 treasury shares which were bought in terms of a share buy-back is held at the discretion of the Group.

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.

14.1 Equity-settled share-based compensation

The Group issues equity-settled and cash-settled (note 17) share-based payments to employees. Equity-settled schemes include the Long-term Incentive Plan, comprising Share Appreciation Rights (SAR) and Conditional Share Plan (CSP) which consist of shares with a nil exercise price.

During the year, R91 million was expensed (2016: R71 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.

Notes to the consolidated financial statements
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14. Share capital continued

14.1 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)	
	2017	2016	**2017**	2016
Weighted average option value (rand)[1]	**22.50**	22.52	**29.40**	41.38
Weighted average share price on valuation date (rand)[2]	**54.17**	61.14	**49.35**	56.88
Weighted average exercise price (rand)[3 and 5]	**54.97**	62.40	**Nil**	Nil
Volatility[4]	**44.44**	37.68	**N/A**	N/A
Dividend yield (%)	**0.05**	0.13	**Nil**	0.13
Risk-free interest rate (%)	**7.37**	7.14	**7.51**	7.20

[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.*

	2017		2016	
	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	**5 641**	**62.4**	3 311	112.33
Granted	**1 665**	**50.74**	3 832	35.15
Forfeited	**(1 025)**	**134.91**	(1 502)	146.89
End of the year	**6 281**	**54.97**	5 641	62.40
Exercisable	**358**		147	
Not yet exercisable	**5 923**		5 494	
	6 281		5 641	

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

Price per share	Vesting year 2017	Vesting year 2018	Vesting year 2019	Vesting year 2020	Total number
< R50	—	—	3 073	1 587	**4 660**
R50 – R100	—	1 263	—	—	**1 263**
Total 2017	**—**	**1 263**	**3 073**	**1 587**	**5 923**
Total 2016	734	1 388	3 372	—	**5 494**

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

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14. Share capital continued
14.1 Equity-settled share-based compensation continued

	2017 Number (000)	2016 Number (000)
CSP		
Movement in the number of share options outstanding was as follows:		
Beginning of the year	**12 857**	6 526
Granted	**5 679**	8 842
Forfeited	**(2 043)**	(2 014)
Exercised/shares issued	**(674)**	(497)
End of the year (not yet exercisable)	**15 819**	12 857

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

	Vesting year 2017	Vesting year 2018	Vesting year 2019	Vesting year 2020	Total number
Total 2017	**—**	**2 821**	**7 603**	**5 395**	**15 819**
Total 2016	1 539	3 004	8 314	—	**12 857**

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

Refer to note 37 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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15. 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 2017	2016	Profit/(loss) allocated to non-controlling interests 2017	2016	Accumulated non-controlling interests 2017	2016
Zimplats Holdings Limited	Guernsey	Zimbabwe	**13%**	13%	**80**	8	**1 691**	1 812
Afplats (Pty) Limited*	South Africa	South Africa	**26%**	26%	**(2)**	(1)	**696**	698
Individually immaterial subsidiaries					**44**	20	**38**	38
Total					**122**	27	**2 425**	2 548

** 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 2017 Rm	2016 Rm	Afplats (Pty) Limited 2017 Rm	2016 Rm
Non-current assets	**13 292**	15 045	**1 729**	1 746
Current assets	**5 061**	4 314	**71**	62
Total assets	**18 353**	19 359	**1 800**	1 808
Equity	**12 999**	13 884	**1 790**	1 798
Non-current liabilities	**3 381**	3 639	**8**	8
Current liabilities	**1 972**	1 836	**2**	2
Total equity and liabilities	**18 353**	19 359	**1 800**	1 808

	Zimplats Holdings Limited 2017 Rm	2016 Rm	Afplats (Pty) Limited 2017 Rm	2016 Rm
Revenue	**7 038**	6 753	**–**	–
Gross profit	**1 288**	519	**(9)**	(6)
Profit from operations	**1 441**	420	**(9)**	(6)
Profit before tax	**1 437**	243	**(7)**	(3)
Income tax expense	**(768)**	(317)	**(1)**	(1)
Profit for the year	**669**	(74)	**(8)**	(4)
Net cash from operating activities	**765**	520	**(6)**	(6)
Net cash used in investing activities	**(565)**	(978)	**5**	5
Net cash used in financing activities	**–**	(43)	**–**	–
Net increase/(decrease) in cash and cash equivalents	**200**	(501)	**(1)**	(1)
Dividends paid to non-controlling interests	**–**	23	**–**	–

Zimbabwe indigenisation

In April 2016, the President issued a statement clarifying the government's position on the indigenisation policy to state that compliance would be achieved if 75% of revenues were contained in Zimbabwe (local spend). In 2017, both Zimplats' and Mimosa's local spend amounted to more than 82% of turnover. The companies continue to discuss the indigenisation implementation plan with the Government of Zimbabwe.

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

16. Borrowings

	Notes	2017 Rm	2016 Rm
Standard Bank Limited – BEE Partners Marula	16.1	**889**	882
Standard Bank Limited – Zimplats term loan	16.2	**1 111**	1 248
Standard Bank Limited – Zimplats revolving credit facility	16.3	**314**	353
Convertible bonds – ZAR (2018)	16.4	**303**	2 575
Convertible bonds – US$ (2018)	16.5	**380**	2 848
Convertible bonds – ZAR (2022)	16.6	**2 516**	—
Convertible bonds – US$ (2022)	16.7	**2 609**	—
Finance leases	16.8	**1 339**	1 373
		9 461	9 279
Current		**1 088**	564
Non-current		**8 373**	8 715
Beginning of the year		**9 279**	8 076
Proceeds		**6 278**	389
Interest accrued (note 30)		**664**	625
Interest repayments		**(533)**	(492)
Capital repayments		**(4 593)**	(13)
Conversion option on 2022 bonds		**(1 156)**	—
Loss on settlement of 2018 bonds		**8**	—
Exchange adjustments		**(486)**	694
End of the year		**9 461**	9 279
The effective interest rates for all borrowings for the year were as follows:			
Bank loans ZAR		**12**	9
Bank loans US$		**6**	5

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 (2016: 205 basis points) and revolving credit facilities of R105 million which carry interest at JIBAR plus 220 basis points (2016: 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 R1 111 (US$85) million bears interest at three-month London Interbank Offered Rate (LIBOR) plus 700 (2016: 700) basis points. During the year the facility was decreased from US$95 million to US$85 million and the loan repayments were renegotiated. The facility will now be repaid in two equal annual payments commencing in December 2018. Previously it commenced in December 2017 with final maturity in December 2018. At the end of the period, the US dollar balance amounted to US$85 (2016: US$85) million.

16.3 Standard Bank Limited – Zimplats revolving credit facility

During the year this facility was increased from US$24 million to US$34 million. Zimplats drew down US$24 (2016: US$24) million on this facility. The loan bears interest at LIBOR plus 278 basis points.

16.4 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. In May 2017, Implats made an offer to all bond holders to repurchase their bonds at face value, which offer was conditional on the issue of the ZAR and US$ 2022 bonds. 89% of the bonds holders accepted the offer. This resulted in R79 million being accounted for within equity, being the deemed cost for 89% of the conversion option. The effective interest rate on the remaining balance of the bond is 8.5% (2016: 8.5%).

The deemed cost of the conversion option is the excess of the settlement amount paid to the bond holders (R2 402 million) above the fair value of the liability settled (R2 323 million). The fair value of the liability was determined by discounting the future coupon payments and final maturity amount at a discount rate of 10.2%, being a market-related rate for a vanilla bond.

Notes to the consolidated financial statements

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16. Borrowings continued

16.5 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. Implats also offered to repurchase these bonds at face value and 85% of the bond holders accepted. The effective interest rate on the remaining balance of the bond is 3.1% (2016: 3.1%). (Refer note 9 for information regarding the CCIRS entered into to hedge foreign exchange risk on this bond.)

16.6 Convertible bonds – ZAR (2022) (note 9.4)

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 (subject to shareholders' approval) at a price of R50.01. The value of this conversion option derivative was R676 million on issue. Subsequent to year-end, at the general meeting held by shareholders, shareholders approval to settle this option by means of Implats shares was obtained, which will result in the bond being accounted for as a compound instrument which will result 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 9.3)

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 (subject to shareholders' approval) 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 for additional information regarding the conversion option and the CCIRS entered into to hedge foreign exchange risk on this bond.)

16.8 Finance leases

The rand denominated finance leases comprise mainly the houses leased from Friedshelf which have an effective interest rate of 10.2% and are repayable over the next 11 years. It also includes a lease arrangement for a Sasol hydrogen pipeline and an oxygen and nitrogen plant with a remaining life of nine years and six years respectively, and an effective interest rate of 11.5% as well as forklifts with a remaining life of four years and at an effective interest rate of 8.5%.

	2017			2016		
	Minimum lease payments Rm	**Interest Rm**	**Principal Rm**	Minimum lease payments Rm	Interest Rm	Principal Rm
Lease liabilities						
Less than one year	**179**	**139**	**40**	167	142	25
Between one and five years	**849**	**489**	**360**	786	517	269
More than five years	**1 193**	**254**	**939**	1 447	368	1 079
	2 221	**882**	**1 339**	2 400	1 027	1 373

16.9 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. During the prior year R4.0 billion was raised through a share issue (note 14).

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%, as at 30 June 2017 it is 0.6% (2016: 0%).

Notes to the consolidated financial statements
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17. Sundry liabilities

	Notes	2017 Rm	2016 Rm
Summary			
Post-employment medical benefits	17.1	**67**	68
Cash-settled share-based compensation	17.2	**43**	149
Deferred profit on sale and leaseback of houses		**278**	308
Employee retention scheme		**—**	7
		388	532
Current		**32**	89
Non-current		**356**	443

17.1 Post-employment medical benefits

	2017 Rm	2016 Rm
Beginning of the year	**68**	66
Finance cost	**6**	6
Actuarial (gain)/loss	**(2)**	1
Benefits paid	**(5)**	(5)
End of the year	**67**	68
Current	**—**	—
Non-current	**67**	68

The Company historically provided post-retirement medical scheme subsidies 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 R6.4 (2016: R7.1) million increase in the provision and a decrease of 1% results in a decrease in the provision of R5.5 (2016: R6.0) million. Subsidies of R5.9 (2016: R5.5) million are expected to be paid in the next financial year.

Qualifying active employees have an average age of 53 (2016: 52) years and an average service period of 22 (2016: 21) years. Retirees have an average age of 75 (2016: 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 2017, actuarial parameters used by independent valuators assumed 8.1% (2016: 8.5%) as the long-term medical inflation rate and a 9.0% (2016: 9.1%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

Notes to the consolidated financial statements
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17. Sundry liabilities continued

17.2 Cash-settled share-based compensation

The Group issues equity-settled (note 14) and cash-settled share-based payments to employees. The cash-settled share appreciation rights include the Employee Share Option Participation Scheme (ESOP) which came to its end during the year and the Share Appreciation Rights Scheme (SARS). The fair value of share-based payments is calculated using the binomial option model.

Share Appreciation Rights Scheme (SARS)

The Group allocates to D and E Patterson band employees notional shares in the holding company. These notional shares confer the conditional right on a participant to be paid a cash bonus equal to the appreciation in the share price from the date of allocation to the date of vesting of the notional share. Notional shares vest after two years of allocation to a maximum of 25% of the allocation. In subsequent years an additional 25% becomes exercisable per year. All unexercised shares lapse after 10 years from date of allocation. Allocations under this scheme ceased in November 2012.

Employee Share Ownership Programme (ESOP)

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

The trust held the shares on behalf of these employees for a period of 10 years. After the end of five years (July 2011), 40% of the shares became exercisable and could be sold by the trust. The profit made from the sale, less costs, was distributed equally among employees who opted to sell their shares. After another five years (July 2016), the remaining 60% of the shares vested, and was sold at an average price of R54.05 in terms of the rules of the trust. No profit was made on the sale and hence no distribution was made to employees.

The average inputs into the binomial option model are as follows:

	Employee Share Ownership Programme (ESOP)		Share Appreciation Right Scheme (SARS)	
	2017	2016	**2017**	2016
Weighted average option value (rand)[1]	**N/A**	—	**2.90**	6.09
Weighted average share price on valuation date (rand)[2]	**N/A**	47.20	**36.85**	47.20
Weighted average exercise price (rand)[3 and 5]	**N/A**	159.18	**176.60**	178.61
Volatility[4]	**N/A**	62.79	**63.44**	62.79
Dividend yield (%)	**N/A**	—	**—**	—
Risk-free interest rate (%)	**N/A**	7.86	**7.64**	7.86

[1] The weighted average option value for cash-settled shares is calculated on reporting date.
[2] The value of cash-settled share appreciation rights are calculated at year-end based on the year-end closing price.
[3] The weighted average exercise price for cash-settled shares is calculated taking into account the exercise price on each grant date.
[4] Volatility for equity and cash-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.

The total intrinsic value was R nil (2015: R nil) as determined by the year-end share price of R36.85 (2016: R47).

	2017 (000)	2016 (000)
Movement in the number of share appreciation rights outstanding was as follows:		
Beginning of the year	**24 218**	25 654
Lapsed during the year	**(10 329)**	(1 436)
Paid to employees during the year	**—**	—
End of the year	**13 889**	24 218
Exercisable	**13 866**	13 319
Not yet exercisable	**23**	9 463
	13 889	22 782

Notes to the consolidated financial statements
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18. Provisions

	2017 Rm	2016 Rm
Provision for environmental rehabilitation		
Beginning of the year	**1 082**	848
Change in estimate – rehabilitation asset (note 3)	**16**	143
Change in estimate – other operating income (note 25)	**(42)**	(32)
Interest accrued (note 30)	**93**	79
Utilised – rehabilitation done	**(11)**	(6)
Exchange adjustment	**(39)**	50
End of the year	**1 099**	1 082

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

In particular from 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). These regulations were amended in October 2016. There is currently substantial uncertainty regarding the revised requirements for financial provisions and funding thereof pursuant to NEMA and their actual implementation at the Group. Further guidance on these regulations are expected and could impact the provision raised by the Group.

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

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R1 932 (2016: R1 773) million. Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 8.9% and 9.9% (2016: 8.7% and 9.5%) 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 3.1% (2016: 2.5%).

Zimbabwe operations

The discount rate used was 8.1% (2016: 7.6%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 6.1% (2016: 5.6%).

	2017 Rm	2016 Rm
The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:		
Cash and cash equivalents (note 13)	**–**	1
Held-to-maturity financial assets (note 8)	**70**	70
Available-for-sale financial assets (note 8)	**175**	154
End of the year	**245**	225

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 36).

Notes to the consolidated financial statements
for the year ended 30 June 2017

18. Provisions continued

Pollution Control, Rehabilitation and Closure Trust Fund

When contributions are made to a trust fund, created in accordance with statutory requirements, to provide for the estimated cost of rehabilitation during and at the end of the life of the Group's mines, income earned on monies paid to the trust is accounted for as investment income. The trust investments are included under held-to-maturity 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.

19. Trade and other payables

	2017 Rm	2016 Rm
Trade payables	**5 289**	4 759
Leave liability[1]	**846**	798
Royalties payable	**194**	182
South African Revenue Service (value added tax)	**565**	634
Other payables	**8**	9
	6 902	6 382
The uncovered foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US$ million)	**2**	3

Refer note 22 for fair value and financial risk disclosure.

[1] *Leave liability.*
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

	2017 Rm	2016 Rm
Current tax payable	**702**	645
Current tax receivable (note 12)	**(727)**	(757)
Net current tax	**(25)**	(112)
Beginning of the year	**(112)**	442
Income tax expense (note 33)	**1 506**	284
Payments made during the year	**(1 312)**	(883)
Interest income and penalties refund	**(32)**	(81)
Exchange adjustment	**(75)**	126
End of the year	**(25)**	(112)

21. Other financial liabilities

	Note	**2017 Rm**	2016 Rm
Commitments	21.1	**74**	66
		74	66
Current		**74**	66
Non-current		**–**	–

Refer note 22 for fair value and financial risk disclosure.

21.1 Commitments

Commitments consist of payments to the Impala Bafokeng local economic development trust as a result of the 2007 Impala-Bafokeng empowerment transaction.

Notes to the consolidated financial statements
for the year ended 30 June 2017

22. Financial instruments and financial risk management

22.1 Financial instruments

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

	2017 Rm	2016 Rm
Financial assets		
Loans and receivables	**9 943**	8 740
Loans carried at amortised cost (note 8)	**80**	97
Trade receivables (note 12)	**842**	735
Advances (note 12)	**692**	460
Other receivables (note 12)	**250**	403
Employee receivables (note 12)	**240**	257
Cash and cash equivalents (note 13)	**7 839**	6 788
Financial instruments at fair value through profit or loss		
Derivative financial instruments (note 9)	**—**	1 137
Held-to-maturity financial assets (note 8)	**70**	70
Available-for-sale financial assets (note 8)	**179**	157
Total financial assets	**10 192**	10 104
Financial liabilities		
Financial liabilities at amortised cost	**14 832**	14 113
Borrowings (note 16)	**9 461**	9 279
Commitments (note 21)	**74**	66
Trade payables (note 19)	**5 289**	4 759
Other payables (note 19)	**8**	9
Financial instruments at fair value through profit or loss		
Derivative financial instruments (note 9)	**1 233**	—
Total financial liabilities	**16 065**	14 113

Notes to the consolidated financial statements
for the year ended 30 June 2017

22. Financial instruments and financial risk management continued

22.1 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 2017	Fair value 2016	Fair value hierarchy	Valuation technique and key inputs
Available-for-sale financial assets				
– Listed securities	**179**	157	Level 1	Quoted market price for the same instrument
Financial instruments at fair value through profit or loss (assets)				
– Cross Currency Interest Rate Swap (CCIRS) (2018)	**–**	1 137	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)				
– Conversion option – US$ convertible bond (2022)	**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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

22. Financial instruments and financial risk management continued

22.1 Financial instruments continued

Financial instrument income/(expenses):

	2017 Rm	2016 Rm
Net fair value movement on derivative financial instruments	**(515)**	458
Net fair value movement on available-for-sale financial assets:		
– Recognised in other comprehensive income	**14**	1
– Finance income for financial assets using effective-interest method	**410**	368
– Finance expense for financial liabilities using effective-interest method	**(705)**	(641)
– Impairment of loans and receivables	**–**	(35)

22.2 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.

22.2.1 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 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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

22. Financial instruments and financial risk management continued

22.2 Financial risk management continued

22.2.1 Market risk continued

Foreign exchange risk continued

	Year-end US$ exposure		Profit/loss effect	
	2017 US$m	2016 US$m	**2017 Rm**	2016 Rm
Financial assets				
Trade and other receivables	**73**	41	**±95**	±60
Cash and cash equivalents	**67**	4	**±87**	±6
Financial liabilities				
Borrowings	**(229)**	(194)	**±299**	±285
Trade and other payables	**(2)**	(3)	**±3**	±5
	(91)	(152)	**±120**	±224

± 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	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Financial assets	**–**	–	**–**	–
Financial liabilities				
Trade and other payables	**(2 879)**	(2 449)	**±288**	±245
	(2 879)	(2 449)	**±288**	±245

± 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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22. Financial instruments and financial risk management continued

22.2 Financial risk management continued

22.2.1 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.

Fixed interest rate exposure:

	2017 Rm	2016 Rm
Financial assets		
Loans carried at amortised cost (note 8)	**80**	78
Financial liabilities		
Borrowings (note 16)	**(5 808)**	(5 423)
	(5 728)	(5 345)

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**	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Financial assets				
Held-to-maturity financial assets (note 8)	**70**	70	**±1**	±1
Loans carried at amortised cost (note 8)	**—**	19	**±0**	±0
Trade and other receivables (note 12)	**692**	460	**±7**	±5
Cash and cash equivalents (note 13)	**7 839**	6 788	**±78**	±68
Financial liabilities				
Borrowings (note 16)	**(2 314)**	(2 483)	**±23**	±25
	6 287	4 854	**±63**	±49

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

22.2.2 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 36).

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.

Notes to the consolidated financial statements
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22. Financial instruments and financial risk management continued
22.2 Financial risk management continued
22.2.2 Credit risk continued

Banks' credit ratings	Exposure 2017 Rm	2016 Rm
South African operations		
AA (zaf)	**6 599**	4 658
AA+ (zaf)	**315**	300
AA- (zaf)	**—**	1 003
Overseas operations		
AA (zaf)	**917**	780
No rating	**8**	47
	7 839	6 788

Foreign currency exposure and exposure by country for cash and cash equivalents is analysed further in note 13.

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 12).

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 2017					
Number of customers	**1**	**2**	**5**	**43**	**51**
Value at year-end (R million)	**—**	**—**	**—**	**1 534**	**1 534**
Financial year 2016					
Number of customers	3	3	1	41	48
Value at year-end (R million)	—	—	—	1 195	1 195

No customers are in default at year-end (2016: nil).

Credit risk exposure in respect of trade receivables and advances is analysed further in note 12.

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 2017 Rm	2016 Rm
AA (zaf)	**78**	70
BBB (zaf)	**82**	154
No rating	**89**	3
	249	227

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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

22. Financial instruments and financial risk management continued

22.2 Financial risk management continued

22.2.3 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 (2016: R4.0) billion were committed facilities at year-end.

Credit limit facilities – South African banks

	Credit limit facilities	
Banks' credit ratings	**2017 Rm**	2016 Rm
AA (zaf)	**4 000**	4 000
AA-(zaf)[1]	**—**	500
AA(zaf)[1]	**200**	—
	4 200	4 500

Rnil (2016: 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

	Credit limit facilities	
Banks' credit ratings	**2017 Rm**	2016 Rm
AA (zaf)	**445**	353

R415 (2016: R353) 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 13) on the basis of expected cash flows.

Notes to the consolidated financial statements
for the year ended 30 June 2017

22. Financial instruments and financial risk management continued
22.2 Financial risk management continued
22.2.3 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 2017							
Financial assets							
Loans carried at amortised cost (note 8)	**80**	**87**	**167**	**10**	**10**	**30**	**117**
Trade and other receivables (note 12)	**2 024**	**–**	**2 024**	**2 024**	**–**	**–**	**–**
Cash and cash equivalents (note 13)	**7 834**	**–**	**7 834**	**7 834**	**–**	**–**	**–**
Financial liabilities							
Borrowings (note 16)	**9 461**	**4 285**	**13 746**	**1 663**	**1 211**	**9 679**	**1 193**
Other financial liabilities (note 17)	**74**	**–**	**74**	**74**	**–**	**–**	**–**
Derivative financial instruments (note 9)	**49**	**1 003***	**1 052**	**213**	**213**	**626**	**–**
Trade and other payables (note 19)	**5 289**	**–**	**5 289**	**5 289**	**–**	**–**	**–**
At June 2016							
Financial assets							
Loans carried at amortised cost (note 8)	97	84	181	20	11	34	116
Derivative financial instruments (note 9)	1 137	(263)*	874	(81)	(81)	1 036	–
Trade and other receivables (note 12)	1 855	–	1 855	1 855	–	–	–
Cash and cash equivalents (note 13)	6 770	–	6 770	6 770	–	–	–
Financial liabilities							
Borrowings (note 16)	9 279	2 078	11 357	860	6 729	2 321	1 447
Other financial liabilities (note 17)	66	8	74	74	–	–	–
Trade and other payables (note 19)	4 768	–	4 768	4 768	–	–	–

** 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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

23. Revenue
23.1 Analysis of revenue by category

	2017 Rm	2016 Rm
Sales of goods		
Precious metals		
Platinum	**19 791**	20 885
Palladium	**8 916**	7 638
Rhodium	**2 173**	2 068
Ruthenium	**170**	190
Iridium	**605**	501
Gold	**1 257**	1 216
Silver	**25**	37
	32 937	32 535
Base metals		
Nickel	**1 971**	1 931
Copper	**407**	420
Cobalt	**87**	26
Chrome	**824**	458
	3 289	2 835
Revenue from services		
Toll refining	**615**	562
	36 841	35 932

23.2 Analysis of revenue by destination

	2017 Rm	2016 Rm
Main products (Pt, Pd and Rh)		
Asia	**14 959**	13 924
North America	**5 053**	3 803
Europe	**5 896**	7 105
South Africa	**4 972**	5 759
	30 880	30 591
By products		
South Africa	**3 250**	2 857
Asia	**974**	1 016
Europe	**926**	697
North America	**196**	209
	5 346	4 779
Toll refining		
South Africa	**615**	558
North America	**—**	4
	615	562
	36 841	35 932

Notes to the consolidated financial statements
for the year ended 30 June 2017

24. Cost of sales

	2017 Rm	2016 Rm
On-mine operations	**16 341**	15 173
Wages and salaries	**9 716**	9 020
Materials and consumables	**5 348**	5 020
Utilities	**1 277**	1 133
Processing operations	**5 055**	4 731
Wages and salaries	**1 006**	932
Materials and consumables	**2 407**	2 298
Utilities	**1 642**	1 501
Refining and selling	**1 378**	1 294
Wages and salaries	**489**	456
Materials and consumables	**382**	495
Selling and promotional expenses	**343**	195
Utilities	**164**	148
Corporate costs	**736**	493
Wages and salaries	**451**	263
Other costs	**285**	230
Share-based compensation	**88**	21
Chrome operation – cost of sales	**186**	196
Depreciation of operating assets (notes 3 and 35)	**3 702**	3 319
Metals purchased	**10 030**	10 663
Change in metal inventories	**(146)**	38
	37 370	35 928
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	**2 056**	1 825
Operating lease rentals	**37**	25
Employment benefit expense comprises:		
Wages and salaries	**10 801**	9 841
Pension costs defined contribution plans	**873**	846
Share-based compensation	**88**	21
Cash-settled (note 17.2)	**(3)**	92
Equity-settled (note 14.1)	**91**	(71)
	11 762	10 708

Key management compensation is disclosed in note 37.

Notes to the consolidated financial statements
for the year ended 30 June 2017

25. Other operating income

	2017 Rm	2016 Rm
Other operating income comprises the following principal categories:		
Profit on disposal of property, plant and equipment (notes 34 and 35)	**24**	29
Profit on sale and leaseback of houses (note 35)	**30**	30
Rehabilitation provision – change in estimate (note 18)	**42**	32
Insurance claim – asset damage (note 34)	**154**	179
Insurance claim – 14 Shaft business interruption	**657**	295
Trade payables – commodity price adjustment	**—**	82
Recovery of previously impaired RBZ debt	**284**	—
	1 191	647

26. Other operating expenses

	2017 Rm	2016 Rm
Other operating expenses comprise the following principal categories:		
Scrapping of assets (notes 3 and 35)	**—**	106
Audit remuneration	**16**	15
14 Shaft fire non-production cost	**53**	39
Trade payables – commodity price adjustment	**186**	—
Other	**70**	38
	325	198
The following disclosure items are included in other operating expenses:		
Audit remuneration	**16**	15
Other services	**1**	1
Audit services including interim review	**15**	14

27. Impairment

	2017 Rm	2016 Rm
Impairment of non-financial assets was made up of the following:		
Prepaid royalty (note 10)	**10 149**	—
Property, plant and equipment (note 3)	**—**	257
Investment property (note 5)	**80**	50
	10 229	307

28. Royalty expense

	2017 Rm	2016 Rm
Stakeholder royalties	**112**	99
State royalties	**199**	198
Amortisation of royalty prepayment (notes 10 and 35)	**250**	219
	561	516

Notes to the consolidated financial statements

for the year ended 30 June 2017

29. Finance income

	2017 Rm	2016 Rm
Cash and cash equivalents	309	233
Loans carried at amortised cost (note 8)	10	14
Held-to-maturity financial assets (note 8)	7	2
Trade and other receivables	84	119
	410	368
Metal lease fees (note 11)	1	1
	411	369

30. Finance cost

	2017 Rm	2016 Rm
Borrowings (note 16)	664	625
Other financial liabilities (note 21)	8	8
Sundry liabilities (note 17)	5	6
Provisions (note 18)	93	79
Trade and other payables	41	16
Finance costs	811	734
Less: Borrowing cost capitalised (note 3)[1]	—	(29)
	811	705

[1] *The average rate calculated for the capitalisation was 6.6% for South African operations and 7.4% for Zimbabwean operations in the previous year. This interest has been capitalised insofar as qualifying capital expenditure has been incurred.*

31. Other income

	2017 Rm	2016 Rm
Guarantee fees	32	40
Available-for-sale financial asset movement recycled to profit or loss on disposal	—	9
Zimplats export initiative	215	—
Derivative financial instruments – fair value movements		
– Cross-currency interest rate swap	—	426
– Other derivatives	51	32
A1 legal action – recovery (note 8.4)	100	—
Tax interest and penalties refunded	—	40
	398	547

32. Other expenses

	2017 Rm	2016 Rm
Exploration expenditure (note 35)	8	13
Tax interest, penalties and other fines	99	—
Non-production-related corporate cost	141	103
Derivative financial instruments – fair value movements		
– Cross currency interest rate swap (2018 US$ bond)	517	—
– Cross currency interest rate swap (2022 US$ bond)	49	—
BEE expense	13	—
Other	56	38
	883	154

Notes to the consolidated financial statements
for the year ended 30 June 2017

33. Income tax credit

	2017 Rm	2016 Rm
Current tax		
South African company tax	**(808)**	(44)
Current tax on profits for the year	**(762)**	(580)
Prior year adjustment*	**(46)**	536
Other countries' company tax	**(698)**	(240)
Current tax on profits for the year	**(147)**	(11)
Current additional profits tax	**(551)**	(193)
Prior year adjustment	**–**	(36)
Total current tax	**(1 506)**	(284)
Deferred tax		
Temporary differences (note 7)	**4 042**	830
Prior year adjustment (note 7)	**54**	9
Change in tax rate (Zimbabwe corporate tax)	**–**	2
Total deferred tax	**4 096**	841
Total income tax credit	**2 590**	557
The tax of the Group'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 profit before tax	**2 992**	168
Adjusted for:		
Disallowable expenditure:		
Income tax interest and penalties	**(15)**	–
Equity-settled share-based compensation expense	**(10)**	–
Finance cost accruals	**(31)**	(20)
Consulting fees	**(1)**	(15)
Fair value adjustments	**(81)**	–
Head office costs	**(31)**	(16)
Other	**(81)**	(45)
Exempt income:		
Profit on bond settlement	**22**	–
Zimplats RBZ recovery	**44**	–
Profit on sale of assets	**–**	6
Reversal of income tax interest and penalties	**–**	7
Unrealised share-based compensation income	**–**	21
Other	**18**	10
Prior year adjustment*	**8**	509
Change in tax rate (Zimbabwe corporate tax)	**–**	2
Deferred tax not recognised	**(3)**	(5)
Effect of after-tax share of profit from associates	**139**	71
Effect of different taxes of foreign subsidiaries	**171**	57
Additional profits tax	**(551)**	(193)
Income tax income	**2 590**	557

** Mainly prior years' bad debt expense claim*

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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

34. Earnings 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:

	2017 Millions	2016 Millions
Number of ordinary shares issued outside the Group (note 14)	718.54	709.68
Adjusted for weighted average number of ordinary shares issued during the year	(0.51)	(27.49)
Weighted average number of ordinary shares in issue for basic earnings per share	718.03	682.19
Adjusted for dilution effect for Long-term Incentive Plan	3.75	1.56
Convertible bonds	—	—
Weighted average number of ordinary shares for diluted earnings per share	721.78	683.75
	Rm	**Rm**
Loss attributable to the owners of the Company	(8 220)	(70)

Basic earnings

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares in issue for basic earnings per share.

	Cents	Cents
Basic earnings/(loss) per share	(1 145)	(10)

Diluted earnings

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. 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 earnings/(loss) per share (cents)	(1 145)	(10)

Headline earnings

Profit attributable to owners of the Company is adjusted as follows:	Rm	Rm
Profit/(loss) attributable to owners of the Company	(8 220)	(70)
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment (note 25)	(17)	(21)
Earnings remeasurement	(24)	(29)
Tax effects and non-controlling interests	7	8
Impairment (notes 3, 4, 5 and 27)	7 365	221
Earnings remeasurement	10 229	307
Tax effects and non-controlling interests	(2 864)	(86)
Scrapping (notes 3 and 26)	—	76
Earnings remeasurement	—	106
Tax effects and non-controlling interests	—	(30)
Insurance compensation relating to scrapping of property, plant and equipment (note 25)	(111)	(123)
Earnings remeasurement	(154)	(179)
Tax effects and non-controlling interests	43	56
Headline earnings	(983)	83

Headline earnings per share (cents)	Cents	Cents
Basic	(137)	12
Diluted	(137)	12

Notes to the consolidated financial statements
for the year ended 30 June 2017

35. Cash generated from operations

	2017 Rm	2016 Rm
Loss before tax	**(10 688)**	(600)
Adjustment for:		
Exploration costs (note 32)	**8**	13
Depreciation (notes 3 and 24)	**3 702**	3 319
Finance income (note 29)	**(411)**	(369)
Finance cost (note 30)	**811**	705
Share of profit of equity-accounted entities	**(496)**	(262)
Retirement benefit obligations paid (note 17)	**(5)**	(5)
Share-based compensation	**(14)**	19
Provision for employee retention scheme	**(6)**	1
Provision for community development	**—**	(16)
Loss on disposal of investment	**13**	—
Rehabilitation provision	**(54)**	(38)
Amortisation of prepaid royalty (notes 10(i) and 28)	**250**	219
Foreign currency adjustment	**(307)**	479
Profit on disposal of property, plant and equipment (note 25)	**(24)**	(29)
Deferred profit on sale and leaseback of houses (note 25)	**(30)**	(30)
Impairments	**10 229**	307
Scrapping of assets	**—**	106
Bad debt provision	**15**	37
Loss on bond settlement	**8**	—
Available-for-sale financial asset movement recycled to profit or loss on disposal	**—**	(9)
Prepayments utilised	**(154)**	—
Fair value adjustment on derivative financial instruments	**515**	(425)
Tax penalties and interest	**(32)**	(81)
Net realisable value adjustment on inventory	**362**	146
Engineering estimate changes to inventory	**8**	—
Unrealised profit in stock adjustment	**71**	—
Insurance claim	**—**	(140)
	3 771	3 347
Cash movements from changes in working capital:		
(Increase)/decrease in trade and other receivables	**(750)**	838
Increase in inventories	**(593)**	(38)
Increase in trade and other payables	**621**	69
Cash generated from operations	**3 049**	4 216

Notes to the consolidated financial statements
for the year ended 30 June 2017

36. 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:	**2017 Rm**	2016 Rm
Guarantees (contingent liability)		
Friedshelf	**118**	152
Total guarantees	**118**	152

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:	**2017 Rm**	2016 Rm
Guarantees		
Department of Mineral Resources (DMR)	**1 277**	1 149
Eskom	**111**	111
SARS	**3**	3
Registrar of Medical Aids	**5**	5
Total guarantees	**1 396**	1 268

Guarantees to the DMR are in respect of future environmental rehabilitation. In this regard, a provision amounting to R1 099 (2016: R1 082) million has been raised (note 18).

Notes to the consolidated financial statements
for the year ended 30 June 2017

37. Related-party transactions

	2017 Rm	2016 Rm
(i) Associates		
Two Rivers		
Transactions with related parties:		
Refining fees	**32**	30
Purchases of mineral concentrates	**3 745**	3 693
Year-end balances arising from transactions with related parties:		
Payables to associates	**1 034**	958
Receivable from associates	**–**	2
Makgomo Chrome		
Transactions with related parties:		
Refining fees	**27**	11
Sale of mineral concentrates	**27**	11
Friedshelf		
Transactions with related parties:		
Interest accrued	**130**	127
Repayments	**147**	125
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	**1 215**	1 232
The finance leases have an effective interest rate of 10.2%.		
(ii) Joint venture		
Mimosa		
Transactions with related parties:		
Refining fees	**317**	291
Interest received	**6**	3
Purchases of mineral concentrates	**3 199**	3 015
Year-end balances arising from transactions with related parties:		
Payables to joint venture	**844**	800
Receivables from joint venture	**717**	463

Transactions with related parties were entered into on an arm’s length basis at prevailing market rates. Mimosa is legally not a related party to the Group. Related party transaction 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.

Notes to the consolidated financial statements
for the year ended 30 June 2017

37. Related-party transactions continued

Directors' remuneration and key management compensation

Executive remuneration for the past financial year

Fixed remuneration

The following table summarises the fixed remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2017:

Individual	Package (R'000)	Retirement funds (R'000)	Other benefits (R'000)	Total 2017 (R'000)	Total 2016 (R'000)
Executive directors					
NJ Muller[$]	**2 297**	**142**	**4**	**2 443**	—
TP Goodlace[@]	**3 291**	**62**	**5**	**3 358**	7 466
B Berlin	**5 448**	**110**	**120**	**5 678**	5 465
Prescribed officers					
PD Finney	**3 538**	**531**	**162**	**4 231**	4 073
GS Potgieter	**5 622**	**219**	**180**	**6 021**	5 601
A Mhembere*	**562***	**42***	**50***	**654***	620*
MN Ndlala[%]	**5 579**	**218**	**27**	**5 824**	5 560
Company secretary					
TT Llale	**1 720**	**208**	**74**	**2 002**	1 793

[$] Appointed 3 April 2017
[@] Resigned 30 November 2016
[%] Resigned 30 June 2017
** (US$'000)*

Variable remuneration

Individual	Deferred increase[1] (R'000)	Bonus 2015[2] (R'000)	Bonus 2016[3] (R'000)	Retention (R'000)	Gains on LTI's and shares sold[&] (R'000)	Total 2017 (R'000)	Total 2016 (R'000)
Executive directors							
NJ Muller[$]	**—**	**—**	**—**	**10 000**	**—**	**10 000**	—
TP Goodlace[#]	**—**	**—**	**1 867**	**—**	**7 677**	**9 544**	—
B Berlin	**575**	**1 642**	**2 051**	**2 141**	**—**	**6 409**	3 487
Prescribed officers					**—**		
PD Finney	**418**	**583**	**710**	**1 501**	**—**	**3 212**	2 021
GS Potgieter	**593**	**800**	**897**	**2 167**	**—**	**4 457**	2 855
A Mhembere*	**—**	**—**	**448***	**—**	**—**	**448***	229*
MN Ndlala[%]	**592**	**663**	**819**	**5 623[4]**	**—**	**7 697**	585
Company secretary							
TT Llale	**188**	**240**	**337**	**—**	**37**	**802**	213

– The bonus shown is not the bonus for the financial year in review, but the payment made during the financial year
** (US$'000)*
[$] Appointed 3 April 2017
[#] Resigned 30 November 2016
[%] Resigned 30 June 2017
[&] Long-term incentives and shares sold

[1] 2015 6% increase paid in deferred notional shares, which vested in September 2016 at an increased value
[2] 2015 bonus paid in deferred notional shares, which vested in October 2016 at an increased value
[3] 2016 bonus paid in cash in October 2016
[4] Separation

Notes to the consolidated financial statements
for the year ended 30 June 2017

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year 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, trans-formation and remu-neration committee	Capital allocation and invest-ment committee	*Ad-hoc* meetings	Total
HC Cameron	354	354	—	—	—	116	32	**856**
PW Davey	354	167	—	116	—	116	32	**785**
MSV Gantsho	1 820	—	—	—	—	—	—	**1 820**
A Kekana	354	—	—	116	—	116	16	**602**
AS Macfarlane	354	—	279	—	—	—	—	**633**
ND Moyo	354	—	125	—	—	116	16	**611**
FS Mufamadi	354	—	—	116	—	—	—	**470**
B Ngonyama	354	167	—	—	125	—	16	**663**
MEK Nkeli	354	167	125	—	279	—	16	**942**
ZB Swanepoel	354	—	125	—	—	257	—	**736**

Notes to the consolidated financial statements

for the year ended 30 June 2017

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

The following table reflects the status of shares and unexercised options held by executive directors and the gains made by them as a result of past awards during the year ended 30 June 2017:

Name	Balance at 30 June 2016	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[#]	Date exercised	**Balance at 30 June 2017**	Allocation price (R)	First vesting date
Directors									
TP Goodlace									
Shares – Retention	29 308	21 562	1 Sep 17	–	50 870	30 Nov 16	**–**		
Shares – Bonus	123 586	–		–	123 586	30 Nov 16	**–**		
N Muller									
Sign-on	–	450 147	3 Apr 17	–	–		**450 147**		
							225 073	44.43	3 Apr 18
							112 537	44.43	3 Apr 19
							112 537	44.43	3 Apr 20
LTIP SAR	–	145 781	16 May 17	–	–		**145 781**		
							145 781	43.29	16 May 20
LTIP CSP	–	80 376	16 May 17	–	–		**80 376**	–	
							80 379	–	16 May 20
B Berlin									
Share appreciation scheme	159 665	–		20 180	–		**139 485**		
							7 277	242.19	20 Nov 09
							3 031	333.90	30 May 10
							18 870	162.88	1 May 11
							15 251	171.39	4 Nov 11
							631	209.09	13 May 12
							11 749	193.83	1 Nov 12
							53 954	193.79	12 May 13
							21 502	171.76	10 Nov 13
							7 220	145.48	24 May 14
LTIP SAR	306 454	44 481	09 Nov 16	27 537	–		**323 398**		
							10 751	146.89	14 Nov 15
							11 802	134.91	11 Nov 16
							48 586	81.90	13 Nov 17
							207 778	35.16	12 Nov 18
							44 481	54.29	09 Nov 19
LTIP CSP	119 441	37 812	09 Nov 16	12 252	–		**145 001**		
							24 109	–	13 Nov 17
							83 080	–	12 Nov 18
							37 812	–	09 Nov 19

[#] *For associated gains refer to table on page 83.*

Notes to the consolidated financial statements
for the year ended 30 June 2017

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

Name	Balance at 30 June 2016	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2017	Allocation price (R)	First vesting date
Secretary									
TT Llale									
Share appreciation scheme	14 918	–		1 562	–		**13 356**		
							460	333.90	30 May 10
							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	20 011	7 041	09 Nov 16	–	–		**27 052**		
							6 226	81.90	13 Nov 17
							13 785	35.16	12 Nov 18
							7 041	54.29	09 Nov 19
LTIP CSP	24 244	11 971	09 Nov 16	805	724	11 Nov 16	**34 686**		
							6 179	–	13 Nov 17
							16 536	–	12 Nov 18
							11 971	–	09 Nov 19
Prescribed officers									
PD Finney									
Share appreciation scheme	87 228	–		9 301	–		**77 927**		
							2 977	333.9	30 May 10
							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	119 471	33 168	09 Nov 16	12 111	–		**140 528**		
							4 723	146.89	14 Nov 15
							5 191	134.91	11 Nov 16
							30 137	81.90	13 Nov 17
							67 309	35.16	12 Nov 18
							33 168	54.29	09 Nov 19
LTIP CSP	63 407	28 195	09 Nov 16	8 083	–		**83 519**		
							14 954	–	13 Nov 17
							40 370	–	12 Nov 18
							28 195	–	09 Nov 19

For associated gains refer to table on page 83.

Notes to the consolidated financial statements

for the year ended 30 June 2017

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

Name	Balance at 30 June 2016	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2017	Allocation price (R)	First vesting date
A Mhembere									
LTIP SAR	269 624	69 178	09 Nov 16	24 778	–		**314 024**		
							8 659	146.89	14 Nov 15
							10 620	134.91	11 Nov 16
							59 387	81.90	13 Nov 17
							166 180	35.16	12 Nov 18
							69 178	54.29	09 Nov 19
LTIP CSP	145 677	58 807	09 Nov 16	16 537	–		**187 947**		
							29 469	–	13 Nov 17
							99 671	–	12 Nov 18
							58 807	–	09 Nov 19
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	172 228	45 067	09 Nov 16	16 738	–		**200 557**		
							6 549	146.89	14 Nov 15
							7 174	134.91	11 Nov 16
							49 356	81.90	13 Nov 17
							92 411	35.16	12 Nov 18
							45 067	54.29	09 Nov 19
LTIP CSP	91 088	38 310	09 Nov 16	11 171	–		**118 227**		
							24 491	–	13 Nov 17
							55 426	–	12 Nov 18
							38 310	–	09 Nov 19
MN Ndlala									
Share appreciation scheme	55 911	–		4 713	–		**51 198**		
							7 139	116.76	18 Nov 10
							12 313	171.39	4 Nov 09
							13 750	193.83	1 Nov 12
							7 831	193.79	12 May 13
							10 165	171.76	10 Nov 13
LTIP SAR	166 944	44 732	09 Nov 16	102 629	–		**109 047**		
							3 669	146.89	14 Nov 15
							7 361	134.91	11 Nov 16
							41 580	81.90	13 Nov 17
							47 739	35.16	12 Nov 18
							8 698	54.29	09 Nov 19
LTIP CSP	89 674	38 026	09 Nov 16	71 041	–		**56 659**		
							20 633	–	13 Nov 17
							28 632	–	12 Nov 18
							7 394	–	09 Nov 19

 # For associated gains refer to table on page 83.