Consolidated statement of financial position

as at 30 June 2018

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

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2018

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

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

Consolidated statement of changes in equity

for the year ended 30 June 2018

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

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

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

Consolidated statement of changes in equity

for the year ended 30 June 2018

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

Consolidated statement of cash flows

for the year ended 30 June 2018

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

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

1. GENERAL INFORMATION

The significant accounting policies have been disclosed in note 1.3.

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

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

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

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

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

1.2 New and revised International Financial Reporting Standards (IFRS)

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

New and revised IFRSs early adopted by the Group

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

> *Improvements to IFRS Standards 2015 – 2017 Cycle*
Various necessary, non-urgent changes to four different standards, effective for annual periods beginning on or after 1 January 2019. The annual improvements had no impact on the Group's financial statements.

> *IAS 28* – Investments in Associates and Joint Ventures
Amendment clarifying that IFRS 9 *Financial Instruments*, including its impairment requirements, applies to long-term interests in associates and joint ventures that (although not equity-accounted) form part of an entity's net investment in these investees. The amendment had no impact on the Group's financial statements.

New and revised IFRSs not adopted by the Group

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

> *IFRS 9* – Financial Instruments
This new standard replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. It uses a single approach, based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, to determine whether a financial asset is measured at amortised cost or at fair value. It requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. It also removes the requirement to separate embedded derivatives from financial asset hosts. The standard introduces new requirements for an entity electing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the statement of profit or loss and other comprehensive income, rather than within profit or loss. This new standard will impact the classification and measurement of financial assets. The current classification of financial assets as described in 1.3.11.1 will be affected. Implats will classify its loans and receivables and held-to-maturity financial assets as measured at amortised cost. The derivative financial instruments and available-for-sale financial assets will be categorised as measured at fair value. The fair value movements on the available-for-sale financial assets will still be accounted for through other comprehensive income. Implats will apply the expected loss model when assessing for impairment of financial assets, but this impairment model is not expected to increase the impairment of financial assets. The standard will be applied retrospectively and it is not expected that any of the practical expedient provisions will be applied. The standard is effective for year-ends beginning on or after 1 January 2018.

1. GENERAL INFORMATION continued

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

> *IFRS 15* – Revenue from Contracts with Customers
The new standard deals with revenue transactions, including sales/purchases and refining income/expenditure. Implats would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period. Revenue from the sales of metals, which is the main revenue stream, will not be impacted. Toll refining income is also not expected to be impacted. The standard is effective for year-ends beginning on or after 1 January 2018.

> *IFRS 16* – Leases
The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. Implats has non-material operating leases which will have to be brought onto the balance sheet in terms of the new standard and additional disclosure will be required. The standard is effective for year-ends beginning on or after 1 January 2019.

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

1.3 Significant accounting policies

1.3.1 Statement of compliance

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

1.3.2 Basis of preparation

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

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

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

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

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

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

1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.3 Consolidation

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

Subsidiaries

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

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

Associates

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

Investments in associated undertakings are accounted for using the equity method of accounting.

Joint ventures

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

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

Equity method of accounting

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

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

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

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

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

1.3.4 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.4 Foreign currencies continued

Group companies

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

1.3.5 Property, plant and equipment

Carrying amount

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

Components

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

Cost

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

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

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

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

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

Subsequent expenditure

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

Derecognition

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

Depreciation

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

1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.5 Property, plant and equipment continued

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

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

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

1.3.6 Investment property

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

Carrying amount

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

Derecognition

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

Depreciation

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

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

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

1.3.7 Exploration for and evaluation of mineral resources

The Group expenses all exploration and evaluation expenditures prior to the directors concluding that a future economic benefit is more likely than not to be realised, ie probable, thereafter exploration and evaluation expenses are capitalised. Exploration on greenfield sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised as development costs, if the final feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost if the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors.

The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures. These commercial reserves are capitalised to assets under construction and subsequently tested for impairment.

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

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

1. GENERAL INFORMATION continued

1.3.8 Impairment of assets

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

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

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

Exploration and evaluation assets are grouped with cash-generating units of that mine. Where the assets are not associated with a specific cash-generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

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

Equity-accounted investments

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

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

Available-for-sale financial assets

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

A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost less previously recognised impairment loss and the current fair value, is recognised as an impairment loss in profit or loss.

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

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

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

A provision for impairment for these assets is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default on or delinquency in payments are considered indicators that the financial asset is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced through the use of an impairment provision, and the amount of the impairment or any subsequent reversal thereof is recognised in profit or loss.

1.3.9 Leases

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.10 Inventory

Mining metal inventories

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

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

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

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

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

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

Non-mining metal inventories

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

Stores and materials

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

1.3.11 Financial instruments

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

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

1.3.11.1 Financial assets

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

Purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and derivatives are classified as financial assets at fair value through profit or loss and are initially measured at fair value on contract date. These financial assets are subsequently re-measured at fair value. Movements in fair value are recognised in other income and expense (note 30 and 31) within profit or loss. The cash flow received and paid in terms of the cross-currency interest rate swap is included in finance cost paid and received within the statement of cash flows.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables include interest-free housing loans, trade and other receivables and cash and cash equivalents. Loans and receivables are subsequently measured at amortised cost using the effective interest method less any accumulated impairment loss.

1. GENERAL INFORMATION continued
1.3 Significant accounting policies continued
1.3.11 Financial instruments continued
1.3.11.1 Financial assets continued

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

1.3.11.2 Equity instruments

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

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

Compound instruments

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

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

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

1.3.11.3 Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

1.3.11.4 Effective interest method

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

1. GENERAL INFORMATION continued
1.3 Significant accounting policies continued
1.3.11 Financial instruments continued
1.3.11.5 Offsetting financial instruments

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

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

Decommissioning costs

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

Changes in the measurement of the liability, apart from unwinding of the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (note 1.3.5).

Restoration costs

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

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

Ongoing rehabilitation cost

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

1.3.13 Employee benefits
Short-term employee benefits

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

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

Defined contribution retirement plans

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

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

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

Post-employment medical benefit plan

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

Termination benefits

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

1. GENERAL INFORMATION continued

1.3 Significant accounting policies continued

1.3.13 Employee benefits continued

Share-based payments

Equity-settled share-based payments

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

1.3.14 Income tax

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

Additional profits tax (APT)

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

Deferred tax

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

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

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

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

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

The principal temporary differences are disclosed in note 7.

1.3.15 Revenue

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

Sales of metals mined and metals purchased

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

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

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

Toll income

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

1.3.16 Interest income

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

1.3.17 Deferred profit on sale and leaseback of houses

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

2. SEGMENT INFORMATION

Notes to operating segment analysis

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

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

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

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

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

Operating segments – June 2018

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

** Total segmental loss of R11 182 million is reconciled to the consolidated loss on page 33.*
 # External revenue excludes inter-group sales.
@ Afplats included in the "all other segment".

Notes to the consolidated financial statements

for the year ended 30 June 2018

2. SEGMENT INFORMATION continued

Operating segments – June 2018 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	21 001	14 914	2 759	38 674	92	42	2 457
Property, plant and equipment	16 309	14 914	2 359	33 582	—	42	2 421
Deferred tax	4 335	—	310	4 665	92	—	—
Other assets	337	—	90	427	—	—	36
Current segment assets	8 935	5 698	1 037	15 670	8 242	108	32 321
Inventories	5 933	862	48	6 843	5 781	7	—
Trade and other receivables	2 197	277	156	2 630	1 686	32	61
Intercompany accounts	763	2 241	831	3 835	—	—	31 034
Prepayments	39	685	—	724	—	—	—
Cash and cash equivalents	—	1 633	2	1 635	775	69	1 226
Other assets	3	—	—	3	—	—	—
Total assets*	29 936	20 612	3 796	54 344	8 334	150	34 778
Non-current segment liabilities	2 502	4 232	371	7 105	—	12	6 712
Deferred tax	211	3 341	224	3 776	—	12	556
Borrowings	1 175	584	67	1 826	—	—	6 099
Provisions	832	307	79	1 218	—	—	7
Other liabilities	284	—	1	285	—	—	50
Current segment liabilities	30 279	2 683	4 163	37 125	6 553	22	4 241
Trade and other payables	3 588	995	453	5 036	3 520	22	62
Intercompany accounts	26 536	114	3 708	30 358	3 033	—	2 391
Borrowings	55	583	2	640	—	—	1 787
Other liabilities	100	991	—	1 091	—	—	1
Total liabilities*	32 781	6 915	4 534	44 230	6 553	34	10 953

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

	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	(6 588)	408	—	(6 180)	(1 112)	74	2 996
Net cash from/(used in) operating activities	(3 521)	2 511	(198)	(1 208)	1 202	89	(2 270)
Net cash (used in)/from investing activities	(2 686)	(1 794)	(97)	(4 577)	26	—	(88)
Net cash (used in)/from financing activities	(381)	(309)	295	(395)	(2 340)	(15)	814
Capital expenditure	2 766	1 739	101	4 606	—	—	—

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

2. SEGMENT INFORMATION continued

Operating segments – June 2017

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

** Total segmental loss of R8 568 million is reconciled to the consolidated loss below.*
[#] External revenue excludes inter-group sales.
[@] Afplats included in the 'all other segment'.

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

2. SEGMENT INFORMATION continued

Operating segments – June 2017 continued

	Mining segments			Total mining segments	Impala Refining Services	Impala Chrome	All other segments#
	Impala Rm	Zimplats Rm	Marula Rm	Rm	Rm	Rm	Rm
Segment assets and liabilities							
Non-current segment assets	29 687	13 293	2 903	45 883	—	48	3 048
Property, plant and equipment	29 364	13 293	2 445	45 102	—	48	2 648
Deferred tax	—	—	378	378	—	—	11
Other assets	323	—	80	403	—	—	389
Current segment assets	6 009	5 060	490	11 559	403	113	29 209
Inventories	3 311	706	43	4 060	4 981	2	—
Trade and other receivables	1 774	220	44	2 038	1 534	88	76
Intercompany accounts	670	1 937	400	3 007	—	—	23 272
Prepayments	15	1 277	1	1 293	—	—	—
Cash and cash equivalents	237	920	2	1 159	1 887	23	5 861
Other assets	2	—	—	2	—	—	—
Total assets*	35 696	18 353	3 393	57 442	8 402	161	32 257
Non-current segment liabilities	2 901	3 382	343	6 626	1	1 260	6 459
Deferred tax	643	1 899	227	2 769	1	27	488
Borrowings	1 230	1 111	69	2 410	—	—	5 963
Provisions	683	364	44	1 091	—	—	8
Other liabilities	345	8	3	356	—	1 233	—
Current segment liabilities	23 165	1 972	3 804	28 937	5 547	23	2 975
Trade and other payables	2 856	863	392	4 111	3 230	23	1
Intercompany accounts	19 073	94	3 408	22 575	2 317	—	2 238
Borrowings	39	314	—	353	—	—	735
Overdraft from treasury	1 091	—	—	1 091	—	—	—
Other liabilities	106	701	4	807	—	—	1
Total liabilities*	26 066	5 354	4 147	35 563	5 548	1 283	9 434

** Total segmental assets of R98 262 million and total segmental liabilities of R51 828 million is reconciled to the consolidated assets and liabilities on page 35.*

	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)

 # Afplats included in the 'all other segment'.

2. SEGMENT INFORMATION continued

Operating segments continued

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

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

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

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

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 – 2018						
Opening balance	**42 666**	**15 233**	**5 227**	**8 456**	**4 275**	**75 857**
Capital expenditure	**2 434**	**325**	**—**	**1 323**	**524**	**4 606**
Interest capitalised	**—**	**—**	**—**	**61**	**—**	**61**
Transfer from assets under construction	**179**	**373**	**16**	**(590)**	**22**	**—**
Disposals	**(36)**	**(95)**	**(4)**	**—**	**(364)**	**(499)**
Rehabilitation adjustment (note 15)	**(34)**	**—**	**—**	**—**	**—**	**(34)**
Exchange adjustment	**339**	**325**	**126**	**111**	**124**	**1 025**
Closing balance	**45 548**	**16 161**	**5 365**	**9 361**	**4 581**	**81 016**
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 15)	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

3. PROPERTY, PLANT AND EQUIPMENT continued

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

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

3. PROPERTY, PLANT AND EQUIPMENT continued

	2018 Rm	2017 Rm
Assets under construction		
Assets under construction consist mainly of (carrying amount):		
Impala (17 Shaft)#	**731**	1 931
Afplats (Leeuwkop)#	**2 421**	2 648
Zimplats (Ngezi phase 2 and underground mine project)	**2 002**	990
Other immaterial items	**—**	15
	5 154	5 584

 # The decrease is as a result of the impairment.

	2018 Rm	2017 Rm
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	**823**	629
Information technology	**186**	191
Other immaterial items	**2**	1
	1 011	821
Commitments in respect of property, plant and equipment:		
Commitments contracted for	**1 703**	1 636
Approved expenditure not yet contracted	**8 071**	5 364
	9 774	7 000
Less than one year	**4 017**	4 338
Between one and five years	**5 757**	2 662
	9 774	7 000

3. PROPERTY, PLANT AND EQUIPMENT continued

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

3.1 Shafts, mining development and infrastructure

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

3.2 Metallurgical and refining plants

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

3.3 Land, buildings and general infrastructure

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

3.4 Other assets

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

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

3.5 Units-of-production

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

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

3.6 Mineral reserves estimations

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

3. PROPERTY, PLANT AND EQUIPMENT continued

3.7 Production start date

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

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

3.8 Prepaid royalty

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

3.9 Impairment

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

Long-term mining assets forming part of board-approved projects are valued based on estimates of future discounted cash flows (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 R27 500 (2017: R30 900 in equivalent 2018 terms)
- Long-term real discount rate – a range of 8% to 13% (2017: 8.4% to 13.4%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US$1.80 and US$9.00 (2017: US$2.40 and US$ 12.00) per 4E ounce depending on whether the resource is inferred, indicated and measured.

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

4. EXPLORATION AND EVALUATION ASSETS

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

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

Impairment

Afplats is a separate non-productive cash-generating unit. Management utilised a data set of all platinum transactions done in South Africa since 2005 for exploration and evaluation assets' annual impairment test. The transactions are distinguished by 'status of assets' (being producing, developing or exploration) and 'location of assets' (being eastern, western or northern limb). This data set and the current economic outlook for the mining industry, yielded in a range of in situ UG2 4E ounce valuations as set out below. The recoverable amount was derived from the reserve and resource ounce valuation which was categorised as a Level 2 valuation of the fair value hierarchy. The Afplats reserve and resource ounce valuation was based on the UG2 4E ounces. These ounces were valued using a range of US$1.80 and US9.00 per 4E ounce depending on whether the resource is inferred, indicated and measured. On a fair value less cost to sell basis the recoverable amount is R2 226 million, resulting in an impairment of R385 million of exploration and evaluation assets, as well as R225 million of property, plant and equipment. Refer to note 3 for more impairment related disclosure.

5. INVESTMENT PROPERTY

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

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

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

Impairment

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

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

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**	**2018 %**	2017 %	**2018 Rm**	2017 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	**50**	50	**2 268**	1 961
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	**46**	49	**1 528**	1 260
Individually immaterial associates*						**521**	95
Total investment in equity-accounted entities						**4 317**	3 316

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

6. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES continued

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

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

Aggregate information of associates that are not individually material

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

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

7. DEFERRED TAX

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

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

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

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

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

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

7. DEFERRED TAX CONTINUED

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

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

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

7. DEFERRED TAX CONTINUED

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

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

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

9. OTHER FINANCIAL ASSETS

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

Refer note 21 for fair value and financial risk disclosure.

9.1 Held-to-maturity financial assets

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

9.2 Loans carried at amortised cost

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

10. INVENTORIES

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

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

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

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

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

No inventories are encumbered.

11. TRADE AND OTHER RECEIVABLES

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

Refer note 21 for fair value and financial risk disclosure.

Advances

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

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

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

12. CASH AND CASH EQUIVALENTS

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

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

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

13. SHARE CAPITAL

	2018 Rm	2017 Rm
Ordinary shares	**18**	18
Share premium	**17 986**	17 614
Share-based payment reserve	**2 487**	2 368
Total share capital	**20 491**	20 000

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

	(million)	(million)
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	**734.78**	734.78
Treasury shares	**(16.23)**	(16.23)
Number of ordinary shares issued outside the Group	**718.55**	718.55
The movement of ordinary shares during the year was as follows:		
Beginning of the year	**718.55**	709.68
Shares issued – Morokotso	**–**	8.87
Shares issued – Long-term Incentive Plan	**2.07**	0.71
Shares purchased – Long-term Incentive Plan	**(2.07)**	(0.71)
End of the year	**718.55**	718.55

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

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

13.1 Equity-settled share-based compensation

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

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

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

13. SHARE CAPITAL continued

13.1 Equity-settled share-based compensation continued

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

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

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

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

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

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

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

13. SHARE CAPITAL continued

13.1 Equity-settled share-based compensation continued

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

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

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

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

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

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

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

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

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

14. NON-CONTROLLING INTEREST

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

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

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

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

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

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

15. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2018 Rm	2017 Rm
Beginning of the year	**1 099**	1 082
Change in estimate – rehabilitation asset (note 3)	**(34)**	16
Change in estimate – other operating expense/(income) (notes 24 and 25)	**90**	(42)
Interest accrued (note 31)	**100**	93
Utilised – rehabilitation done	**(44)**	(11)
Exchange adjustment	**14**	(39)
End of the year	**1 225**	1 099

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 and the current closure cost was calculated in accordance with the new regulations, resulting in an increase in the rehabilitation provision.

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

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R2 378 (2017: R1 932) million. Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 9.0% and 9.7% (2017: between 8.9% and 9.9%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 3.3% (2017: 3.1%).

Zimbabwe operations

The discount rate used was 9.3% (2017: 8.1%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 2.0% (2017: 2.0%).

Guarantees, an insurance policy and the funds in the Impala Pollution Control, Rehabilitation and Closure Trust Fund are available to the Department of Mineral Resources to satisfy the requirements of the National Environmental Management Act with respect to environmental rehabilitation (note 35).

Pollution Control, Rehabilitation and Closure Trust Fund

The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:

	2018 Rm	2017 Rm
Cash and cash equivalents (note 12)	**4**	—
Held-to-maturity financial assets (note 9)	**73**	70
Available-for-sale financial assets	**183**	175
	260	245

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

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

16. BORROWINGS

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

Refer note 21 for fair value and financial risk disclosure.

16.1 Standard Bank Limited – BEE partners Marula

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

16.2 Standard Bank Limited – Zimplats term loan

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

16.3 Standard Bank Limited – Zimplats revolving credit facility

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

16.4 Convertible bonds – ZAR (2018)

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

16. BORROWINGS continued

16.5 Convertible bonds – US$ (2018)

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

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

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

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

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

16.8 Revolving credit facility

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

16.9 Finance leases

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

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

16.10 Capital management

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

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

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

17. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

18. SUNDRY LIABILITIES

	Notes	2018 Rm	2017 Rm
Summary			
Post-employment medical benefits	18.1	**68**	67
Cash-settled share-based compensation	18.2	**1**	43
Deferred profit on sale and leaseback of houses (note 16.9)		**247**	278
Other financial liability		**69**	74
		385	462
Current		**100**	106
Non-current		**285**	356

18.1 Post-employment medical benefits

	2018 Rm	2017 Rm
Beginning of the year	**67**	68
Finance cost	**6**	6
Actuarial loss/(gain)	**1**	(2)
Benefits paid	**(6)**	(5)
End of the year	**68**	67
Current	**—**	—
Non-current	**68**	67

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

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

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

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

18.2 Cash-settled share-based compensation

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

19. TRADE AND OTHER PAYABLES

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

Refer note 21 for fair value and financial risk disclosure.

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

20. CURRENT TAX

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

21.1 Financial instruments

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

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

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.1 Financial instruments continued

Fair value

IFRS establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:
Level 1 – Quoted prices in active markets for the same instrument
Level 2 – Valuation techniques for which significant inputs are based on observable market data
Level 3 – Valuation techniques for which any significant input is not based on observable market data

The following financial instruments are carried at fair value:

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

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

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

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.1 Financial instruments continued

Financial instrument income/(expenses):

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

21.2 Financial risk management

Introduction

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

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

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

21.2.1 Market risk

Foreign exchange risk

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

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

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

Sensitivity analysis

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

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.1 Market risk continued

Foreign exchange risk continued

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

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

Securities price risk

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

Commodity price risk

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

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

Sensitivity analysis

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

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

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

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.1 Market risk continued

Interest rate risk

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

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

Fixed interest rate exposure:

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

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

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

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

Sensitivity analysis

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

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

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

21.2.2 Credit risk

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

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

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

Cash and cash equivalents

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

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued
21.2 Financial risk management continued
21.2.2 Credit risk continued

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

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

Trade and other receivables

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

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

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

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

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

Credit risk exposure in respect of trade receivables and advances is analysed further in note 11.
Credit risk exposure in respect of employee receivables is limited taking the employee's annual earnings into account. Only an insignificant amount of these employee receivables are past due, as a result of employees having left the employment of the Group.

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

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

Loans

Credit risk relating to loans mainly consists of employee housing loans. These loans are secured by a second bond over residential properties.
No loans are past due.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.3 Liquidity risk

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

Credit limit facilities – South African banks

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

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

[1] *Uncommitted*

Credit limit facilities – foreign banks

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

Rnil (2017: R314) million of these facilities had been drawn down at year-end. These facilities are renewed annually.

Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 12) on the basis of expected cash flows.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

21.2 Financial risk management continued

21.2.3 Liquidity risk continued

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

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

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

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

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

22. REVENUE

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

23. COST OF SALES

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

Key management compensation is disclosed in note 36.

24. OTHER OPERATING INCOME

	2018 Rm	2017 Rm
Other operating income comprises the following principal categories:		
Profit on disposal of property, plant and equipment (note 33)	**—**	24
Profit on sale and leaseback of houses	**30**	30
Rehabilitation provisions – change in estimate (note 15)	**—**	42
Insurance claim – asset damage (note 33)	**—**	154
Insurance claim – 14 Shaft business interruption	**—**	657
Recovery of RBZ debt	**133**	284
Other	**17**	—
	180	1 191

25. OTHER OPERATING EXPENSES

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

26. IMPAIRMENT

	2018 Rm	2017 Rm
Impairment of non-financial assets is made up of the following:		
Prepaid royalty	**—**	10 149
Property, plant and equipment (note 3)	**13 244**	—
Exploration and evaluation assets (note 4)	**385**	—
Investment property (note 5)	**—**	80
	13 629	10 229

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

27. ROYALTY EXPENSE

	2018 Rm	2017 Rm
Stakeholder royalties	**164**	112
State royalties	**186**	199
Amortisation of royalty prepayment (note 34)	**—**	250
	350	561

28. FINANCE INCOME

	2018 Rm	2017 Rm
Cash and cash equivalents	**208**	309
Loans carried at amortised cost	**13**	10
Held-to-maturity financial assets	**6**	7
Trade and other receivables	**123**	84
	350	410
Metal lease fees	**—**	1
	350	411

29. FINANCE COST

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

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

30. OTHER INCOME

	2018 Rm	2017 Rm
Guarantee fees	**30**	32
Zimplats export initiative	**174**	215
Derivative financial instruments – fair value movements		
– Other derivatives	**509**	51
Gain – Two Rivers change in interest (note 6)	**248**	—
A1 legal action – recovery	**443**	100
	1 404	398

31. OTHER EXPENSES

	2018 Rm	2017 Rm
Exploration expenditure (note 34)	**4**	8
Tax interest, penalties and other fines	**56**	99
Non-production-related corporate cost	**33**	141
Derivative financial instruments – fair value movements		
– Cross Currency Interest Rate Swap (2018 US$ bond)	**—**	517
– Cross Currency Interest Rate Swap (2022 US$ bond)	**143**	49
BEE expense	**—**	13
Other	**64**	56
	300	883

32. INCOME TAX CREDIT

Current tax

	2018 Rm	2017 Rm
South African company tax	**(604)**	(808)
Current tax on profits for the year	**(691)**	(762)
Prior year adjustment	**87**	(46)
Other countries' company tax	**(838)**	(698)
Current tax on profits for the year	**(307)**	(147)
Current additional profits tax	**(559)**	(551)
Prior year adjustment	**28**	—
Total current tax (note 20)	**(1 442)**	(1 506)

32. INCOME TAX CREDIT continued

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

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

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

Zimplats ceased to be a special mining lease holder with effect from 31 May 2018 following the release of ground to the Government of Zimbabwe and issuance of two ordinary mining leases to the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited. The year ended 30 June 2018 was treated as a hybrid year for income tax and additional profits tax (APT) as follows:
i) Income tax
- SML computation for the 11 months from 1 July 2017 to 31 May 2018; and
- General miner computation for one month (1 to 30 June 2018)

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

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

33. LOSS PER SHARE

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

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

34. CASH GENERATED FROM OPERATIONS

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

Notes to the consolidated financial statements

for the year ended 30 June 2018

35. CONTINGENT LIABILITIES AND GUARANTEES

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

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

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

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

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

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

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

36. RELATED-PARTY TRANSACTIONS

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

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

36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation

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

Fixed remuneration

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

* (US$'000)
[$] Resigned 28 February 2018
[@] Appointed October 2017
[#] Appointed January 2018
[^] Acting chief financial officer, remuneration for four months March to June

Variable remuneration

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

* (US$'000)
[$] Resigned 28 February 2018

36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

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

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

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

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

 # For associated gains refer to table on page 78.

36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2017	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year#	Date exercised	Balance at 30 June 2018	Allocation price (R)	First vesting date
Prescribed officers									
PD Finney									
Share appreciation scheme	77 927	–		2 977	–		**74 950**		
							2 774	116.76	18 Nov 10
							2 898	162.88	1 May 11
							12 266	171.39	4 Nov 11
							7 696	209.09	13 May 12
							18 528	193.83	1 Nov 12
							5 376	193.79	12 May 13
							12 282	171.76	10 Nov 13
							13 130	145.48	24 May 14
LTIP SAR	140 528	70 581	21 Nov 17	25 113	–		**185 996**		
							4 723	146.89	14 Nov 15
							5 191	134.91	11 Nov 16
							5 024	81.90	13 Nov 17
							67 309	35.16	12 Nov 18
							33 168	54.29	09 Nov 19
							70 581	36.75	21 Nov 20
LTIP CSP	83 519	45 444	21 Nov 17	7 477	7 477	13 Nov 17	**114 009**		
							40 370	–	12 Nov 18
							28 195	–	09 Nov 19
							45 444	–	21 Nov 20
M Munroe									
LTIP SAR	–	90 770	6 Mar 18	–	–		**–**		
							90 770	29.27	6 Mar 21
LTIP CSP	–	54 353	6 Mar 18	–	–				
							54 353	–	6 Mar 21
GS Potgieter									
Share appreciation scheme	98 878	–		–	–		**98 878**		
							93 783	186.60	1 Jul 12
							5 095	171.76	10 Nov 13
LTIP SAR	200 557	95 716	21 Nov 17	41 128	–		**255 145**		
							6 549	146.89	14 Nov 15
							7 174	134.91	11 Nov 16
							8 228	81.90	13 Nov 17
							92 411	35.16	12 Nov 18
							45 067	54.29	09 Nov 19
							95 716	36.75	21 Nov 20
LTIP CSP	118 227	61 627	21 Nov 17	12 246	12 245	13 Nov 17	**155 363**		
							55 426	–	12 Nov 18
							38 310	–	09 Nov 19
							61 627	–	21 Nov 20

For associated gains refer to table on page 78.

36. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

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

 # For associated gains refer to table on page 78.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

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