IMPLATS
Distinctly Platinum

Annual Financial Statements **2016**

Supplement to the Annual Integrated Report 30 June 2016

Implats is one of the world's leading producers of platinum and associated platinum group metals (PGMs). Implats is structured around five mining operations and a toll refining business in Springs in the Gauteng province. The mining operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world. Implats has its listing on the JSE Limited (JSE) in South Africa, and a level 1 American Depositary Receipt programme in the United States of America. Our headquarters are in Johannesburg and the five mining operations are Impala, Zimplats, Marula, Mimosa and Two Rivers. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

Our vision is to be the world's best platinum-producing company, delivering superior value to stakeholders relative to our peers

Our mission is to safely mine, process, refine and market our products at the best possible cost, ensuring sustainable value creation for all our stakeholders

www.implats.co.za

Refers readers to information available elsewhere in this report

Feedback

We welcome your feedback to make sure we are covering the things that matter to you. Go to **www.implats.co.za** or email **investor@implats.co.za** for the feedback form, or scan the code on the left with your smart device.

Welcome to our 2016 Annual Financial Statements

This report contains the Consolidated Financial Statements for Impala Platinum Holdings Limited and the separate Annual Financial Statements of Impala Platinum Holdings Limited for the year ended 30 June 2016.

These Annual Financial Statements were prepared according to International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King III.

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

Integrated Report
- Information about our stakeholders, their material matters, risk, strategy and performance
- Information about our operations, mineral reserves and mineral resources, business context, environment, business model, and intellectual capital contained in our risk and remuneration processes
- Overall assurance provided explained

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

Mineral Resource and Mineral Reserve Statement
- Conforms to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC)
- Conforms to the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC)
- Been signed off by the competent persons

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

Audit committee report – for the year ended 30 June 2016

Background

The committee is pleased to present its report for the financial year ended 30 June 2016. The committee's operation is guided by a formal charter approved by the board.

The committee has discharged all its responsibilities as contained in the charter. The committee reviews accounting policies and financial information issued to stakeholders and the chairman of the audit committee reports to the board on the committee's deliberations and decisions. The internal and external auditors have unrestricted access to the committee. Further, the committee regularly reviews its corporate governance practices in relation to the Company's compliance with the requirements of the Companies Act (the Act) and the King III recommendations.

Objectives and performance

The overall high-level objectives and performance of the committee during the year were:

- To assist the board in discharging its duties relating to safeguarding of the Company's assets
- To ensure the existence and operation of adequate systems and control processes
- To control reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards
- To oversee the activities of internal and external auditors
- To perform duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King III.

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

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment
- Reviewed and recommended the internal audit charter for board approval
- Encourage cooperation between internal and external audit during the year
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided did not impair their independence
- Reviewed and recommended for adoption by the board the financial information that is publicly disclosed, which for the year included:
  - The interim results for the six months ended 31 December 2015
  - The annual results for the year ended 30 June 2016
- Considered the effectiveness of internal audit, approved the three-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan. The committee also approved any deviations from the annual internal audit plan

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

Membership

During the course of the year, the membership of the committee comprised solely of independent non-executive directors, as detailed below:

Mr HC Cameron – chairman
Mr PW Davey (appointed 18 February 2016)
Ms AA Maule (resigned 18 May 2016)
Ms B Ngonyama
Ms MEK Nkeli (appointed 18 February 2016)

In addition, the chief executive officer, the chief financial officer, the chief audit executive, the group executive: risk, the head of compliance and the external auditors are permanent invitees to the committee's meetings.

Audit committee report – for the year ended 30 June 2016

Internal audit

The committee ensures that the chief audit executive reports to the chairman of the committee.

The committee ensures coverage of the audit universe by approving audit plans and budgets for the internal audit department

The committee reviews the performance appraisals of the chief audit executive and determines the competence of the internal audit department as a whole.

Audit reports are circulated to the members of the committee and are reviewed quarterly in detail.

External audit

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2016 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 26 to the Annual Financial Statements.

The independence of the external auditor is regularly reviewed. Further, the approval of all non-audit-related services are governed by an appropriate approval framework.

Meetings were held with the external auditor where management was not present and, where concerns were raised, these concerns were adequately dealt with by the audit committee.

The committee has reviewed and is satisfied with the performance of the external auditors and will nominate, for approval at the annual general meeting, PricewaterhouseCoopers Inc. as the external auditor for the 2017 financial year, with Mr AJ Rossouw as the designated auditor. The committee confirms that the auditor and designated auditor are accredited by the JSE.

Chief financial officer review – Ms Brenda Berlin

The committee has reviewed the performance, qualifications and expertise of Ms Brenda Berlin through a formal evaluation process and confirms her suitability for appointment as chief financial officer in terms of the JSE Listings Requirements.

Annual Financial Statements

The annual financial statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards (IFRS). The committee has therefore recommended the approval of the Annual Financial Statements to the board. The board has subsequently approved the Annual Financial Statements.

Internal financial control (Statement on effectiveness of internal financial controls)

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

HC Cameron
Chairman of the audit committee

1 September 2016

Directors' responsibility statement

The directors of the Company are responsible for the maintenance of adequate accounting records and preparation of the Annual Financial Statements and related information in a manner that fairly presents the state of affairs of the Company. These Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

The Annual Financial Statements have been prepared under the supervision of the chief financial officer, Ms B Berlin, CA(SA).

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

Based on the results of a formal documented review of the Company's system of internal controls and risk management, covering both the adequacy in design and effectiveness in implementation performed by the internal audit function during the year 2016, the board of directors has considered:
- the information and explanations provided by line management
- discussions held with the external auditors on the results of the year-end audit
- the assessment by the audit committee and
- the assessment by the various sub-committees of the board of risks

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

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

The Annual Financial Statements as set out on pages 12 to 98 have been approved by the board of directors and are signed on its behalf by:

MSV Gantsho
Chairman

TP Goodlace
Chief executive officer

1 September 2016

Certificate by company secretary

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

TT Llale
Company secretary

1 September 2016

Independent auditors' report

To the shareholders of Impala Platinum Holdings Limited

We have audited the consolidated and separate Financial Statements of Impala Platinum Holdings Limited set out on pages 12 to 98, which comprise the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of Impala Platinum Holdings Limited as at 30 June 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate Financial Statements for the period ended 30 June 2016, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate Financial Statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate Financial Statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in *Government Gazette* Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Impala Platinum Holdings Limited for 43 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor

2 Eglin Road, Sunninghill, 2157
Johannesburg

1 September 2016

Directors' report

Profile

Nature and business of the Company

Impala Platinum Holdings Limited (Implats/Company/Group) is one of the foremost producers and suppliers of platinum group metals (PGMs) to industrial economies. The Company's holdings in various mining and exploration activities as at 30 June 2016 are described below:

Company	Effective interest %	Activity
Impala Platinum Limited (Impala)	96	PGM mining processing and refining
Impala Refining Services Limited	100	Purchase of concentrate and/or smelter matte. Processing of concentrate and matte by the smelting, refining and sale of resultant PGMs and base metals, and toll refining
Afplats Proprietary Limited	74	PGM mining (project phase)
Marula Platinum Proprietary Limited	73	PGM mining
Zimplats Holdings Limited	86.9	PGM mining
Mimosa Investments Limited	50*	PGM mining
Two Rivers Platinum Proprietary Limited	49*	PGM mining
Makgomo Chrome Proprietary Limited	50*	Purchase of chrome in tailings. Processing and sale of the product
Impala Chrome Proprietary Limited	69	Purchase of chrome in tailings. Processing and sale of the product

** Equity-accounted entities.*

Share capital

Authorised share capital	R
844 008 000 ordinary shares of 2.5 cents each	21 100 200

Issued share capital	R
734 778 378 ordinary shares of 2.5 cents each	18 369 459

Unissued share capital	R
109 229 622 ordinary shares of 2.5 cents each	2 730 741

The issued share capital of the Company increased by 102 564 102 shares to 734 778 378 (2015: 632 214 276) ordinary shares on 14 October 2015 during the equity raise where R4.0 billion was received in return for Implats shares (note 14).

American depositary receipts

At 30 June 2016, there were 7 241 486 (2015: 7 133 503) sponsored Implats American Depositary Receipts in issue through Deutsche Bank AG London and trading on the over-the-counter markets in the US. Each American depositary share is equal to one Implats ordinary share.

Treasury shares

The Group holds 16 233 994 ordinary shares of 2.5 cents each which were bought in terms of an approved share buy-back scheme in prior years. No additional shares were bought by the Company during the year under review. The shares are held as "treasury shares" by a wholly owned subsidiary of the Company.

Share-based compensation

Details of participation in the share option scheme are set out in note 37 of the consolidated Financial Statements.

Directors' report

Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2016 was as follows:

	Number of shareholders	Number of shares (000)	%
Public	26 526	663 436	90.3
Non-public	11	71 342	9.7
Directors	3	44	—
Morokotso Trust	2	8 865	1.2
Royal Bafokeng Holdings Proprietary Limited*	3	46 199	6.3
Treasury shares	3	16 234	2.2
Total	26 537	734 778	100.0

** Has the right to appoint one director.*

Beneficial shareholders greater than 5%:

Shareholders	Number of shares (000)	%
Government Employees Pension Fund	84 562	11.5
Royal Bafokeng Holdings Proprietary Limited	46 199	6.3
Total	130 761	17.8

Investment management shareholding greater than 3%:

Shareholders	Number of shares (000)	%
Coronation Asset Management (Pty) Ltd	110 736	15.1
PIC	80 997	11.0
Investec Asset Management	73 555	10.0
Allan Gray Investment Council	58 361	7.9
BlackRock Inc	22 117	3.1
Total	345 766	47.1

Black economic empowerment (BEE) ownership

The Group believes that it has fully met the equity ownership objectives of the Mineral and Petroleum Resources Development Act as it recognises that the transformation of the equity ownership of the Company is a key strategic goal. Our BEE partners are drawn from a wide range of groups from the significant stake held by the Royal Bafokeng Nation to smaller BEE companies and community groups. The Royal Bafokeng Nation sold part of their shareholding in Implats to realise value but they remain invested in the Company with shareholding of 6.3% down from 11.3%.

The Group has established an Employee Share Ownership Plan which holds 4% of the issued shares in Impala Platinum Limited. This was done through the establishment of a trust to hold the shares on behalf of the employees of Impala. The pre-existing ESOP which is managed through the Morokotso Trust, was established in 2006, and has delivered value to some 24 000 employees in South Africa, with 40% of the shares having vested in July 2011 and the remaining shares vested in July 2016. The scheme was designed and implemented to endure for a 10-year period and it will now terminate as conceived in the founding trust deed.

Directors' report

Investments

Zimplats Holdings Limited (Zimplats)

During the period under review, the Company owned 86.9% (2015: 86.9%) of Zimplats, which in turn holds 100% of Zimbabwe Platinum Mines (Pvt) Limited – an operating company in Zimbabwe. Both Zimplats and Mimosa continue to discuss the indigenisation implementation plan with the Government of Zimbabwe and pending the finalisation of these plans, Implats continued to consolidate its shareholding in Zimplats in 2016.

Mimosa Investments Limited (Mimosa)

The Company holds a 50% (2015: 50%) shareholding in Mimosa, with the balance being held by Sibanye Gold Limited (which acquired Aquarius Platinum Limited the previous shareholder). Mimosa Mining Company (Pvt) Limited (Mimosa Pvt), the operating company, is a wholly owned subsidiary of Mimosa. In 2016, Implats equity-accounted its 50% interest in the joint venture.

Two Rivers Platinum Proprietary Limited (Two Rivers)

The Company owns a 49% (2015: 49%) interest in Two Rivers with the balance held by African Rainbow Minerals Limited (ARM). During the year under review, Two Rivers concluded a transaction with ARM in terms of which it acquired the remaining extent of Kalkfontein (known as the RE portion) from ARM, which ARM had acquired from a third party. Once this transaction goes unconditional, Implats' stake in Two Rivers will dilute to 46% and Implats will continue to equity account its interest in Two Rivers.

Marula Platinum Proprietary Limited (Marula)

The Company owns a 73% (2015: 73%) interest in Marula.

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

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

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

Afplats Proprietary Limited (Afplats)

The Company owns a 74% (2015: 74%) interest in Afplats, which completed the sinking of the main shaft to a depth of 1 198 metres below surface during the prior year. Activities to further develop the project have been deferred for a period of four years. Implats continues to consolidate its interest in Afplats.

Makgomo Chrome Proprietary Limited (Makgomo Chrome)

The Company owns a 50% (2015: 50%) stake in Makgomo Chrome, a company established pursuant to Implats' local economic development strategy for the Marula communities. The balance of the issued shares is held by the communities in the Marula area of operations. Twenty percent of the Company's shareholding is held through Marula and all dividends received by Marula are used to fund community development projects. Implats equity accounts its interest in Makgomo Chrome.

Impala Chrome Proprietary Limited (Impala Chrome)

The Company holds 69% (2015: 70%) of which 4% (2015: 5%) is held through a special purpose vehicle of the shares in issue and Chrome Traders Processing Proprietary Limited (Chrome Traders) holds 31% (2015: 30%). Implats consolidates its interest in Impala Chrome.

Directors' report

Financial affairs

Results for the year

Revenue for the year increased by R3.5 billion from the previous year to R35.9 billion as a result of an increase in sales volumes (R5.7 billion) and a positive exchange rate variance (R7.2 billion) but offset by lower dollar metal prices (R9.4 billion).

Cash costs comprising on-mine, processing, refining and selling and administration benefited from stringent cost control measures and increased by only 6.1% compared to a normalised 2015 cost after adjusting for once off ramp-up costs and savings after the strike in the 2014 financial year.

Production was negatively affected during the second half by the fire at 14 Shaft and the fall of ground at 1 Shaft. Notwithstanding this, gross group platinum production increased by 12.7% to 1 438 300 ounces.

Other once-off items include an impairment/scrapping charge of R413 million – mainly due to the impairment of the 12 Shaft mechanised section, which was closed in December 2015 and the scrapping of the 14 Shaft conveyor belt after the fire. Insurance proceeds of R474 million is included in other operating income, which related mainly to the business interruption and asset insurance on 14 Shaft.

Overall, headline earnings per share decreased from 36 cents per share to 12 cents per share mainly due to the lower rand metal prices, which were offset to some extent by increased volumes and stringent cost control.

The Group's cash position at end of the financial year improved from R2.6 billion to R6.8 billion mainly as a result of the equity raise during the financial year of R3.9 billion (net of expenses) and net cash generated, after funding all capital expenditure, of R291 million. At year-end, the Group had committed facilities of R4 billion until 2017. Subsequent to year-end, R3.25 billion of these committed facilities were extended to 2021 and an additional R0.75 billion facility was obtained also expiring in 2021 bringing the total committed facilities to R4.75 billion.

Dividends

No dividends were declared in respect of the 2016 financial year (2015: no dividend).

Convertible bonds interest payments

The Company paid interest in August 2015 and February 2016 to bond holders in line with the terms and conditions of the bonds. The bonds are repayable in February 2018.

Capital expenditure

Capital expenditure for the year amounted to R3.6 (2015: R4.3) billion.

Capital expenditure of approximately R4.4 billion is planned for the 2017 financial year, of which R1.2 billion relates to 20 and 16 Shafts at Impala. 17 Shaft has been placed on low-cost maintenance at some R6 million per annum. Of the capital expenditure of R4.4 billion, R2.4 billion is planned at Impala and US$122 million is planned at Zimplats. Capital expenditure will principally be funded from the opening cash balance, operating cash flows and borrowings if necessary.

Post-balance sheet events

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

Going concern

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

Directors' report

Associated and subsidiary companies

Information regarding the Company's associated and subsidiary companies is given in note 2 and note 3 of the Annual Financial Statements of the Company.

Property

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

Directorate

Name	Position as director	Date appointed
MSV Gantsho	Independent non-executive chairman	1 November 2010
B Berlin	Chief financial officer	24 February 2011
HC Cameron	Independent non-executive director	1 November 2010
PW Davey	Independent non-executive director	1 July 2013
TP Goodlace*	Chief executive officer	1 June 2012
A Kekana	Non-executive director	8 August 2013
AA Maule**	Independent non-executive director	1 November 2011
AS Macfarlane	Independent non-executive director	1 December 2012
ND Moyo	Independent non-executive director	5 March 2015
FS Mufamadi	Independent non-executive director	5 March 2015
BT Nagle***	Non-executive director	8 August 2013
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
NDB Orleyn^^	Independent non-executive director	1 April 2004
ZB Swanepoel	Independent non-executive director	5 March 2015
KDK Mokhele#	Independent non-executive chairman	6 June 2004

* *Previously (since 5 August 2010) was an independent non-executive.*
* *Resigned as CEO – 1 June 2016, serving six-month notice period.*
** *Resigned as director – 18 May 2016.*
*** *Resigned as director – 6 November 2015.*
^^ *Resigned as director – 28 August 2015.*
# *Resigned as director – 21 October 2015.*

Changes to the board

Dr Mandla Gantsho took over as the new chairman at the conclusion of the 2015 AGM when Dr Khotso Mokhele stepped down both as chairman and a director. The board had appointed four new members in 2015 whose tenure overlapped with that of the long-serving directors who stepped down during 2015 and during the year under review. The average length of service of the current 10 non-executive directors is 3.2 years (2015: 3.0), while that of the executive directors is 5.5 years (2015: 4.5). Mr Terence Goodlace resigned as chief executive officer on 1 June 2016 and his resignation as a board member will become effective at the end of his notice period on 1 December 2016.

Board diversity

Gender

Male	8
Female	4

Nationality

Black South African	5
White South African	4
Non-South African	3

Independence

Executive	2
Non-executive	1
Independent non-executive	9

Directors' report

Interests of directors
The interests of directors in the shares of the Company at 30 June 2016 were as follows and did not individually exceed 1% of the issued share capital or voting control of the Company:

	Direct		Indirect	
	2016	2015	**2016**	2015
Beneficial				
Directors	**44 380**	17 800	**–**	–
TP Goodlace	**11 200**	7 800	**–**	–
ZB Swanepoel	**30 000**	10 000	**–**	–
B Ngonyama	**3 180**	–	**–**	–
Senior management	**73 880**	71 995	**–**	–

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

Directors' interests
No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year. No material change in the foregoing interests has taken place between 30 June 2016 and the date of this report.

Directors' remuneration
Directors' remuneration is disclosed in the Annual Financial Statements (note 37) in line with the Companies Act requirements.

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

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

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

Administration
Financial, administrative and technical advisers
In terms of a service agreement, Impala acted as financial, administrative and technical advisers to the Group during the year on a fee basis.

Company secretary
Mr TT Llale acted as secretary to Implats and Impala. Impala acted as secretaries to other subsidiaries in the Group. The business and postal addresses of the company secretary are set out on page 99.

United Kingdom secretaries
The business and postal addresses of the United Kingdom secretaries are set out on page 99.

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

Consolidated statement of financial position – as at 30 June 2016

	Notes	2016 Rm	2015 Rm
Assets			
Non-current assets			
Property, plant and equipment	3	**49 722**	47 248
Exploration and evaluation assets	4	**385**	385
Investment property	5	**173**	—
Investment in equity-accounted entities	6	**3 342**	3 172
Deferred tax	7	**37**	—
Other financial assets	8	**312**	146
Derivative financial instrument	9	**1 137**	630
Prepayments	10	**10 180**	10 378
		65 288	61 959
Current assets			
Inventories	11	**8 202**	8 125
Trade and other receivables	12	**3 605**	3 751
Other financial assets	8	**12**	35
Prepayments	10	**1 121**	748
Cash and cash equivalents	13	**6 788**	2 597
		19 728	15 256
Total assets		**85 016**	77 215
Equity and liabilities			
Equity			
Share capital	14	**19 547**	15 733
Retained earnings		**31 200**	31 271
Other components of equity		**5 161**	3 100
Equity attributable to owners of the Company		**55 908**	50 104
Non-controlling interest	15	**2 548**	2 258
Total equity		**58 456**	52 362
Liabilities			
Non-current liabilities			
Deferred tax	7	**8 574**	8 695
Borrowings	16	**8 715**	7 366
Other financial liabilities	17	**—**	57
Sundry liabilities	18	**443**	377
Provisions	19	**1 082**	848
		18 814	17 343
Current liabilities			
Trade and other payables	20	**6 382**	6 057
Current tax payable	22	**645**	636
Borrowings	16	**564**	710
Other financial liabilities	17	**66**	17
Sundry liabilities	18	**89**	90
		7 746	7 510
Total liabilities		**26 560**	24 853
Total equity and liabilities		**85 016**	77 215

The notes on pages 17 to 85 are an integral part of these Consolidated Financial Statements.

Consolidated statement of profit or loss and other comprehensive income

– for the period ended 30 June 2016

	Notes	2016 Rm	2015 Rm
Revenue	23	**35 932**	32 477
Cost of sales	24	**(35 928)**	(30 849)
Gross profit		**4**	1 628
Other operating income	25	**647**	953
Other operating expenses	26	**(198)**	(1 338)
Impairment	27	**(307)**	(5 847)
Royalty (expense)/income	28	**(516)**	575
Loss from operations		**(370)**	(4 029)
Finance income	29	**369**	135
Finance cost	30	**(705)**	(419)
Net foreign exchange transaction losses		**(549)**	(287)
Other income	31	**547**	266
Other expenses	32	**(154)**	(399)
Share of profit of equity-accounted entities	6	**262**	377
Loss before tax		**(600)**	(4 356)
Income tax income	33	**557**	217
Loss for the year		**(43)**	(4 139)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets	8	**(7)**	(27)
– Deferred tax thereon	7	**—**	(2)
Share of other comprehensive income of equity-accounted entities	6	**342**	239
– Deferred tax thereon	7	**(34)**	(23)
Exchange differences on translating foreign operations		**2 380**	1 495
– Deferred tax thereon	7	**(311)**	(195)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Actuarial loss on post-employment medical benefit	18	**(1)**	(2)
Deferred tax thereon	7	**—**	—
Total comprehensive income/(loss)		**2 326**	(2 654)
Profit/(loss) attributable to:			
Owners of the Company		**(70)**	(3 663)
Non-controlling interest		**27**	(476)
		(43)	(4 139)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**1 990**	(2 372)
Non-controlling interest		**336**	(282)
		2 326	(2 654)
Earnings per share (cents per share)			
Basic	34	**(10)**	(603)
Diluted	34	**(10)**	(603)

The notes on pages 17 to 85 are an integral part of these Consolidated Financial Statements.

Consolidated statement of changes in equity – for the period ended 30 June 2016

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2015	**16**	**13 369**	**2 348**
Shares issued (note 14)			
– Ordinary share issue	**2**	**3 998**	**—**
– Ordinary share issue transaction cost	**—**	**(100)**	**—**
– Implats Share Incentive Scheme	**—**	**2**	**—**
Shares purchased – Long-term Incentive Plan (note 14)	**—**	**(17)**	**—**
Share-based compensation expense (note 14)			
– Long-term Incentive Plan	**—**	**—**	**(71)**
Total comprehensive income/(loss)	**—**	**—**	**—**
– Profit/(loss) for the year	**—**	**—**	**—**
– Other comprehensive income/(loss)	**—**	**—**	**—**
Dividends (note 34)	**—**	**—**	**—**
Balance at 30 June 2016	**18**	**17 252**	**2 277**
Balance at 30 June 2014	16	13 371	2 237
Shares issued (note 14)			
– Implats Share Incentive Scheme	—	1	—
Shares purchased – Long-term Incentive Plan (note 14)	—	(3)	—
Share-based compensation expense (note 14)			
– Long-term Incentive Plan	—	—	111
Total comprehensive income/(loss)	—	—	—
– Profit/(loss) for the year	—	—	—
– Other comprehensive income/(loss)	—	—	—
Dividends (note 35)	—	—	—
Balance at 30 June 2015	16	13 369	2 348

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

The notes on pages 17 to 85 are an integral part of these Consolidated Financial Statements.

Consolidated statement of changes in equity – for the period ended 30 June 2016

				Attributable to:		
Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Owners of the Company Rm	Non-controlling interest Rm	Total equity Rm
15 733	**31 271**	**3 024**	**76**	**50 104**	**2 258**	**52 362**
4 000	**—**	**—**	**—**	**4 000**	**—**	**4 000**
(100)	**—**	**—**	**—**	**(100)**	**—**	**(100)**
2	**—**	**—**	**—**	**2**	**—**	**2**
(17)	**—**	**—**	**—**	**(17)**	**—**	**(17)**
(71)	**—**		**—**	**(71)**	**—**	**(71)**
—	**(71)**	**2 068**	**(7)**	**1 990**	**336**	**2 326**
—	**(70)**	**—**	**—**	**(70)**	**27**	**(43)**
—	**(1)**	**2 068**	**(7)**	**2 060**	**309**	**2 369**
—	**—**	**—**	**—**	**—**	**(46)**	**(46)**
19 547	**31 200**	**5 092**	**69**	**55 908**	**2 548**	**58 456**
15 624	34 936	1 702	105	52 367	2 550	54 917
1	—	—	—	1	—	1
(3)	—	—	—	(3)	—	(3)
111	—	—	—	111	—	111
—	(3 665)	1 322	(29)	(2 372)	(282)	(2 654)
—	(3 663)	—	—	(3 663)	(476)	(4 139)
—	(2)	1 322	(29)	1 291	194	1 485
—	—	—	—	—	(10)	(10)
15 733	31 271	3 024	76	50 104	2 258	52 362

Consolidated statement of cash flows – for the period ended 30 June 2016

	Notes	2016 Rm	2015 Rm
Cash flows from operating activities			
Cash generated from operations	35	**4 216**	3 100
Exploration costs	32	**(13)**	(33)
Finance cost		**(589)**	(338)
Income tax paid	22	**(883)**	(401)
Net cash from operating activities		**2 731**	2 328
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3 658)**	(4 508)
Proceeds from sale of property, plant and equipment		**42**	42
Purchase of available-for-sale financial assets		**(152)**	—
Purchase of held-to-maturity financial assets		**(70)**	—
Proceeds from available-for-sale financial assets		**23**	—
Proceeds from held-to-maturity financial assets		**40**	—
Loans granted		**(2)**	(61)
Loan repayments received		**24**	19
Finance income		**394**	141
Dividends received	6	**439**	522
Net cash used in investing activities		**(2 920)**	(3 845)
Cash flows from financing activities			
Issue of ordinary shares, net of transaction cost		**3 902**	1
Shares purchased – Long-term Incentive Plan		**(17)**	(3)
Repayments of borrowings	16	**(13)**	(344)
Proceeds from borrowings	16	**389**	80
Dividends paid to non-controlling interest		**(46)**	(10)
Net cash used in financing activities		**4 215**	(276)
Net increase/(decrease) in cash and cash equivalents		**4 026**	(1 793)
Cash and cash equivalents at the beginning of the year	13	**2 597**	4 305
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**165**	85
Cash and cash equivalents at the end of the year	13	**6 788**	2 597

The notes on pages 17 to 85 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

1. General information
The principal accounting policies have been disclosed in note 1.3.

Judgements and estimates, deemed material applied in the preparation of these Group and Company Financial Statements are set out within the notes to the Financial Statements and are indicated by

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:	R14.69 (2015: R12.17)
Annual average rate:	R14.42 (2015: R11.41)

1.2 New and revised International Financial Reporting Standards (IFRSs)
The principal accounting policies used by the Group are consistent with those of the previous year, except for changes from new or revised IFRSs.

New and revised IFRSs early adopted by the Group

- *Amendments to IAS 7 – Statement of Cash Flows*
  The amendments require disclosure of information enabling users of Financial Statements to evaluate changes in liabilities arising from financing activities. Refer note 16. Comparative disclosure has also been provided.

- *Amendments to IAS 12 – Income Taxes*
  The amendments had no impact or 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 2 – Share-based Payment*
  Amendments to clarify that the accounting for the effects of vesting and non-vesting conditions on cash-settled share-based payments should follow the same approach as for equity-settled share-based payments and the classification of share-based payment transactions with net settlement features should be classified as equity-settled in its entirety. These amendments have no impact in the Financial Statements. The standard is effective for year-ends beginning on or after 1 January 2018.

- *IFRS 9 – Financial Instruments*
  This new standard replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. It uses a single approach, based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, to determine whether a financial asset is measured at amortised cost or at fair value. It requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. It also removes the requirement to separate embedded derivatives from financial asset hosts. The standard introduces new requirements for an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the statement of profit or loss and other comprehensive income, rather than within profit or loss. This new standard will impact the classification and measurement of financial assets. The standard is effective for year-ends beginning on or after 1 January 2018.

Notes to the Consolidated Financial Statements – for the year period 30 June 2016

- *IFRS 15 – Revenue from Contracts with Customers*
  The new standard deals with revenue transactions, including sales/purchases and refining income/expenditure. Implats would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period. The impact of the new standard will be further assessed in more detail. 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. The impact of the new standard will be further assessed but currently it is expected to impact mainly the disclosure of leases within the Financial Statements. The standard 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.

Implats' Annual Financial Statements have historically been prepared based on an internal cut-off date for financial information on the 21st of June in line with the metallurgical cut-off date each year. Implats has decided to align the internet cut-off date and the date of the Financial Statements by moving the internal month end date of the 21st to the 30th of June. The current year consolidated statement of profit and loss and other comprehensive income resultantly includes a period of one year and nine days. This had no significant impact on profit or loss. Refer revenue note (note 23).

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

Summary of accounting policy selections:
- Certain accounting policies have been early adopted (note 1.2)
- Property, plant and equipment and intangible assets are measured on the historic cost model
- Expenses are presented on a function 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

1.3.3 Consolidation

The Consolidated Financial Statements include those of Impala Platinum Holdings Limited, its subsidiaries, associates, joint ventures and structured entities, using uniform accounting policies.

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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

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

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

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

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

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

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

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

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

Joint ventures are accounted for by the equity method of accounting in the Group.

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

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

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

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.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

1.3.4 **Foreign currencies**

Functional and presentation currency

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

Transactions and balances

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

Group companies

Total comprehensive income of the foreign subsidiary and joint venture is translated into South African rand at the actual exchange rate on transaction date. The average exchange rate is, where appropriate, used as an approximation of the actual rate at transaction date. Assets, including goodwill, and liabilities are translated at rates ruling at the reporting date. The exchange differences arising on translation of assets and liabilities of the foreign subsidiary and joint venture are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On proportionate disposal of the foreign entity, all of the translation differences are reclassified to profit or loss when control is lost over the entity, or the proportionate share of accumulated exchange differences are 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 of major components with different useful lives are accounted for separately. Significant expenditure to replace or modify a major component is capitalised after derecognition and a write off to the income statement of the existing carrying amount, prior to capitalisation. All other maintenance is written off to the income statement.

Cost

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

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

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

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

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

Subsequent expenditure

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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

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

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

1.3.8 Prepaid royalty

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

1.3.9 Impairment of assets

Property, plant and equipment, exploration and evaluation assets and investment property
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 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.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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

1.3.10 Leases

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

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

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

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

1.3.11 Inventory

Mining metal inventories

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

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

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

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

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

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

Non-mining metal inventories

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

Stores and materials

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

1.3.12 Financial instruments

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.3.12.1 Financial assets

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

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

Financial assets at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and derivatives are classified as financial assets at fair value through profit or loss and are initially measured at fair value on contract date. These financial assets are subsequently re-measured at fair value. Movements in fair value are recognised in other income and expense (note 31 and 32) within profit or loss. The cash flow received and paid in terms of the cross currency interest rate swap is included in finance cost paid and received within the statement of cash flows.

Loans and receivables

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

1.3.12.2 Equity instruments

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

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

Compound instruments

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

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is reported as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's maturity date. When the liability is extinguished and converted to

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

equity, the carrying amount of the liability is reclassified to equity as share premium. The equity component is recognised initially at the difference between the fair value of the compound instrument as a whole and the fair value of the liability component.

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

1.3.12.3 Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

1.3.12.4 Effective interest method

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

1.3.12.5 Offsetting financial instruments

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

1.3.13 Provision for environmental rehabilitation

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

Decommissioning costs

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

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

Restoration costs

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

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

Ongoing rehabilitation cost

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

1.3.14 Employee benefits

Short-term employee benefits

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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.

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

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

1.3.15 Income tax

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

Additional profits tax (APT)
APT is a tax over and above the normal income tax payable by Zimbabwean companies operating under a special mining lease and becomes payable when the Group's Zimbabwean SML subsidiaries have positive accumulated net cash positions.

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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

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

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

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

The principal temporary differences are disclosed in note 7.

1.3.16 Revenue

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

Sales of metals mined and metals purchased

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

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

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

Toll income

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

1.3.17 Interest income

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

1.3.18 Deferred profit on sale and leaseback of houses

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

1.3.19 Dividend distribution

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

2. Segment information

Operating segments – June 2016

	Mining segment			
	Impala Rm	Zimplats Rm	Marula Rm	Afplats Rm
Segment profit				
Revenue from:				
Platinum	9 416	3 538	903	–
Palladium	2 660	1 749	562	–
Rhodium	959	210	121	–
Nickel	473	538	26	–
Other metal sales	1 048	718	66	–
Treatment income	–	–	–	–
Revenue	14 556	6 753	1 678	–
On-mine operations	(10 600)	(2 904)	(1 669)	–
Processing operations	(2 534)	(1 572)	(206)	–
Refining and marketing operations	(571)	–	–	–
Corporate cost	(174)	(245)	–	–
Share-based payments	(29)	12	(4)	–
Chrome operation	–	–	–	–
Treatment charge	–	(18)	(4)	–
Depreciation	(2 037)	(1 082)	(193)	–
Metals purchased	–	–	–	–
Change in inventories	(561)	(389)	–	–
Cost of sales	(16 506)	(6 198)	(2 076)	–
Gross profit/(loss)	(1 950)	555	(398)	–
Other operating (expenses)/income	345	14	13	–
Impairment	(257)	–	(50)	–
Royalty expense	(351)	(113)	(50)	–
Profit/(loss) from operations	(2 213)	456	(485)	–
Other	(127)	(10)	(184)	(14)
Profit from metals purchased	256	–	–	–
Sale of metal purchased	20 495	–	–	–
Cost of metal purchased	(20 239)	–	–	–
Change in inventories	–	–	–	–
Share of profit of associates	–	–	–	–
Profit/(loss) before tax	(2 084)	446	(669)	(14)
Income tax expense	645	(302)	165	(1)
Profit/(loss) for the year	(1 439)	144	(504)	(15)
External revenue*	35 026	–	–	–

** External revenue excludes inter-group sales.*

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Inter-segment adjustment Rm	Total Rm
13 857	11 192	—	—	(4 164)	20 885
4 971	4 824	—	—	(2 157)	7 638
1 290	1 052	—	—	(274)	2 068
1 037	1 401	—	—	(507)	1 931
1 832	1 486	314	—	(784)	2 848
—	584	—	—	(22)	562
22 987	20 539	314	—	(7 908)	35 932
(15 173)	—	—	—	—	(15 173)
(4 312)	(419)	—	—	—	(4 731)
(571)	(723)	—	—	—	(1 294)
(419)	(74)	—	—	—	(493)
(21)	—	—	—	—	(21)
—	—	(196)	—	—	(196)
(22)	—	(25)	—	47	—
(3 312)	—	(7)	—	—	(3 319)
—	(18 780)	—	—	8 117	(10 663)
(950)	981	(3)	—	(66)	(38)
(24 780)	(19 015)	(231)	—	8 098	(35 928)
(1 793)	1 524	83	—	190	4
372	81	—	(4)	—	449
(307)	—	—	—	—	(307)
(514)	—	(2)	—	—	(516)
(2 242)	1 605	81	(4)	190	(370)
(335)	(328)	12	160	(1)	(492)
256	—	—	—	(256)	—
20 495	—	—	—	(20 495)	—
(20 239)	—	—	—	20 239	—
—	—	—	—	—	—
—	—	—	262	—	262
(2 321)	1 277	93	418	(67)	(600)
507	157	(26)	(100)	19	557
(1 814)	1 434	67	318	(48)	(43)
35 026	592	314	—	—	35 932

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

2. Segment information continued

Operating segments – June 2016 continued

	Mining segment			
	Impala Rm	Zimplats Rm	Marula Rm	Afplats Rm
Segment assets and liabilities				
Non-current segment assets	39 931	15 044	2 688	3 051
Property, plant and equipment	29 443	15 044	2 515	2 666
Exploration and evaluation assets	–	–	–	385
Investment property	–	–	173	–
Investment in equity-accounted entities	–	–	–	–
Deferred tax	–	–	–	–
Other financial assets	308	–	–	–
Derivative financial instruments	–	–	–	–
Prepayments	10 180	–	–	–
Current segment assets	5 100	2 516	178	8
Inventories	2 848	697	38	–
Trade and other receivables	1 905	128	135	8
Other financial assets	12	–	–	–
Prepayments	247	874	–	–
Cash and cash equivalents	88	817	5	–
Total assets	45 031	17 560	2 866	3 059
Non-current segment liabilities	6 840	4 933	1 176	374
Deferred tax	4 438	3 351	190	365
Borrowings	1 277	1 248	929	–
Other financial liabilities	–	–	–	–
Sundry liabilities	422	16	5	–
Provisions	703	318	52	9
Current segment liabilities	2 406	1 776	318	1
Trade and other payables	2 231	795	290	1
Current tax payable	–	628	–	–
Borrowings	24	353	24	–
Other financial liabilities	66	–	–	–
Sundry liabilities	85	–	4	–
Total liabilities	9 246	6 709	1 494	375
Segmental cash flow				
Net increase/(decrease) in cash and cash equivalents	(1 292)	(17)	(560)	(12)
Net cash from/(used in) operating activities	1 293	592	(467)	(12)
Net cash (used in)/from investing activities	(2 572)	(998)	(93)	–
Net cash used in financing activities	(13)	389	–	–
Capital expenditure	2 490	981	89	–

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Total Rm
60 714	37	54	4 483	65 288
49 668	—	54	—	49 722
385	—	—	—	385
173	—	—	—	173
—	—	—	3 342	3 342
—	37	—	—	37
308	—	—	4	312
—	—	—	1 137	1 137
10 180	—	—	—	10 180
7 802	6 611	128	5 187	19 728
3 583	4 618	1	—	8 202
2 176	1 281	101	47	3 605
12	—	—	—	12
1 121	—	—	—	1 121
910	712	26	5 140	6 788
68 516	6 648	182	9 670	85 016
13 323	—	21	5 470	18 814
8 344	—	21	209	8 574
3 454	—	—	5 261	8 715
—	—	—	—	—
443	—	—	—	443
1 082	—	—	—	1 082
4 501	2 974	27	244	7 746
3 317	2 974	27	64	6 382
628	—	—	17	645
401	—	—	163	564
66	—	—	—	66
89	—	—	—	89
17 824	2 974	48	5 714	26 560
(1 881)	1 423	8	4 476	4 026
1 406	1 347	52	(74)	2 731
(3 663)	76	2	665	(2 920)
376	—	(46)	3 885	4 215
3 560	—	—	—	3 560

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

2. Segment information continued

Operating segments – June 2015

	Mining segment			
	Impala Rm	Zimplats Rm	Marula Rm	Afplats Rm
Segment profit				
Revenue from:				
Platinum	8 062	2 305	840	—
Palladium	2 704	1 241	560	—
Rhodium	1 011	192	157	—
Nickel	598	489	29	—
Other metal sales	994	434	50	—
Treatment income	—	—	—	—
Revenue	13 369	4 661	1 636	—
On-mine operations	(10 354)	(2 071)	(1 469)	—
Processing operations	(2 335)	(1 232)	(193)	—
Refining and marketing operations	(794)	—	—	—
Corporate cost	(255)	(347)	—	—
Share-based payments	183	(2)	9	—
Chrome operation	—	—	—	—
Treatment charge	—	—	(4)	—
Depreciation	(1 558)	(829)	(199)	—
Metals purchased	—	—	—	—
Change in inventories	289	300	—	—
Cost of sales	(14 824)	(4 181)	(1 856)	—
Gross profit/(loss)	(1 455)	480	(220)	—
Other operating (expenses)/income	236	(518)	4	—
Impairment	(2 872)	—	—	(2 975)
Royalty expense	(351)	988	(61)	—
Profit/(loss) from operations	(4 442)	950	(277)	(2 975)
Other	258	(376)	(159)	(12)
Profit from metals purchased	118	—	—	—
Sale of metal purchased	18 408	—	—	—
Cost of metal purchased	(18 272)	—	—	—
Change in inventories	(18)	—	—	—
Share of profit of associates	—	—	—	—
Profit/(loss) before tax	(4 066)	574	(436)	(2 987)
Income tax expense	1 090	(1 127)	96	832
Profit/(loss) for the year	(2 976)	(553)	(340)	(2 155)
External revenue*	31 759	—	—	—

** External revenue excludes inter-group sales.*

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Inter-segment adjustment Rm	Total Rm
11 207	10 016	—	—	(3 131)	18 092
4 505	4 491	—	—	(1 751)	7 245
1 360	1 173	—	—	(299)	2 234
1 116	1 559	—	—	(622)	2 053
1 478	1 131	225	—	(431)	2 403
—	454	—	—	(4)	450
19 666	18 824	225	—	(6 238)	32 477
(13 894)	—	—	—	755	(13 139)
(3 760)	(327)	—	—	53	(4 034)
(794)	(471)	—	—	—	(1 265)
(602)	(34)	—	—	—	(636)
190	—	—	—	—	190
—	—	(113)	—	—	(113)
(4)	—	(18)	—	22	—
(2 586)	—	(7)	—		(2 593)
—	(16 420)	—	—	6 352	(10 068)
589	(279)	5	—	494	809
(20 861)	(17 531)	(133)	—	7 676	(30 849)
(1 195)	1 293	92	—	1 438	1 628
(278)	706	—	(5)	(808)	(385)
(5 847)	—	—	—	—	(5 847)
576	—	(1)	—	—	575
(6 744)	1 999	91	(5)	630	(4 029)
(289)	(239)	1	(177)	—	(704)
118	—	—	—	(118)	—
18 408	—	—	—	(18 408)	—
(18 272)	—	—	—	18 272	—
(18)	—	—	—	18	—
—	—	—	377	—	377
(6 915)	1 760	92	195	512	(4 356)
891	(503)	(30)	2	(143)	217
(6 024)	1 257	62	197	369	(4 139)
31 759	493	225	—	—	32 477

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

2. Segment information continued

Operating segments – June 2015 continued

	Mining segment			
	Impala Rm	Zimplats Rm	Marula Rm	Afplats Rm
Segment assets and liabilities				
Non-current segment assets	39 695	12 523	2 822	3 051
Property, plant and equipment	29 175	12 523	2 822	2 666
Exploration and evaluation assets	—	—	—	385
Investment in associates	—	—	—	—
Deferred tax	—	—	—	—
Other financial assets	142	—	—	—
Derivative financial instruments	—	—	—	—
Prepayments	10 378	—	—	—
Current segment assets	7 133	3 025	171	10
Inventories	3 408	968	34	—
Trade and other receivables	1 723	757	131	9
Other financial assets	35	—	—	—
Prepayments	339	407	2	—
Cash and cash equivalents	1 628	893	4	1
Total assets	46 828	15 548	2 993	3 061
Non-current segment liabilities	7 270	3 485	1 327	373
Deferred tax	5 102	2 639	355	365
Borrowings	1 181	609	922	—
Other financial liabilities	57	—	—	—
Sundry liabilities	375	1	1	—
Provisions	555	236	49	8
Current segment liabilities	2 007	2 214	348	—
Trade and other payables	1 780	1 193	315	—
Current tax payable	4	623	—	—
Borrowings	132	390	30	—
Other financial liabilities	12	—	—	—
Sundry liabilities	79	8	3	—
Total liabilities	9 277	5 699	1 675	373
Segmental cash flow				
Net increase/(decrease) in cash and cash equivalents	(3 010)	(106)	(355)	(144)
Net cash from/(used in) operating activities	99	1 176	(208)	(16)
Net cash (used in)/from investing activities	(3 107)	(1 020)	(147)	(128)
Net cash (used in)/from financing activities	(2)	(262)	—	—
Capital expenditure	3 047	968	145	127

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Total Rm
58 091	—	62	3 806	61 959
47 186	—	62	—	47 248
385	—	—	—	385
—	—	—	3 172	3 172
—	—	—	—	—
142	—	—	4	146
—	—	—	630	630
10 378	—	—	—	10 378
10 339	4 708	118	91	15 256
4 410	3 710	5	—	8 125
2 620	997	64	70	3 751
35	—	—	—	35
748	—	—	—	748
2 526	1	49	21	2 597
68 430	4 708	180	3 897	77 215
12 455	22	10	4 856	17 343
8 461	22	10	202	8 695
2 712	—	—	4 654	7 366
57	—	—	—	57
377	—	—	—	377
848	—	—	—	848
4 569	2 671	26	244	7 510
3 288	2 671	18	80	6 057
627	—	8	1	636
552	—	—	158	710
12	—	—	5	17
90	—	—	—	90
17 024	2 693	36	5 100	24 853
(3 615)	1 412	18	391	(1 794)
1 051	1 415	27	(166)	2 327
(4 402)	(3)	1	559	(3 845)
(264)	—	(10)	(2)	(276)
4 287	—	—	—	4 287

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

2. Segment information continued

	Revenue		Capital expenditure		Non-current assets	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
Other segment information						
South Africa	**29 179**	27 816	**2 579**	3 319	**46 902**	46 264
Zimbabwe	**6 753**	4 661	**981**	968	**15 044**	12 523
Investment in associates	**—**	—	**—**	—	**3 342**	3 172
	35 932	32 477	**3 560**	4 287	**65 288**	61 959

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

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

Notes to operating segment analysis

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

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

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

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

Impala mining segment's two largest sales customers amounted to 10% each of total sales (2015: 13% and 10%).

Revenue

Metals mined

Reflects the mine-to-market sales from the Impala, Zimplats and Marula mining operations.

Metals purchased

Revenue from metals purchased is recognised within two separate legal entities:
- For Impala this incorporates sales of metals purchased principally from Impala Refining Services
- For Impala Refining Services this includes sales from purchases of metals from third-party refining customers. The majority of sales are to Impala

Treatment income

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

Inter-company

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

Segment operating expenses

Gross cost

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

Inter-segment adjustments

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

Inter-segment transfers

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 – 2016						
Opening balance	**37 781**	**14 204**	**5 082**	**7 983**	**4 294**	**69 344**
Capital expenditure	**1 941**	**232**	**15**	**1 078**	**294**	**3 560**
14 Shaft re-establishment	**69**	**—**	**—**	**—**	**—**	**69**
Interest capitalised (note 30)	**—**	**—**	**—**	**29**	**—**	**29**
Transfer from assets under construction	**3 324**	**278**	**39**	**(3 671)**	**30**	**—**
Disposals	**(441)**	**(65)**	**(7)**	**—**	**(72)**	**(585)**
Scrapping*	**(225)**		**—**	**—**	**—**	**(225)**
Transfer to investment property (note 5)	**—**	**—**	**(135)**	**(88)**	**—**	**(223)**
Rehabilitation adjustment (note 19)	**143**	**—**	**—**	**—**	**—**	**143**
Exchange adjustment	**1 220**	**1 177**	**465**	**173**	**520**	**3 555**
Closing balance	**43 812**	**15 826**	**5 459**	**5 504**	**5 066**	**75 667**
Cost – 2015						
Opening balance	34 306	13 113	4 809	7 294	3 524	63 046
Capital expenditure	2 423	337	6	1 028	493	4 287
Interest capitalised (note 30)	—	—	—	260	—	260
Transfer from assets under construction	476	223	—	(699)	—	—
Disposals	—	(1)	(6)	—	(10)	(17)
Scrapping	(279)	(179)	—	—	—	(458)
Rehabilitation adjustment (note 19)	110	—	—	—	—	110
Exchange adjustment	745	711	273	100	287	2 116
Closing balance	37 781	14 204	5 082	7 983	4 294	69 344

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 – 2016						
Opening balance	**10 470**	**4 778**	**747**	**2 872**	**3 229**	**22 096**
Depreciation (note 24)	**2 001**	**665**	**153**	**—**	**500**	**3 319**
Disposals	**(437)**	**(65)**	**—**	**—**	**(70)**	**(572)**
Scrapping*	**(119)**	**—**	**—**	**—**	**—**	**(119)**
Impairment	**249**	**—**	**—**	**—**	**8**	**257**
Exchange adjustment	**275**	**240**	**85**	**—**	**364**	**964**
Closing balance	**12 439**	**5 618**	**985**	**2 872**	**4 031**	**25 945**
Accumulated depreciation and impairment – 2015						
Opening balance	8 922	4 112	479	—	2 617	16 130
Depreciation (note 24)	1 398	536	227	—	432	2 593
Disposals	—	—	—	—	(4)	(4)
Scrapping	(17)	(4)	—	—	—	(21)
Impairment	—	—	—	2 872	—	2 872
Exchange adjustment	167	134	41	—	184	526
Closing balance	10 470	4 778	747	2 872	3 229	22 096
Carrying amount at 30 June 2016	**31 373**	**10 208**	**4 474**	**2 632**	**1 035**	**49 722**
Carrying amount at 30 June 2015	27 311	9 426	4 335	5 111	1 065	47 248

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

Included in property, plant and equipment are land and buildings with a carrying amount of R831 (2015: R908) million, refining plants with a carrying amount of R82 (2015: R93) million and other assets with a carrying amount of R4 (2015: R5) million arising from finance leases capitalised (note 16.6).

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

3. Property, plant and equipment continued

	2016 Rm	2015 Rm
Assets under construction		
Assets under construction consist mainly of (carrying amount):		
Impala (17 Shaft and final metal processing facility)	**1 889**	1 529
Afplats (Leeuwkop)	**2 666**	2 666
Zimplats (Ngezi phase 2 and underground mine project)	**945**	841
Other immaterial items	**4**	75
	5 504	5 111
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	**904**	907
Information technology	**123**	115
Other immaterial items	**8**	43
	1 035	1 065
Commitments in respect of property, plant and equipment:		
Commitments contracted for	**1 254**	2 144
Approved expenditure not yet contracted	**5 911**	13 393
	7 165	15 537
Less than one year	**4 362**	4 839
Between one and five years	**2 803**	10 698
More than five years	**—**	—
	7 165	15 537

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 (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 houses 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.

3.6 Mineral reserves estimations

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

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

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

During the current year proved and probable mineral reserves were reassessed. This reassessment resulted in an immaterial change in mineral reserves which had no impact (2015: 1% increase) on the depreciation based on the UOP method.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

3. Property, plant and equipment continued

3.7 Production start date

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

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

3.8 Impairment

12 Shaft

12 Shaft mechanised section was impaired during the year. Due to current PGM prices, it was decided to defer mining of this section. This will be mined in future if it becomes economically feasible. The asset was impaired in its totality. On the higher of fair value less cost to sell or value-in-use basis (being the method used), this asset is deemed to have a nil value for the time being resulting in the impairment of R256 million.

17 Shaft (June 2015)

17 Shaft is a non-productive asset which will in future form part of the Impala cash-generating unit (CGU). The asset was valued on a standalone basis. This basis will be applied until such time that the asset starts to contribute to the CGU in future. On a value-in-use basis, using the key assumptions below, the recoverable amount was R1 783 million, resulting in an impairment of R2 872 million in the prior year.

Property, plant and equipment (excluding 12 Shaft)

No other property, plant and equipment was impaired during the year.

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 (note 4).

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

The key financial assumptions used in the impairment calculations are:

- Long-term real revenue per platinum ounce sold of R29 318 (2015: R31 246)
- Long-term real discount rate – a range of 8% to 13% (2015: 10% to 15%) for the various operations in the Group

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

4. Exploration and evaluation assets

	2016 Rm	2015 Rm
Cost	**4 318**	4 318
Accumulated impairment	**(3 933)**	(3 933)
Carrying amount	**385**	385

5. Investment property

	2016 Rm	2015 Rm
Cost		
Opening balance	**–**	–
Transfer from assets under construction	**223**	
Closing balance	**223**	–
Accumulated depreciation and impairment		
Opening balance	**–**	–
Impairment	**50**	–
Closing balance	**50**	–
Carrying amount	**173**	–

During the year, land and houses at Marula were transferred to investment property as the intended use of these properties changed from being owner occupied to being rented out to external parties. Rental income of R2 million was received during the year after cost. The investment property comprising undeveloped land and residential houses has a fair value of R173 million. This fair value is categorised within Level 3 of the fair value hierarchy (note 21.1). A discounted cash flow valuation technique was used using an 8% discount rate.

Investment property is depreciated over the expected useful life of the asset. No depreciation is provided on land. The houses were impaired and transferred to investment property on reporting date, resultantly no depreciation was provided.

Impairment

Certain houses, due to economic circumstance in the Burgersfort area currently available for rental are vacant and not earning rental income. The value in use was determined by discounting future rental cash flows using an 8% discount rate and assuming a 100% occupancy within five years.

On the higher of fair value less cost to sell or value-in-use basis (being the method used), the recoverable amount is R173 million, resulting in an impairment of R50 million.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

6. Investment in equity-accounted entities

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

Company	Principal activity	Place of incorporation	Place of business	Proportion of ownership and voting rights held by the Group 2016 %	2015 %	2016 Rm	2015 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	**50**	50	**1 983**	1 772
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	**49**	49	**1 228**	1 293
Individually immaterial associates						**131**	107
Total investment in equity-accounted entities						**3 342**	3 172

Movement in investment in equity-accounted entities:	2016 Rm	2015 Rm
Beginning of the year	**3 172**	2 959
Investment acquired	**–**	157
Share of profit	**267**	339
Share of other comprehensive income	**342**	239
Dividends received	**(439)**	(522)
End of the year	**3 342**	3 172
Share of profit of equity-accounted entities is made up as follows:		
Share of profit	**267**	339
Unrealised profit in stock	**(5)**	38
Total share of profit of equity-accounted entities	**262**	377

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
Capital and reserves	**3 967**	3 544	**2 566**	2 700
Non-current liabilities	**1 360**	1 145	**855**	778
Current liabilities	**843**	532	**802**	705
	6 170	5 221	**4 223**	4 183
Non-current assets	**4 740**	3 880	**2 671**	2 643
Current assets	**1 430**	1 341	**1 552**	1 540
	6 170	5 221	**4 223**	4 183
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**22**	116	**78**	81
Current financial liabilities (excluding trade and other payables and provisions)	**215**	–	**354**	277
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–	**63**	38
Revenue	**2 881**	3 105	**3 535**	3 297
Profit/(loss) for the year	**(161)**	36	**620**	593
Total comprehensive income	**(161)**	36	**620**	593
The above profit/(loss) for the year include the following:				
Depreciation and amortisation	**452**	379	**283**	398
Interest income	**1**	14	**14**	13
Interest expense	**27**	13	**18**	23
Income tax (income)/expense	**(31)**	323	**254**	246
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the Consolidated Financial Statements:				
Net assets of the entity	**3 967**	3 544	**2 566**	2 700
Proportion of the Group's ownership interest in the investment	**1 983**	1 772	**1 258**	1 323
Elimination of difference between carrying amount and fair value of the associates' identifiable assets and liabilities on acquisition		–	**(30)**	(30)
Carrying amount of the Group's interest in the investment	**1 983**	1 772	**1 228**	1 293
Dividends received by the Group	**50**	229	**369**	277

Aggregate information of associates that are not individually material

	2016 Rm	2015 Rm
The Group's share of profit/(loss)	**44**	55
The Group's share of total comprehensive income	**44**	55
Aggregate carrying amount of the Group's interest in these associates	**131**	107

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

7. Deferred tax

	2016 Rm	2015 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	37	—
	37	—
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	593	472
Deferred tax liabilities to be settled after 12 months	7 981	8 223
	8 574	8 695
Total	8 537	8 695

There are unrecognised temporary differences of R737 (2015: R1 178) million in the Group, relating to subsidiaries. This comprises unredeemed capex of R333 (2015: R316) million and capital losses of R1 070 (2015: R862 reversal) million.

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

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

7. Deferred tax continued

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	**(21)**	**(2)**	**—**	**(23)**
		Recognised in other comprehensive income Rm		
Translation differences of foreign subsidiaries and equity-accounted entities	**998**	**345**	**—**	**1 343**
Other	**(1)**	**—**	**—**	**(1)**
	997	**345**		**1 342**
Total	**8 695**	**(498)**	**340**	**8 537**

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Closing balance Rm
2015				
Property, plant and equipment	8 443	(697)	186	7 932
Exploration and evaluation assets	1 198	(833)	—	365
Royalty prepayment	434	46	—	480
Equity component of convertible bonds	75	(17)	—	58
Fair value of assets and liabilities	48	111	—	159
Rehabilitation and post-retirement medical provisions	(118)	(23)	(4)	(145)
Lease liabilities	(107)	(23)	—	(130)
Share-based compensation	(106)	67	(1)	(40)
Leave pay	(82)	(64)	—	(146)
Unrealised profit in metal inventories	(163)	145	—	(18)
Assessed losses	(471)	(395)	—	(866)
Other	49	7	14	70
	9 200	(1 676)	195	7 719

	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	(36)	15	—	(21)

	Opening balance Rm	Recognised in other comprehensive income	Foreign currency translation adjustment Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	780	218	—	998
Other	(3)	2	—	(1)
	777	220	—	997
Total	9 941	(1 441)	195	8 695

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

8. Other financial assets

	Notes	2016 Rm	2015 Rm
Subsequently carried at fair value			
Available-for-sale financial assets	8.1	**157**	27
Subsequently carried at amortised cost			
Held-to-maturity financial assets	8.2	**70**	38
Loans carried at amortised cost	8.3	**97**	116
		324	181
Current (loans carried at amortised cost)		**12**	35
Non-current		**312**	146

Refer note 21 for fair value and financial risk disclosure.

8.1 Available-for-sale financial assets

The Group holds shares listed on the JSE and non-material shares in the insurance cell captive. The fair value of these listed shares as at the close of business is the stock exchange quoted prices. The investment is restricted for use by the Group by virtue of its nature and not timing.

8.2 Held-to-maturity financial assets

The investment is held through the Impala Pollution Control, Rehabilitation and Closure Trust Fund. The fund is an irrevocable trust under the Group's control. The interest rate on interest-bearing investments is 10% on average with a maturity date in the 2021 (2015: 2016) financial year. The investment is restricted for use by the Group by virtue of its nature not timing.

8.3 Loans carried at amortised cost

	2016 Rm	2015 Rm
Interest-bearing loans	**19**	42
Interest-free loans	**78**	74
	97	116
Current	**12**	35
Non-current	**85**	81

The interest-free loans of R78 (2015: R74) 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 14 and 20 years. The market-related effective interest rate is 9.0% (2015: 9.0%). These loans are secured by a second bond over residential properties.

8.4 Advance loan

Subsequent to a default by a toll refining customer on its loans in the 2013 financial year, the Group lodged a legal claim in Pennsylvania for the full amount due. Thereafter, the parties agreed that the dispute be heard in the London Court of International Arbitration (LCIA), which issued an award in Implats' favour for US$201 million. On 26 April 2016, the United States District Court for the Eastern District of Pennsylvania issued a court order confirming the award issued by the LCIA. Proceedings are ongoing to recover this amount.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

9. Derivative financial instrument

	2016 Rm	2015 Rm
Cross Currency Interest Rate Swap (CCIRS)	**1 137**	630

Implats entered into a CCIRS amounting to US$200 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds, being: exchange rate risk on the dollar interest payments and the risk of a future cash settlement of the bonds at a rand-dollar exchange rate weaker than R9.24/US$. (US$200 million was swapped for R1 848 million on which Implats pays a fixed interest rate to Standard Bank of 5.94%. Implats receives the 1% coupon on the US$200 million on the same date which Implats pays-on externally to the bond holders. At February 2018 Implats will repay the R1 848 million in return of the US$200 million.)

The CCIRS with Standard Bank is carried at its fair value of R1 137 (2015: R630) million. No hedge accounting has been applied.

10. Prepayments

	Note	2016 Rm	2015 Rm
Summary – Balances			
Royalties	10.1	**10 399**	10 618
Operating-related prepaid expenditure		**902**	508
		11 301	11 126
Current		**1 121**	748
Non-current		**10 180**	10 378

10.1 Royalties

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

11. Inventories

	2016 Rm	2015 Rm
Mining metal		
Refined metal	**259**	1 233
Main products – at cost	**–**	696
Main products – at net realisable value	**211**	487
By-products – at net realisable value	**48**	50
In-process metal	**2 523**	2 423
At cost	**1 661**	1 614
At net realisable value	**862**	809
	2 782	3 656
Non-mining metal		
Refined metal	**1 267**	1 282
At cost	**1 267**	1 201
At net realisable value	**–**	81
In-process metal	**3 360**	2 436
At cost	**3 360**	2 149
At net realisable value	**–**	287
	4 627	3 718
Stores and materials	**793**	751
Total carrying amount	**8 202**	8 125

The write down to net realisable value comprises R106 (2015: R154) million for refined mining metal and R558 (2015: R364) million for in-process mining metal.

Included in refined metal is metal on lease to third parties of 36 000 (2015: 36 000) ounces ruthenium (note 29).

Quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing). The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Changes in engineering estimates of metal contained in-process resulted in an increase in-process metal of R384 (2015: R325) million.

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

No inventories are encumbered.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

12. Trade and other receivables

	Note	2016 Rm	2015 Rm
Trade receivables		**735**	752
Advances	12.1	**460**	699
Other receivables		**403**	404
Employee receivables		**257**	330
South African Revenue Service (value added taxation)		**993**	1 372
Current tax receivable (note 22)		**757**	194
		3 605	3 751
The foreign currency denominated balances, included above, were as follows:			
Trade and other receivables (US$ million)		**41**	73
The credit exposures of trade receivables and advances by country are as follows:			
North America		**40**	15
South Africa		**593**	618
Asia		**36**	36
Europe		**63**	24
Zimbabwe		**463**	758
		1 195	1 451

Refer note 21 for fair value and financial risk disclosure.

12.1 Advances

Due to the time involved in toll refining metals, certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal being purchased. The weighted average effective interest rate on advances was 1.8% (2015: 1.8%). The associated purchase liability serves as collateral for the advance.

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

13. Cash and cash equivalents

	2016 Rm	2015 Rm
Short-term bank deposits	**4 535**	1 990
Cash at bank	**2 253**	607
	6 788	2 597
The weighted average effective interest rate on short-term bank deposits was 6.3% (2015: 5.5%) and these deposits have a maximum maturity of 60 days (2015: 60 days).		
Exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US$ million)	**89**	80
The exposures by country are as follows:		
South Africa	**5 961**	1 696
Europe	**784**	809
Zimbabwe	**34**	85
Asia	**9**	7
	6 788	2 597
The following cash and cash equivalents, included above, are restricted for use by the Group by virtue of their nature and not timing:		
Impala Pollution Control, Rehabilitation and Closure Trust Fund*	**1**	153
Morokotso Trust	**17**	14
	18	167

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

Refer note 21 for fair value and financial risk disclosure.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

14. Share capital

	2016 Rm	2015 Rm
Ordinary shares	**18**	16
Share premium	**17 252**	13 369
Share-based payment reserve	**2 277**	2 348
Total share capital	**19 547**	15 733

The authorised share capital of the holding company is R21 (2015: R21) million consisting of 844.01 (2015: 844.01) million ordinary shares with a par value of 2.5 cents each.

	(million)	(million)
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	**734.78**	632.21
Treasury shares	**(16.23)**	(16.23)
Morokotso Trust	**(8.87)**	(8.87)
Share Incentive Trust	**—**	(0.03)
Number of ordinary shares issued outside the Group	**709.68**	607.08

The movement of ordinary shares during the year was as follows:		
Beginning of the year	**607.08**	607.05
Shares issued	**102.57**	—
Shares issued – Implats Share Incentive scheme	**0.03**	0.03
Shares issued – Long-term Incentive Plan	**0.50**	0.04
Shares purchased – Long-term Incentive Plan	**(0.50)**	(0.04)
End of the year	**709.68**	607.08

The Morokotso Trust and the Share Incentive Trust (Implats Share Incentive Scheme) are consolidated and the Implats shares held by them are resultantly accounted for as treasury shares. During the year, 37 488 (2015: 24 108) treasury shares were sold by the Share Incentive Trust, resulting in R2 (2015: R1) million being recognised within the statement of changes in equity as share premium. 8 865 524 (2015: 8 903 016) treasury shares with a historical cost of R1 411 (2015: R1 413) million held by these two trusts are expected to be sold before the end of 2016. 16 233 994 treasury shares which were bought in terms of a share buyback is held at the discretion of the Group.

At a meeting of shareholders held on 6 October 2015, shareholders gave approval, among other things, to the directors to allot and issue up to 171 895 144 shares. On 7 October 2015, 102 564 102 shares were issued to qualifying investors at R39.00 per share to raise R4.0 billion to be used to fund the completion of Impala's 16 and 20 Shafts.

14.1 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, R71 million income was recognised (2015: R111 expensed) 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 fully paid shares which are valued using the share price on valuation date, adjusted for the present value of expected dividends during the vesting period as well as market performance conditions.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

14. Share capital continued

14.1 Equity-settled share-based compensation continued

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

	Long-term Incentive Plan – (SAR)		Long-term Incentive Plan – (CSP)	
	2016	2015	**2016**	2015
Weighted average option value (rand)[1]	**22.52**	38.42	**41.38**	102.23
Weighted average share price on valuation date (rand)[2]	**61.14**	110.93	**56.88**	108.86
Weighted average exercise price (rand)[3 and 5]	**62.40**	112.33	**Nil**	Nil
Volatility[4]	**37.68**	34.97	**N/A**	N/A
Dividend yield (%)	**0.13**	0.53	**0.13**	0.53
Risk-free interest rate (%)	**7.14**	6.49	**7.20**	6.52

[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.

	2016		2015	
	Number ('000)	**Weighted average exercise price (R)**	Number ('000)	Weighted average exercise price (R)
SAR				
Movement in the number of share options outstanding was as follows:				
Beginning of the year	**3 311**	**112.33**	1 910	140.47
Granted	**3 832**	**35.15**	1 644	81.80
Forfeited	**(1 502)**	**(146.89)**	(243)	140.47
End of the year	**5 641**	**62.40**	3 311	112.33
Exercisable	**147**		—	
Not yet exercisable	**5 494**		3 311	
	5 641		3 311	

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

Price per share	**Vesting year 2016**	**Vesting year 2017**	**Vesting year 2018**	**Vesting year 2019**	**Total number**
< R50	—	—	—	3 372	**3 372**
R50 – R100	—	—	1 388	—	**1 388**
R100 – R150	—	734	—	—	**734**
Total 2016	**—**	**734**	**1 388**	**3 372**	**5 494**
Total 2015	871	849	1 591	—	**3 311**

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

14. Share capital continued

14.1 Equity-settled share-based compensation continued

	2016 Number ('000)	2015 Number ('000)
CSP		
Movement in the number of share options outstanding was as follows:		
Beginning of the year	**6 526**	3 499
Granted	**8 842**	3 455
Forfeited	**(2 014)**	(384)
Exercised/shares issued	**(497)**	(44)
End of the year (not yet exercisable)	**12 857**	6 526

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

	Vesting year 2016	Vesting year 2017	Vesting year 2018	Vesting year 2019	Total number
Total 2016	**–**	**1 539**	**3 004**	**8 314**	**12 857**
Total 2015	1 500	1 682	3 344	–	**6 526**

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

Refer to note 37 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

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

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

The ranking determines the vesting percentage. The proposed vesting scale relative to the peer group is as follows:
- If the ranking of Implats is in the lowest three – no shares will vest
- If the ranking is fourth – 50% will vest
- If the ranking is third – 75% will vest
- If the ranking is second – 90% will vest
- If the ranking is first – 100% will vest

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.

These rights are weighted as follows and subject to the following performance conditions:
- The total shareholder return must exceed growth in the award date share price of CPI plus 2% compounded annually over a three-year period, with a 33.33% weighting
- A relative earnings before interest, tax, depreciation and amortisation (EBITDA) margin, being EBITDA divided by revenue, with a 33.33% weighting. Implats will be ranked against the peer group companies (on the same scale as for the CSP) based on the EBITDA margin over the three-year period
- A relative measure on safety with a 33.33% weighting. Implats will be ranked against the peer group companies (on the same scale as for the CSP) based on the fatality injury frequency rate over the three-year period

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

15. Non-controlling interest

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

Company	Place of incorporation	Place of business	Proportion of ownership and voting rights held by non-controlling interests 2016	2015	Profit/(loss) allocated to non-controlling interests 2016	2015	Accumulated non-controlling interests 2016	2015
Zimplats Holdings Limited	Guernsey	Zimbabwe	**13%**	13%	**8**	(25)	**1 812**	1 519
Afplats (Pty) Limited*	South Africa	South Africa	**26%**	26%	**(1)**	(470)	**698**	699
Individually immaterial subsidiaries					**20**	19	**38**	40
Total					**27**	(476)	**2 548**	2 258

** 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 intragroup eliminations. Zimplats' financial information disclosed below was translated using the closing and annual average US dollar exchange rates as in note 1.

	Zimplats Holdings Limited		Afplats (Pty) Limited	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
Non-current assets	**15 045**	12 523	**1 746**	1 747
Current assets	**4 314**	3 857	**62**	65
Total assets	**19 359**	16 380	**1 808**	1 812
Equity	**13 884**	11 578	**1 798**	1 803
Non-current liabilities	**3 639**	2 525	**8**	8
Current liabilities	**1 836**	2 277	**2**	1
Total equity and liabilities	**19 359**	16 380	**1 808**	1 812

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

15. Non-controlling interest continued

	Zimplats Holdings Limited		Afplats (Pty) Limited	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
Revenue	**6 753**	4 661	**—**	—
Gross profit	**519**	494	**(6)**	(5)
Profit from operations	**420**	964	**(6)**	(5)
Profit before tax	**243**	618	**(3)**	(3)
Income tax expense	**(317)**	(1 483)	**(1)**	(1)
Profit for the year	**(74)**	(865)	**(4)**	(4)
Net cash from operating activities	**520**	1 624	**(6)**	(9)
Net cash used in investing activities	**(978)**	(963)	**5**	10
Net cash used in financing activities	**(43)**	(342)	**—**	—
Net increase/(decrease) in cash and cash equivalents	**(501)**	319	**(1)**	1
Dividends paid to non-controlling interests	**23**	—	**—**	—

Zimbabwe indigenisation

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

16. Borrowings

	Notes	2016 Rm	2015 Rm
Standard Bank Limited – BEE Partners Marula	16.1	**882**	881
Standard Bank Limited – Zimplats term loan	16.2	**1 248**	913
Standard Bank Limited – Zimplats revolving credit facility	16.3	**353**	85
Convertible bonds – ZAR	16.4	**2 575**	2 499
Convertible bonds – US$	16.5	**2 848**	2 313
Finance leases	16.6	**1 373**	1 385
		9 279	8 076
Current		**564**	710
Non-current		**8 715**	7 366
Beginning of the year		**8 076**	7 787
Proceeds		**389**	80
Leases capitalised (note 3)		**—**	5
Interest accrued (note 30)		**625**	577
Interest repayments		**(492)**	(461)
Capital repayments		**(13)**	(344)
Exchange adjustments		**694**	432
End of the year		**9 279**	8 076
The effective interest rates for all borrowings for the year were as follows:			
Bank loans ZAR		**9**	9
Bank loans US$		**5**	5

Refer note 21 for fair value and financial risk disclosure.

16.1 Standard Bank Limited – BEE partners Marula

BEE partners obtained term loans of R753 million, which carries interest at the six-month Johannesburg Interbank Acceptance Rate (JIBAR) + 205 basis points (2015: 205 basis points) and revolving credit facilities of R105 million which carried interest at JIBAR + 220 basis points (2015: 220 basis points) to purchase a 27% share in Marula. The BEE partners' shareholding in Marula and their loans are consolidated as the loans are guaranteed by Implats. The loans are repayable in 2020.

16.2 Standard Bank Limited – Zimplats term loan

US$ denominated revolving credit facility of R1 395 (US$95) million bears interest at three-month London Interbank Offered Rate (LIBOR) plus 700 (2015: 700) basis points. The loan repayments were renegotiated during the year. The facility will be repaid in two equal annual payments commencing in December 2017. Previously it commenced in January 2015 with final maturity in December 2017. At the end of the period, the US dollar balance amounted to US$85 (2015: US$75) million.

16.3 Standard Bank Limited – Zimplats revolving credit facility

During the year, Zimplats drew down $24 (2015: $7) million on its $24 million revolving credit facility. The loan bears interest at LIBOR plus 278 basis points.

16.4 Convertible bonds – ZAR

The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats' shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion was R319 million (before tax) on issue. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, 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 8.5% (2015: 8.5%).

16.5 Convertible bonds – US$

The US$ denominated bonds have a par value of US$200 million and carry a coupon of 1% (US$2 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of US$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, 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 3.1% (2015: 3.1%). (Refer note 17 for additional information regarding the conversion option and note 9 for information regarding the CCIRS entered into, to hedge certain aspects of the foreign exchange risk on this bond.)

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

16. Borrowings continued

16.6 Finance leases

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

	2016			2015		
	Minimum lease payments Rm	**Interest Rm**	**Principal Rm**	Minimum lease payments Rm	Interest Rm	Principal Rm
Lease liabilities						
Less than one year	**167**	**142**	**25**	157	144	13
Between one and five years	**786**	**517**	**269**	737	542	195
More than five years	**1 447**	**368**	**1 079**	1 663	486	1 177
	2 400	**1 027**	**1 373**	2 557	1 172	1 385

16.7 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 cost of capital.

In order to maintain or improve the capital structure, the Group may vary the dividends paid to shareholders, return capital or issue shares to shareholders. During the year R4.0 billion was raised through a share issue (note 14).

The Group monitors the debt-to-equity ratio. This ratio is calculated as net debt to net debt plus equity. The Group excludes leases in its determination of net debt. The targeted gearing ratio is a maximum of 10%, as at 30 June 2016 it is 0% (2015: 7.9%).

17. Other financial liabilities

	Notes	**2016 Rm**	2015 Rm
Derivative financial instrument	17.1	**—**	—
Commitments	17.2	**66**	74
		66	74
Current		**66**	17
Non-current		**—**	57

Refer note 21 for fair value and financial risk disclosure.

17.1 Derivative financial instrument

The conversion option on the US$200 million bond was valued at Rnil (2015: R0.1) million. The option value was calculated using the binomial option model.

The main inputs into this model are as follows:	**2016**	2015
Exercise price (US$)	**24.13**	24.13
Share price on valuation date (US$)	**3.21**	4.46
Volatility	**63.12**	32.3
Risk-free US$ interest rate (%)	**0.58**	0.82

17.2 Commitments

Commitments consist of:

- Fees payable to the Bakwena Ba-Magopa as a result of an agreement with the acquisition of African Platinum Plc amounts to Rnil (2015: R6) million
- Payments to the Impala Bafokeng local economic development trust as a result of the Impala-Bafokeng empowerment transaction amount to R66 (2015: R68) million.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

18. Sundry liabilities

	Notes	2016 Rm	2015 Rm
Summary			
Post-employment medical benefits	18.1	**68**	66
Cash-settled share-based compensation	18.2	**149**	57
Deferred profit on sale and leaseback of houses	18.3	**308**	338
Employee retention scheme	18.4	**7**	6
		532	467
Current		**89**	90
Non-current		**443**	377
18.1 Post-employment medical benefits			
Beginning of the year		**66**	64
Finance cost		**6**	5
Actuarial loss		**1**	3
Benefits paid		**(5)**	(6)
End of the year		**68**	66
Current		**—**	(5)
Non-current		**68**	61

The Company historically provided post-retirement medical scheme subsidies to qualifying employees. Post-employment medical benefits for remaining employees and retirees are an unfunded liability. A 1% increase in the medical inflation rate results in a R7.1 (2015: R6.9) million increase in the provision and a decrease of 1% results in a decrease in the provision of R6.0 (2015: R5.9) million. Subsidies of R5.5 (2015: R5.2) million are expected to be paid in the next financial year.

Qualifying active employees have an average age of 52 (2015: 50) years and an average service period of 21 (2015: 14) years. Retirees have an average age of 75 (2015: 74) 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 2016, actuarial parameters used by independent valuators assumed 8.5% (2015: 8.0%) as the long-term medical inflation rate and an 9.1% (2015: 8.5%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

18. Sundry liabilities continued

18.2 Cash-settled share-based compensation

The Group issues equity-settled (note 14) and cash-settled share-based payments to employees. The cash-settled share appreciation rights include the Employee Share Option Participation Scheme (ESOP) and the Share Appreciation Rights Scheme (SARS). The fair value of share-based payments is calculated using the binomial option model for non-vested shares. Vested cash-settled shares are valued at their intrinsic value.

Share Appreciation Rights Scheme (SARS)

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

Employee Share Ownership Programme (ESOP)

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

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

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

	Employee Share Ownership Programme (ESOP)		Share Appreciation Right Scheme (SARS)	
	2016	2015	**2016**	2015
Weighted average option value (rand)[1]	**–**	0.03	**6.09**	3.62
Weighted average share price on valuation date (rand)[2]	**47.20**	54.30	**47.20**	54.30
Weighted average exercise price (rand)[3 and 5]	**159.18**	159.18	**178.61**	177.65
Volatility[4]	**62.79**	35.94	**62.79**	35.94
Dividend yield (%)	**–**	–	**–**	–
Risk-free interest rate (%)	**8.32**	7.86	**8.32**	7.86

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

The total intrinsic value was R nil (2015: R nil) as determined by the year-end share price of R47 (2015: R54).

	2016 ('000)	2015 ('000)
Movement in the number of share appreciation rights outstanding was as follows:		
Beginning of the year	**25 654**	26 337
Lapsed during the year	**(1 436)**	(316)
Paid to employees during the year	**–**	(367)
End of the year	**24 218**	25 654
Exercisable	**14 755**	14 342
Not yet exercisable	**9 463**	11 312
	24 218	25 654

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

18. Sundry liabilities continued

18.2 Cash-settled share-based compensation continued

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

	Vesting years										
Price per share	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total number**
SARS											
R63 – R150	—	—	29.6	176.5	459.0	878.0	552.9	553.0	553.0	13.3	**3 215.3**
R159 – R171	30.8	35.2	563.3	606.9	537.6	797.1	37.3	37.3	37.4	—	**2 682.9**
R171 – R190	0.7	6.9	268.6	286.1	465.6	875.8	614.0	601.0	410.3	—	**3 529.0**
R190 – R210	4.8	12.7	22.8	484.1	1 202.0	1 191.3	1 184.2	723.5	—	—	**4 825.4**
R210 – R334	115.4	261.2	267.4	273.7	176.3	6.1	—	—	—	—	**1 100.1**
ESOP											
R159.18*	—	—	—	784.0	—	—	—	—	8 081.6	—	**8 865.6**
Total 2016	**151.7**	**316.0**	**1 151.7**	**2 611.3**	**2 840.5**	**3 748.3**	**2 388.4**	**1 914.8**	**9 082.3**	**13.3**	**24 218.3**
Total 2015	209.6	520.7	1 562.4	2 742.3	3 017.7	3 951.6	2 499.0	2 008.2	9 128.8	13.3	**25 653.6**
Actual remaining contractual life (years):											
2016	**1**	**1 – 2**	**1 – 3**	**1 – 4**	**2 – 6**	**3 – 6**	**4 – 7**	**5 – 7**	**1 – 7**	**7**	
2015	1 – 2	1 – 3	1 – 5	2 – 5	2 – 7	3 – 7	5 – 8	6 – 8	2 – 8	8	

** These share-based payment rights, excluded from the remaining contractual life table, relate to the ESOP, which have a remaining contractual life of less than one year.*

Refer to note 37 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

18.3 Deferred profit on sale and leaseback of houses

The profit on the sale of the houses, which is subject to a sale and leaseback arrangement, is amortised in other operating income over the remaining life of the lease which is 11 years (2015: 12 years).

18.4 Employee retention scheme

The scheme is a retention bonus scheme based on salary and deferred payment as a result of continued employment. Every year one-third of this award is paid over to the employee, provided that the employee stays in service for the period. During October 2014 employees were given the option to exit the scheme in exchange for short-term employee compensation, which resulted in the pay-out of the majority of the balance.

18.5 Pension and provident plans

Independent funds provide pension and other benefits to all permanent employees and their dependants.

No liability exists for these plans. The expense is included in cost of sales (note 24).

At the end of the financial year the following funds were in existence:

Impala Platinum Refineries Provident Fund
Impala Workers Provident Fund
Implats Pension Fund
Mine Employees Pension Fund (industry fund)
Mining Industry Pension Fund Zimbabwe (industry fund)
National Social Security Scheme Zimbabwe (industry fund)[1]
Old Mutual – Zimasco Pension Fund
Sentinel Pension Fund (industry fund)

[1] This is the only defined benefit plan. This scheme was promulgated under the National Social Security Authority Act 1989. Contributions by all Zimbabwean employees are 3.5% of pensionable remuneration, which is capped at US$700 000 per annum for the purposes of this defined benefit scheme. The Group's contributions for the year amounted to US$700 000 (2015: US$700 000).

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

19. Provisions

	2016 Rm	2015 Rm
Provision for environmental rehabilitation		
Beginning of the year	**848**	676
Change in estimate – rehabilitation asset	**143**	110
Change in estimate – other operating income (note 25)	**(32)**	(20)
Interest accrued (note 30)	**79**	65
Utilised – rehabilitation done	**(6)**	(8)
Exchange adjustment	**50**	25
End of the year	**1 082**	848

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

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

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R1 773 (2015: R1 433) million. Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 8.7% and 9.5% (2015: 8.3% and 9.0%) 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 2.5% (2015: 2.4%).

Zimbabwe operations

The discount rate used was 7.6% (2015: 7.3%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 5.6% (2015: 5.2%).

	2016 Rm	2015 Rm
The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:		
Cash and cash equivalents (note 13)	**1**	153
Held-to-maturity financial assets (note 8)	**70**	38
Available-for-sale financial assets (note 8)	**154**	23
End of the year	**225**	214

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 (2015: Mineral and Petroleum Resources Development Act) with respect to environmental rehabilitation (note 36).

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

19. Provisions continued

Pollution Control, Rehabilitation and Closure Trust Fund

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

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

20. Trade and other payables

	2016 Rm	2015 Rm
Trade payables	**4 759**	4 751
Leave liability[1]	**798**	781
Royalties payable	**182**	68
South African Revenue Service (value added tax)	**634**	453
Other payables	**9**	4
	6 382	6 057
The uncovered foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US$ million)	**3**	187

Refer note 21 for fair value and financial risk disclosure.

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

21. Financial instruments and financial risk management

21.1 Financial instruments

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

	2016 Rm	2015 Rm
Financial assets		
Loans and receivables	**8 740**	4 898
Loans carried at amortised cost (note 8)	**97**	116
Trade receivables (note 12)	**735**	752
Advances (note 12)	**460**	699
Other receivables (note 12)	**403**	404
Employee receivables (note 12)	**257**	330
Cash and cash equivalents (note 13)	**6 788**	2 597
Financial instruments at fair value through profit or loss		
Derivative financial instruments (note 9)	**1 137**	630
Held-to-maturity financial assets (note 8)	**70**	38
Available-for-sale financial assets (note 8)	**157**	27
Total financial assets	**10 104**	5 593
Financial liabilities		
Financial liabilities at amortised cost	**14 113**	12 905
Borrowings (note 16)	**9 279**	8 076
Commitments (note 17)	**66**	74
Trade payables (note 20)	**4 759**	4 751
Other payables (note 20)	**9**	4
Total financial liabilities	**14 113**	12 905

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 2016	Fair value 2015	Fair value hierarchy	Valuation technique and key inputs
Available-for-sale financial assets				
– Listed securities	**157**	27	Level 1	Quoted market price for the same instrument
Financial instruments at fair value through profit or loss				
– Derivative financial instrument – CCIRS	**1 137**	630	Level 2	Discounted cash flow Risk-free ZAR interest rate, risk-free US$ interest rate, US$ exchange rate

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

21. Financial instruments and financial risk management continued

21.1 Financial instruments continued

Financial instrument income/(expenses):

	2016 Rm	2015 Rm
Net fair value movement on derivative financial instruments	**458**	229
Net fair value movement on available-for-sale financial assets:		
– Recognised in other comprehensive income	**1**	(27)
– Finance income for financial assets using effective-interest method	**368**	134
– Finance expense for financial assets using effective-interest method	**(641)**	(600)
– Impairment of loans and receivables	**(35)**	(81)

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$200 million to hedge certain aspects of the foreign exchange risk on the US$ 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 R9.24/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 R294 (June 2015: R243) million profit or loss on the capital portion of the hedge, which offsets the borrowing (US$ bond) exposure in the sensitivity analysis below.

Sensitivity analysis

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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	
	2016 US$m	2015 US$m	**2016 Rm**	2015 Rm
Financial assets				
Trade and other receivables	**41**	73	**±60**	±89
Cash and cash equivalents	**4**	4	**±6**	±5
Financial liabilities				
Borrowings	**(194)**	(190)	**±285**	±231
Trade and other payables	**(3)**	(187)	**±5**	±228
	(152)	(300)	**±224**	±365

±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	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm
Financial assets	**–**	–	**–**	–
Financial liabilities				
Trade and other payables	**(2 449)**	(2 350)	**±245**	±235
	(2 449)	(2 350)	**±245**	±235

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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.

Fixed interest rate exposure:

	2016 Rm	2015 Rm
Financial assets		
Loans carried at amortised cost (note 8)	**78**	74
Financial liabilities		
Borrowings (note 16)	**(5 423)**	(4 812)
	(5 345)	(4 738)

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	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Financial assets				
Held-to-maturity financial assets (note 8)	**70**	38	**±1**	±0
Loans carried at amortised cost (note 8)	**19**	42	**±0**	±0
Trade and other receivables (note 12)	**460**	699	**±5**	±7
Cash and cash equivalents (note 13)	**6 788**	2 597	**±68**	±26
Financial liabilities				
Borrowings (note 16)	**(2 483)**	(1 879)	**±25**	±19
	4 854	1 497	**±49**	±14

±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 36).

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

Cash and cash equivalents

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

21. Financial instruments and financial risk management continued

21.2 Financial risk management continued

21.2.2 Credit risk continued

Banks' credit ratings	Exposure 2016 Rm	Exposure 2015 Rm
South African operations		
AA (zaf)	**4 658**	1 681
A+ (zaf)	**—**	15
AA+ (zaf)	**300**	—
AA- (zaf)	**1 003**	—
Overseas operations		
AA (zaf)	**780**	901
No rating	**47**	—
	6 788	2 597

Held-to-maturity investments are at market valuable rates.

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

Trade and other receivables

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

Advances are made to customers based on toll refining "in-process metal". Credit risk on advances where sufficient in-process metal creditors serve as collateral is low (note 12).

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

	New customers	2 years and less	From 2 to 5 years	Longer than 5 years	Total
Financial year 2016					
Number of customers	**3**	**3**	**1**	**41**	**48**
Value at year-end (R million)	**—**	**—**	**—**	**1 195**	**1 195**
Financial year 2015					
Number of customers	3	1	4	67	75
Value at year-end (R million)	—	—	347	1 104	1 451

No customers are in default at year-end (2015: nil).

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

Credit risk exposure in respect of employee receivables is limited taking the employee's annual earnings into account.

Only an insignificant amount of these employee receivables are past due, as a result of employees having left the employment of the Group.

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

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

Financial institutions' credit ratings	Exposure 2016 Rm	Exposure 2015 Rm
AA (zaf)	**70**	17
A+ (zaf)	**—**	25
BBB (zaf)	**154**	20
No rating	**3**	3
	227	65

Loans

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

No loans are past due.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 (2015: R3.0) billion were committed facilities at year-end.

Credit limit facilities – South African banks

	Credit limit facilities	
Banks' credit ratings	**2016 Rm**	2015 Rm
AA (zaf)	**4 000**	2 250
AAA (zaf)	**–**	750
A+ (zaf)[1]	**–**	500
AA-(zaf)[1]	**500**	–
No rating[1]	**–**	300
	4 500	3 800

Rnil (2015: Rnil) million of these facilities had been drawn down at year-end. The uncommitted facilities are renewed annually. The R4 billion committed facilities were in place until 2017. Subsequent to year-end, R3.25 billion of these committed facilities were extended to 2021, and an additional R0.75 billion facility was obtained expiring end of 2021. This resulted the total committed facility being R4.75 billion after year-end.

[1] Uncommitted

Credit limit facilities – Foreign banks

	Credit limit facilities	
Banks' credit ratings	**2016 Rm**	2015 Rm
AA (zaf)	**353**	292

R353 (2015: R85) million of these facilities had been drawn down at year-end. These facilities are renewed annually.

Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 13) on the basis of expected cash flows.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

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 2016							
Financial assets							
Loans carried at amortised cost (note 8)	**97**	**84**	**181**	**20**	**11**	**34**	**116**
Derivative financial instruments (note 9)	**1 137**	**(263)***	**874**	**(81)**	**(81)**	**1 036**	**–**
Trade and other receivables (note 12)	**1 855**	**–**	**1 855**	**1 855**	**–**	**–**	**–**
Cash and cash equivalents (note 13)	**6 788**	**–**	**6 788**	**6 788**	**–**	**–**	**–**
Financial liabilities							
Borrowings (note 16)	**9 279**	**2 078**	**11 357**	**860**	**6 729**	**2 321**	**1 447**
Other financial liabilities (note 17)	**66**	**8**	**74**	**74**	**–**	**–**	**–**
Trade and other payables (note 20)	**4 768**	**–**	**4 768**	**4 768**	**–**	**–**	**–**
At June 2015							
Financial assets							
Loans carried at amortised cost (note 8)	116	51	167	35	15	27	90
Derivative financial instruments (note 9)	630	(456)*	174	(87)	(87)	348	–
Trade and other receivables (note 12)	2 184	–	2 184	2 184	–	–	–
Cash and cash equivalents (note 13)	2 430	–	2 430	2 430	–	–	–
Financial liabilities							
Borrowings (note 16)	8 076	2 501	10 577	852	755	6 405	2 565
Other financial liabilities (note 17)	74	16	90	26	64	–	–
Trade and other payables (note 20)	4 755	–	4 755	4 755	–	–	–

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

22. Current tax

	2016 Rm	2015 Rm
Current tax payable	**645**	636
Current tax receivable (note 12)	**(757)**	(194)
Net current tax	**(112)**	442
Beginning of the year	**442**	123
Income tax expense (note 33)	**284**	1 459
Payments made during the year	**(883)**	(401)
Interest and penalties	**(81)**	249
Royalty refund offset (note 28)	**—**	(1 066)
Exchange adjustment	**126**	78
End of the year	**(112)**	442

23. Revenue

23.1 Analysis of revenue by category

	2016 Rm	2015 Rm
Sales of goods		
Precious metals		
Platinum	**20 885**	18 092
Palladium	**7 638**	7 245
Rhodium	**2 068**	2 234
Ruthenium	**190**	182
Iridium	**501**	480
Gold	**1 216**	969
Silver	**37**	17
	32 535	29 219
Base metals		
Nickel	**1 931**	2 053
Copper	**420**	405
Cobalt	**26**	21
Chrome	**458**	329
	2 835	2 808
Revenue from services		
Toll refining	**562**	450
	35 932	32 477

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

23. Revenue continued

	2016 Rm	2015 Rm
23.2 Analysis of revenue by destination		
Main products (Pt, Pd and Rh)		
Asia	**13 924**	11 417
North America	**3 803**	3 277
Europe	**7 105**	6 293
South Africa	**5 759**	6 584
	30 591	27 571
By products		
South Africa	**2 857**	2 572
Asia	**1 016**	1 119
Europe	**697**	531
North America	**209**	234
	4 779	4 456
Toll refining		
South Africa	**558**	450
North America	**4**	—
	562	450
	35 932	32 477

23.3 Revenue cut-off

The Group's metallurgical cut-off date is 21 June. In previous years the sales and cost of sales results were also measured over the year to 21 June. In the current year, the Group decided to align the sales and cost of sales numbers with the financial year end of 30 June. This resulted in the current year consisting of 366 plus an extra nine days of non-mining sales being included in revenue totalling R233 million and an equivalent amount in cost of sales. The additional nine days non-mining sales of R223 million had less than 0.1% impact on the gross margin of the Group.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

24. Cost of sales

	2016 Rm	2015 Rm
On-mine operations	**15 173**	13 139
Wages and salaries	**9 020**	8 637
Materials and consumables	**5 020**	4 298
Utilities	**1 133**	959
Minus: Post-strike ramp-up cost (note 26)	**–**	(755)
Processing operations	**4 731**	4 034
Wages and salaries	**932**	903
Materials and consumables	**2 298**	2 074
Utilities	**1 501**	1 110
Minus: Post-strike ramp-up cost (note 26)	**–**	(53)
Refining and marketing	**1 294**	1 265
Wages and salaries	**456**	462
Materials and consumables	**495**	479
Selling and promotional expenses	**195**	195
Utilities	**148**	129
Corporate cost	**493**	636
Share-based compensation	**21**	(190)
Chrome operation – cost of sales	**196**	113
Depreciation of operating assets (notes 3 and 35)	**3 319**	2 593
Metals purchased	**10 663**	10 068
Change in metal inventories	**38**	(809)
	35 928	30 849
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	**1 825**	1 686
Operating lease rentals	**25**	25
Employment benefit expense comprises:		
Wages and salaries	**9 841**	9 538
Pension costs defined contribution plans	**846**	876
Share-based compensation	**21**	(190)
Cash-settled (note 18.2)	**92**	(301)
Equity-settled (note 14.1)	**(71)**	111
	10 708	10 224

Key management compensation is disclosed in note 37.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

25. Other operating income

	2016 Rm	2015 Rm
Other operating income comprises the following principal categories:		
Profit on disposal of property, plant and equipment (notes 34 and 36)	**29**	186
Profit on sale and leaseback of houses (notes 34 and 36)	**30**	30
Rehabilitation provision – change in estimate (note 19)	**32**	20
Insurance claim – asset damage (note 34)	**179**	—
Insurance claim – 14 Shaft business interruption	**295**	—
Trade payables – commodity price adjustment	**82**	707
Other	**—**	10
	647	953

26. Other operating expenses

	2016 Rm	2015 Rm
Other operating expenses comprise the following principal categories:		
Post-strike ramp-up cost (note 24)	**—**	808
Impairment – non-trading receivables	**35**	81
Scrapping of assets (notes 3 and 35)	**106**	437
Audit remuneration	**15**	12
14 Shaft fire non-production cost	**39**	—
Other	**3**	—
	198	1 338

Production ceased at Impala Rustenburg's operation during the five-month industrial action in the 2014 financial year. Cost incurred during the strike period as well as ramp-up cost subsequent to the strike (2015 financial year) was reallocated from cost of sales to other operating expenses.

	2016 Rm	2015 Rm
The following disclosure items are included in other operating expenses:		
Audit remuneration	**15**	12
Other services	**1**	1
Audit services including interim review	**14**	11

27. Impairment

	2016 Rm	2015 Rm
Impairment of non-financial assets was made up of the following:		
Property, plant and equipment (note 3)	**257**	2 872
Investment property (note 5)	**50**	—
Exploration and evaluation assets (note 4)	**—**	2 975
	307	5 847

28. Royalty expense/(income)

	2016 Rm	2015 Rm
Stakeholder royalties	**99**	95
State royalties	**198**	156
State royalty refund*	**—**	(1 066)
Amortisation of royalty prepayment (notes 10 and 35)	**219**	240
	516	(575)

** In the previous year the High Court of Zimbabwe issued its judgment in the case involving a dispute between Zimbabwe Platinum Mines (Private) Limited and the Zimbabwe Revenue Authority (ZIMRA) over which mining royalty provisions are applicable to the subsidiary. The judge ruled that the royalty provisions in the subsidiary's mining agreement take precedence over the royalty provisions set out in the Finance Act. Accordingly the operating subsidiary is liable to pay royalties at the rate of 2.5% of the value of all minerals produced and not at the higher Finance Act rates. The effect of the judgment was that the operating subsidiary overpaid royalties by R 1 066 million in respect of the period between January 2004 and June 2014. ZIMRA allowed for the refund to be offset against current tax payable (note 22).*

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

29. Finance income

	2016 Rm	2015 Rm
Cash and cash equivalents	**233**	63
Loans carried at amortised cost (note 8)	**14**	13
Held-to-maturity financial assets (note 8)	**2**	3
Trade and other receivables	**119**	55
	368	134
Metal lease fees (note 11)	**1**	1
	369	135

30. Finance cost

	2016 Rm	2015 Rm
Borrowings (note 16)	**625**	577
Other financial liabilities (note 17)	**8**	10
Sundry liabilities (note 18)	**6**	5
Provisions (note 19)	**79**	64
Trade and other payables	**16**	23
Finance costs	**734**	679
Less: Borrowing cost capitalised (note 3)[1]	**(29)**	(260)
	705	419

[1] *The average rate calculated for the capitalisation was 6.6% (2015: 5.7%) for South African operations and 7.4% (2015: 7.0%) for Zimbabwean operations. This interest has been capitalised in as far as qualifying capital expenditure has been incurred*

31. Other income

	2016 Rm	2015 Rm
Guarantee fees	**40**	37
Available-for-sale financial asset movement recycled to profit or loss on disposal	**9**	—
Derivative financial instruments – fair value movements		
– Cross currency interest rate swap	**426**	211
– Other derivatives	**32**	18
Tax interest and penalties refunded	**40**	—
	547	266

32. Other expenses

	2016 Rm	2015 Rm
Exploration expenditure (note 35)	**13**	33
Tax interest, penalties and other fines	**—**	316
Non-production-related corporate cost	**103**	20
Other	**38**	30
	154	399

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

33. Income tax income

	2016 Rm	2015 Rm
Current tax		
South African company tax	**(44)**	(453)
Current tax on profits for the year	**(580)**	(466)
Prior year adjustment*	**536**	13
Other countries' company tax	**(240)**	(1 006)
Current tax on profits for the year	**(11)**	(81)
Current additional profits tax	**(193)**	(621)
Prior year adjustment	**(36)**	(304)
Total current tax	**(284)**	(1 459)
Deferred tax		
Temporary differences (note 7)	**830**	1 873
Prior year adjustment (note 7)	**9**	(155)
Change in tax rate (Zimbabwe corporate tax)	**2**	(42)
Total deferred tax	**841**	1 676
Total income tax income	**557**	217
The tax of the Group's profit differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	**168**	1 220
Adjusted for:		
Disallowable expenditure:		
Income tax interest and penalties	**–**	(56)
Unrealised share-based compensation expense	**–**	(40)
Finance cost accruals	**(20)**	(86)
Consulting fees	**(15)**	(1)
Fair value adjustments	**–**	(5)
Other	**(61)**	(50)
Exempt income:		
Profit on sale of assets	**6**	51
Reversal of income tax interest and penalties	**7**	–
Unrealised share-based compensation income	**21**	–
Other	**10**	33
Prior year adjustment*	**509**	(446)
Change in tax rate (Zimbabwe corporate tax)	**2**	(42)
Deferred tax not recognised	**(5)**	(3)
Effect of after-tax share of profit from associates	**71**	105
Effect of different taxes of foreign subsidiaries	**57**	151
Additional profits tax	**(193)**	(614)
Income tax income	**557**	217

** Mainly prior years' bad debt expense claim.*

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

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

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

34. Earnings per share

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

	2016 Millions	2015 Millions
Number of ordinary shares issued outside the Group (note 14)	709.68	607.08
Adjusted for weighted average number of ordinary shares issued during the year	(27.49)	(0.01)
Weighted average number of ordinary shares in issue for basic earnings per share	682.19	607.07
Adjusted for dilution effect for Implats Share Incentive Scheme (ISIS)	—	0.01
Adjusted for dilution effect for Long-term Incentive Plan	1.56	1.45
Convertible bonds	—	—
Weighted average number of ordinary shares for diluted earnings per share	683.75	608.53
	Rm	Rm
Loss attributable to the owners of the Company	(70)	(3 663)

Basic earnings

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

	Cents	Cents
Basic earnings/(loss) per share	(10)	(603)

Diluted earnings

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. The convertible bonds could potentially dilute earnings per share in the future, but were anti-dilutive for the current year. Potential ordinary shares are only treated as dilutive when their conversion would decrease earnings per share or increase loss per share.

Diluted earnings/(loss) per share (cents)	(10)	(603)

Headline earnings

Profit attributable to owners of the Company is adjusted as follows:	Rm	Rm
Profit/(loss) attributable to owners of the Company	(70)	(3 663)
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment (note 25)	(21)	(134)
Gross remeasurement	(29)	(186)
Tax effects and non-controlling interests	8	52
Impairment (notes 3, 4, 5 and 27)	221	3 745
Gross remeasurement	307	5 847
Tax effects and non-controlling interests	(86)	(2 102)
Scrapping (notes 3 and 26)	76	273
Gross remeasurement	106	437
Tax effects and non-controlling interests	(30)	(164)
Insurance compensation relating to scrapping of property, plant and equipment (note 25)	(123)	—
Gross remeasurement	(179)	—
Tax effects and non-controlling interests	56	—
Headline earnings	83	221

Headline earnings per share (cents)	Cents	Cents
Basic	12	36
Diluted	12	36

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

35. Cash generated from operations

	2016 Rm	2015 Rm
Loss before tax	**(600)**	(4 356)
Adjustment for:		
Exploration costs (note 32)	**13**	33
Depreciation (notes 3 and 24)	**3 319**	2 593
Royalty refund (note 28)	**—**	(1 066)
Finance income (note 29)	**(369)**	(135)
Finance cost (note 30)	**705**	419
Share of profit of equity-accounted entities	**(262)**	(377)
Retirement benefit obligations paid	**(5)**	(5)
Share-based compensation	**19**	(194)
Provision for employee retention scheme	**1**	(130)
Provision for community development	**(16)**	(18)
Rehabilitation provision	**(38)**	(28)
Amortisation of prepaid royalty (notes 10(i) and 28)	**219**	240
Foreign currency adjustment	**479**	286
Profit on disposal of property, plant and equipment (note 25)	**(29)**	(186)
Deferred profit on sale and leaseback of houses (note 25)	**(30)**	(30)
Impairments	**307**	5 925
Scrapping of assets	**106**	437
Bad debt provision	**37**	10
Available-for-sale financial asset movement recycled to profit or loss on disposal	**(9)**	—
Prepayments utilised	**—**	92
Fair value adjustment on derivative financial instruments	**(425)**	(229)
Tax penalties and interest	**(81)**	249
Net realisable value adjustment on inventory	**146**	383
Insurance claim	**(140)**	—
	3 347	3 913
Cash movements in working capital:		
Increase/(decrease) in trade and other receivables	**838**	(873)
Decrease in inventories	**(38)**	(1 139)
Increase in trade and other payables	**69**	1 199
Cash generated from operations	**4 216**	3 100

36. Contingent liabilities and guarantees

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

	2016 Rm	2015 Rm
Guarantees		
Department of Mineral Resources (DMR)	**1 149**	1 149
Eskom	**111**	63
SARS	**2**	—
Registrar of Medical Aids	**5**	5
Total guarantees	**1 267**	1 217

Guarantees to the DMR are in respect of future environmental rehabilitation. In this regard, a provision amounting to R1 082 (2015: R848) million has been raised (note 19).

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions

	2016 Rm	2015 Rm
(i) Associates		
Two Rivers		
Transactions with related parties:		
Refining fees	**30**	24
Purchases of mineral concentrates	**3 693**	3 299
Sale of mineral right/additional 4% investment acquired	**–**	157
Year-end balances arising from transactions with related parties:		
Payables to associates	**958**	876
Receivable from associates	**2**	–
Makgomo Chrome		
Transactions with related parties:		
Refining fees	**11**	11
Purchases of mineral concentrates	**11**	11
Friedshelf		
Transactions with related parties:		
Interest accrued	**127**	126
Interest repayments	**125**	116
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	**1 232**	1 231
The finance leases have an effective interest rate of 10.2%.		
(ii) Joint venture		
Mimosa		
Transactions with related parties:		
Refining fees	**291**	244
Interest received	**3**	1
Purchases of mineral concentrates	**3 015**	2 862
Year-end balances arising from transactions with related parties:		
Payables to joint venture	**800**	690
Receivables from joint venture	**463**	657

Transactions with related parties were entered into on an arm's-length basis at prevailing market rates.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions continued

Directors' remuneration and key management compensation

Executive remuneration for the past financial year

Fixed remuneration

The following table summarises the fixed remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2016:

Individual	Package (R'000)	Retirement funds (R'000)	Other benefits (R'000)	Total 2016 (R'000)	Total 2015 (R'000)
Executive directors					
TP Goodlace	**6 420**	**1 034**	**12**	**7 466**	7 494
B Berlin	**4 848**	**509**	**108**	**5 465**	5 240
Prescribed officers					
PD Finney	**3 386**	**508**	**179**	**4 073**	3 953
GS Potgieter	**4 908**	**616**	**77**	**5 601**	5 384
A Mhembere*	**582***	**–**	**38***	**620***	657*
MN Ndlala	**4 869**	**631**	**60**	**5 560**	5 399
Company secretary					
TT Llale	**1 600**	**153**	**40**	**1 793**	1 582

(US$'000)

Variable remuneration

Individual	Bonus (R'000)	Retention (R'000)	Gains on LTIs# (R'000)	Total 2016 (R'000)	Total 2015 (R'000)
Executive directors					
TP Goodlace	**–**	**–**	**–**	**–**	–
B Berlin	**1 274**	**2 185**	**28**	**3 487**	3 343
Prescribed officers					
PD Finney	**552**	**1 469**	**–**	**2 021**	2 384
GS Potgieter	**673**	**2 212**	**–**	**2 885**	3 186
A Mhembere*	**229***	**–**	**–**	**229***	197*
MN Ndlala	**585**	**–**	**–**	**585**	1 628
Company secretary					
TT Llale	**190**	**–**	**23**	**213**	330

– The bonus shown is not the bonus for the financial year in review, but the payment made during the financial year.
** (US$'000).*
#Long-term incentives.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

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

(R'000)	Board	Audit committee	Remu-neration 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	Risk committee	Total
KDK Mokhele	559	—	—	—	—	—	—	—	**559**
HC Cameron	334	334	—	—	—	69	39	70	**846**
PW Davey	334	57	—	70	14	—	40	70	**585**
MSV Gantsho	1 364	—	75	—	34	—	—	—	**1 473**
A Kekana	334	—	70	—	75	—	40	—	**519**
AA Maule	294	139	—	—	—	27	—	136	**596**
AS Macfarlane	334	—	—	243	—	—	—	—	**577**
ND Moyo^	442	—	—	40	—	—	39	—	**521**
FS Mufamadi	334	—	—	—	75	—	—	—	**409**
BT Nagle	117	—	—	—	—	—	—	38	**155**
B Ngonyama	334	158	—	—	—	39	—	—	**531**
MEK Nkeli	334	58	—	40	—	193	—	—	**625**
NDB Orleyn	53	—	18	—	18	38	—	—	**127**
ZB Swanepoel	334	—	—	109	36	—	67	—	**546**

^ Includes R108 000 of 2015 fee paid in 2016.

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

The following table reflects the status of unexercised options held by executive directors and the gains made by them as a result of past awards during the year ended 30 June 2016:

Name	Balance at 30 June 2015	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2016	Allocation price (R)	First vesting date
Directors									
TP Goodlace									
LTIP SAR	–	152 894	8 Sep 15	–	–		**152 894**		
							9 769	–	8 Sep 16
							143 125	–	30 Nov 16
B Berlin									
Share appreciation scheme	165 337	–		5 672	–		**159 665**		
							20 180	167.19	27 Nov 08
							7 277	242.19	20 Nov 09
							3 031	333.90	30 May 10
							18 870	162.88	1 May 11
							15 251	171.39	4 Nov 11
							631	209.09	13 May 12
							11 749	193.83	1 Nov 12
							53 954	193.79	12 May 13
							21 502	171.76	10 Nov 13
							7 220	145.48	24 May 14
LTIP SAR	130 926	207 778	12 Nov 15	32 250	–		**306 454**		
							10 751	146.89	14 Nov 15
							39 339	134.91	11 Nov 16
							48 586	81.90	13 Nov 17
							207 778	35.16	12 Nov 18
LTIP CSP	48 369	83 080	12 Nov 15	12 008	–		**119 441**		
							12 252	–	11 Nov 16
							24 109	–	13 Nov 17
							83 080	–	12 Nov 18

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

Name	Balance at 30 June 2015	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2016	Allocation price (R)	First vesting date
Secretary									
TT Llale									
Share appreciation scheme	14 918	–		–	–		**14 918**		
							1 562	172.07	1 Dec 08
							460	333.90	30 May 10
							682	116.76	18 Nov 10
							3 164	162.88	1 May 11
							494	171.39	4 Nov 11
							1 000	209.09	13 May 12
							1 224	193.83	1 Nov 12
							1 540	193.79	12 May 13
							853	171.76	10 Nov 13
							3 939	145.48	24 May 14
LTIP SAR	6 226	13 785	12 Nov 15	–	–		**20 011**		
							6 226	81.90	13 Nov 17
							13 785	35.16	12 Nov 18
LTIP CSP	9 169	16 536	12 Nov 15	769	692	14 Nov 15	**24 244**		
							1 529	–	11 Nov 16
							6 179	–	13 Nov 17
							16 536	–	12 Nov 18
Prescribed officers									
PD Finney									
Share appreciation scheme	87 228	–		–	–		**87 228**		
							1 761	167.19	27 Nov 08
							7 540	233.74	24 May 09
							2 977	333.9	30 May 10
							2 774	116.76	18 Nov 10
							2 898	162.88	1 May 11
							12 266	171.39	4 Nov 11
							7 696	209.09	13 May 12
							18 528	193.83	1 Nov 12
							5 376	193.79	12 May 13
							12 282	171.76	10 Nov 13
							13 130	145.48	24 May 14
LTIP SAR	66 328	67 309	12 Nov 15	14 166	–		**119 471**		
							4 723	146.89	14 Nov 15
							17 302	134.91	11 Nov 16
							30 137	81.90	13 Nov 17
							67 309	35.16	12 Nov 18
LTIP CSP	30 949	40 370	12 Nov 15	7 912	–		**63 407**		
							8 083	–	11 Nov 16
							14 954	–	13 Nov 17
							40 370	–	12 Nov 18

Notes to the Consolidated Financial Statements – for the period ended 30 June 2016

37. Related-party transactions continued

Directors' remuneration and key management compensation continued

Executive remuneration for the past financial year continued

Name	Balance at 30 June 2015	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	Balance at 30 June 2016	Allocation price (R)	First vesting date
A Mhembere									
LTIP SAR	129 418	166 180	12 Nov 15	25 974	–		**269 624**		
							8 659	146.89	14 Nov 15
							35 398	134.91	11 Nov 16
							59 387	81.90	13 Nov 17
							166 180	35.16	12 Nov 18
LTIP CSP	60 513	99 671	12 Nov 15	14 507	–		**145 677**		
							16 537	–	11 Nov 16
							29 469	–	13 Nov 17
							99 671	–	12 Nov 18
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	99 462	92 411	12 Nov 15	19 645	–		**172 228**		
							6 549	146.89	14 Nov 15
							23 912	134.91	11 Nov 16
							49 356	81.90	13 Nov 17
							92 411	35.16	12 Nov 18
LTIP CSP	46 634	55 426	12 Nov 15	10 972	–		**91 088**		
							11 171	–	11 Nov 16
							24 491	–	13 Nov 17
							55 426	–	12 Nov 18
MN Ndlala									
Share appreciation scheme	56 799	–		888	–		**55 911**		
							1 110	167.19	27 Nov 08
							3 603	233.74	24 May 09
							7 139	116.76	18 Nov 10
							12 313	171.39	4 Nov 09
							13 750	193.83	1 Nov 12
							7 831	193.79	12 May 13
							10 165	171.76	10 Nov 13
LTIP SAR	87 497	90 452	12 Nov 15	11 005	–		**166 944**		
							3 669	146.89	14 Nov 15
							24 536	134.91	11 Nov 16
							48 287	81.90	13 Nov 17
							90 452	35.16	12 Nov 18
LTIP CSP	41 569	54 251	12 Nov 15	6 146	–		**89 674**		
							11 462	–	11 Nov 16
							23 961	–	13 Nov 17
							54 251	–	12 Nov 18

Company statement of financial position – as at 30 June 2016

	Notes	2016 Rm	2015 Rm
Assets			
Non-current assets			
Investments in associates and joint venture	2	**639**	639
Investments in subsidiaries	3	**3 621**	3 621
Loans to subsidiaries	3	**15 869**	12 296
Loan – Impala	4	**4 467**	4 486
Other financial assets	5	**1 180**	673
		25 776	21 715
Current assets			
Trade and other receivables		**50**	43
Loan – Impala	4	**115**	85
Cash and cash equivalents	6	**5 115**	—
		5 280	128
Total assets		**31 056**	21 843
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	7	**22 186**	18 286
Retained earnings/(loss)		**3 266**	(1 392)
Other components of equity		**—**	—
Total equity		**25 452**	16 894
Liabilities			
Non-current liabilities			
Deferred tax liability	8	**81**	108
Borrowings	9	**5 260**	4 654
		5 341	4 762
Current liabilities			
Trade and other payables		**30**	24
Current tax payable		**16**	—
Borrowings	9	**217**	158
Other financial liabilities	10	**—**	5
		263	187
Total liabilities		**5 604**	4 949
Total equity and liabilities		**31 056**	21 843

The notes on pages 90 to 98 are an integral part of these Financial Statements.

Company statement of profit or loss and other comprehensive income

– for the period ended 30 June 2016

	Notes	2016 Rm	2015 Rm
Finance and investment income	11	**5 114**	801
Finance cost		**(330)**	(285)
Other income	12	**469**	265
Other expenses	13	**(503)**	(1 648)
Profit/(loss) before tax		**4 750**	(867)
Income tax income/(expense)	14	**(92)**	9
Profit/(loss) for the year		**4 658**	(858)
Other comprehensive income, comprising items subsequently reclassified to profit or loss:			
Available-for-sale financial assets		**—**	(28)
Total comprehensive income/(loss) for the year		**4 658**	(886)

The notes on pages 90 to 98 are an integral part of these Financial Statements.

Company statement of changes in equity – for the period ended 30 June 2016

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Total share capital Rm	Total other compo-nents of equity Rm	Retained earnings Rm	Total equity Rm
Balance at 30 June 2015	**16**	**16 376**	**1 894**	**18 286**	**—**	**(1 392)**	**16 894**
Shares issued	**2**	**3 998**		**4 000**			**4 000**
Share issue transaction cost	**—**	**(100)**	**—**	**(100)**	**—**	**—**	**(100)**
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**—**	**4 658**	**4 658**
Profit/(loss) for the year	**—**	**—**	**—**	**—**	**—**	**4 658**	**4 658**
Other comprehensive income/(loss)	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 30 June 2016	**18**	**20 274**	**1 894**	**22 186**	**—**	**3 266**	**25 452**
Balance at 30 June 2014	16	16 376	1 894	18 286	28	(534)	17 780
Total comprehensive income/(loss)	—	—	—	—	(28)	(858)	(886)
Profit/(loss) for the year	—	—	—	—	—	(858)	(858)
Other comprehensive income/(loss)	—	—	—	—	(28)	—	(28)
Balance at 30 June 2015	16	16 376	1 894	18 286	—	(1 392)	16 894

The notes on pages 90 to 98 are an integral part of these Financial Statements.

Company statement of cash flows – for the period ended 30 June 2016

	Notes	2016 Rm	2015 Rm
Cash flows from operating activities			
Profit/(loss) before tax		**4 750**	(867)
Adjustment to profit/(loss) before tax	16	**(4 730)**	855
Finance cost		**(198)**	(171)
Cash movements in working capital	16	**(1)**	(6)
Income tax paid		**(103)**	(16)
Net cash used in operating activities		**(282)**	(205)
Cash flows from investing activities			
Finance income		**502**	135
Dividends received	11	**4 480**	538
Loans to subsidiaries		**(3 485)**	(468)
Net cash from investing activities		**1 497**	205
Cash flows from financing activities			
Issue of ordinary shares, net of cost		**3 900**	—
Net cash from financing activities		**3 900**	—
Net increase in cash and cash equivalents		**5 115**	—
Cash and cash equivalents at the beginning of the year		**—**	—
Cash and cash equivalents at the end of the year		**5 115**	—

The notes on pages 90 to 98 are an integral part of these Financial Statements.

Notes to the Company Financial Statements – for the period ended 30 June 2016

1. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies are disclosed on pages 17 to 27.

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

2. Investments in associates and joint venture

	2016 Rm	2015 Rm
Associates		
Two Rivers Platinum (note 6 of Group Annual Financial Statements)	**202**	202
Makgomo Chrome (note 6 of Group Annual Financial Statements)	**61**	61
Joint venture		
Mimosa (note 6 of Group Annual Financial Statements)	**376**	376
Total investments in associates and joint venture	**639**	639

Notes to the Company Financial Statements – for the period ended 30 June 2016

3. Investments in subsidiaries

(All amounts in rand millions unless otherwise stated)	Issued share capital	% interest 2016	% interest 2015	Carrying amount Investment 2016	Carrying amount Investment 2015	Carrying amount Loans 2016	Carrying amount Loans 2015
Company and description							
Impala Holdings Limited	*	**100**	100	**–**	–	**12 426**	11 575
Investment holding company							
Impala Platinum Limited	*	**100**	100	**–**	–	**–**	–
Mines, refines and markets PGMs							
Impala Platinum Investments (Pty) Limited	*	**100**	100	**–**	–	**–**	–
Impala Platinum Properties (Rustenburg) (Pty) Limited	*	**100**	100	**–**	–	**–**	–
Impala Platinum Properties (Johannesburg) (Pty) Limited	*	**100**	100	**–**	–	**–**	–
Own properties							
Biz Afrika 1866 (Pty) Limited	*	**–**	–	**–**	–	**–**	–
Afplats (Pty) Limited		**74**	74	**1 987**	1 987	**–**	–
Owns mineral rights							
Imbasa Platinum (Pty) Limited	*	**60**	60	**–**	–	**47**	47
Owns mineral rights							
Inkosi Platinum (Pty) Limited	*	**49**	49	**–**	–	**108**	98
Owns mineral rights							
Gazelle Platinum Limited	*	**100**	100	**–**	–	**220**	220
Investment holding company							
Impala Refining Services Limited	*	**100**	100	**–**	–	**–**	–
Provides toll refining services							
Impala Platinum Japan Limited[1]	¥10m	**100**	100	**2**	2	**–**	–
Marketing representative							
Impala Platinum Zimbabwe (Pty) Limited	*	**100**	100	**73**	73	**351**	352
Investment holding company							
Impala Platinum BV[2]	€0.02	**100**	100	**900**	900	**–**	–
Investment holding company							
Zimplats Holdings Limited**[3]	US$10.8m	**87**	87	**–**	–	**–**	–
Investment holding company							
Zimbabwe Platinum Mines (Pvt) Limited[4]	US$30.1m	**87**	87	**–**	–	**–**	–
Owns mineral rights and mines PGMs							
Marula Platinum (Pty) Limited	*	**73**	73	**607**	607	**2 715**	–
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	*	**65**	65	**52**	52	**–**	–
Sundry and dormant companies	*	**77**	100	**–**	–	**2**	4
Total				**3 621**	3 621	**15 869**	12 296
Total investment at cost						**19 490**	15 917

Share capital less than R50 000.
** *Listed on the Australian Securities Exchange.*
[1] *Incorporated in Japan.*
[2] *Incorporated in the Netherlands.*
[3] *Incorporated in Guernsey.*
[4] *Incorporated in Zimbabwe.*

Notes to the Company Financial Statements – for the period ended 30 June 2016

4. Loan – Impala

	2016 Rm	2015 Rm
Loan	**4 582**	4 571
Current	**115**	85
Non-current	**4 467**	4 486

The Company made a loan to Impala Platinum Ltd in respect of the cash obtained from the convertible bonds. Interest on the loan is charged at 5.7% and have semi-annually payments ending 21 February 2018.

5. Other financial assets

	Notes	2016 Rm	2015 Rm
Available-for-sale investment	5.1	**3**	3
Loans	5.2	**40**	40
Derivative financial instruments	5.3	**1 137**	630
		1 180	673

5.1 Available-for-sale investment

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

5.2 Loans

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

5.3 Derivative financial instruments

Implats entered into a Cross Currency Interest Rate Swap (CCIRS) amounting to US$200 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds, being: exchange rate risk on the dollar interest payments is hedged and the risk of a future cash settlement of the bonds at a rand/dollar exchange rate weaker than R9.24/US$ is hedged. No hedge accounting has been applied. (US$200 million was swapped for R1 848 million on which Implats pays a fixed interest rate to Standard Bank of 5.94%. Implats receives the 1% coupon on the US$200 million on the same date which Implats pays-on externally to the Bond holders. At February 2018 Implats will repay the R1 848 million in return of the US$200 million.)

The CCIRS with Standard Bank was valued by external valuators at R1 137 (2015: R630) million.

Refer note 9 of Group Annual Financial Statements.

6. Cash and cash equivalents

	2016 Rm	2015 Rm
Cash at bank	**5 115**	–
Bank balances (US$ million)	**32**	–

Refer note 13 of Group Annual Financial Statements for detailed disclosure relating to cash and cash equivalents.

Notes to the Company Financial Statements – for the period ended 30 June 2016

7. Share capital

	2016 Rm	2015 Rm
The authorised share capital of the holding company consists of:		
844.01 (2015: 844.01) million ordinary shares with a par value of 2.5 cents each		
The issued share capital of the holding company consists of:		
734.7 (2015: 632.2) million ordinary shares with a par value of 2.5 cents each	18	16

At a meeting of shareholders held on 6 October 2015, shareholders gave approval for, among other things, to the directors to allot and issue up to 171 895 144 shares. On 7 October 2015, 102 564 102 shares were issued to qualifying investors at R39.00 per share to raise R4.0 billion to be used to fund the completion of Impala's 16 and 20 Shafts.

8. Deferred tax

Deferred liabilities are attributable to the following items:

	2016 Rm	2015 Rm
Deferred tax liabilities to be settled within 12 months	16	30
Deferred tax liabilities to be settled after 12 months	65	78
	81	108

Deferred income taxes are calculated at the prevailing tax rates.

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

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

	Opening balance Rm	Recognised in profit or loss Rm	Closing balance Rm
2015			
Equity portion of bonds	75	(17)	58
Fair value of assets and liabilities	58	(8)	50
	133	(25)	108

Notes to the Company Financial Statements – for the period ended 30 June 2016

9. Borrowings

	Notes	2016 Rm	2015 Rm
Convertible bonds – ZAR	9.1	**2 575**	2 499
Convertible bonds – US$	9.2	**2 848**	2 313
Intra-group borrowing – Afplats	9.3	**54**	—
		5 477	4 812
Current		**217**	158
Non-current		**5 260**	4 654
Beginning of the year		**4 812**	4 410
Proceeds		**57**	—
Interest accrued		**297**	270
Repayments		**(168)**	(156)
Exchange adjustment		**479**	288
End of the year		**5 477**	4 812

Proceeds of R4 466 million from the convertible bond issue, which together with interest of R254 (2015: R254) million and payments of R243 (2015: R243) million was advanced to Impala, totalling R4 582 (2015: R4 571) million.

9.1 Convertible bonds – ZAR

The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion was R319 million (before tax) on issue. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, 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 8.5% (2015: 8.5%).

9.2 Convertible bonds – US$

The US$ denominated bonds have a par value of US$200 million and carry a coupon of 1% (US$2 million) per annum. The coupon is payable semi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of US$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, 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 3.1% (2015: 3.1%).

9.3 Intra-group borrowing – Afplats

The borrowing from a subsidiary Afplats, is charged at the Company's overdraft borrowing rate which varied between 5.5% – 6.3% per annum. The loan is unsecured and has no fixed term of repayment.

10. Other financial liabilities

	Notes	2016 Rm	2015 Rm
Commitments	10.1	**—**	5
Derivative financial instruments	10.2	**—**	—
Current		**—**	5

10.1 Commitments

Fees payable to Bakwena Ba Mogopa as a result of an agreement with the acquisition of Afplats. The liability had an effective interest rate of 12.9% (2015: 12.9%) and is now fully repaid.

10.2 Derivative financial instruments

The conversion option on the US$200 million bond was valued at R0 (2015: R0.1) million. The option value was calculated using the binomial option model.

Notes to the Company Financial Statements – for the period ended 30 June 2016

11. Finance and investment income

	2016 Rm	2015 Rm
Cash and cash equivalents	**193**	—
Interest on subsidiaries shareholders' loans	**441**	263
Dividend received	**4 480**	538
	5 114	801

12. Other income

	2016 Rm	2015 Rm
Guarantee fees	**43**	37
Derivative financial instruments – fair value movements		
– Cross currency interest rate swap	**426**	210
– Other derivatives	**—**	18
	469	265

13. Other expenses

	2016 Rm	2015 Rm
Net foreign exchange transaction losses/(gains)	**388**	288
Corporate costs	**41**	20
Exploration expenditure	**8**	4
Other	**66**	24
Impairment of investment*	**—**	1 312
	503	1 648

**The investment in Afplats, Imbasa and Inkosi has been impaired in the prior year (note 4 of Group Annual Financial Statements).*

14. Income tax expense

	2016 Rm	2015 Rm
Current tax		
South African company tax	**131**	11
Prior year under/(over) provision	**(11)**	4
Deferred tax		
Temporary differences (note 8)	**(24)**	(20)
Prior year adjustment (note 8)	**(3)**	(4)
Income tax expense	**93**	(9)

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

	2016 Rm	2015 Rm
Normal tax for companies on (loss)/profit before tax	**1 330**	(243)
Adjusted for:		
Disallowable expenditure	**31**	17
Exempt dividend income	**(1 254)**	(150)
Prior year adjustment	**(14)**	—
Tax expense	**93**	(376)

Notes to the Company Financial Statements – for the period ended 30 June 2016

15. Contingent liabilities and guarantees

	2016 Rm	2015 Rm
At year-end the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.		
Guarantees		
Standard Bank – Marula BEE parties	**882**	881
Standard Bank – Zimplats Pvt Ltd	**1 248**	913
First National Bank	**665**	665
Total guarantees	**2 795**	2 459

16. Cash generated from operations

	2016 Rm	2015 Rm
Adjustment to profit before tax:		
Foreign exchange (gain)/loss	**479**	288
Fair value adjustment on derivative	**(426)**	(229)
Finance cost	**331**	285
Finance income (note 11)	**(634)**	(263)
Impairment of investment	**—**	1 312
Dividend income (note 11)	**(4 480)**	(538)
Total adjustment to profit before tax	**(4 730)**	855
Cash movements in working capital		
Increase in trade and other receivables	**(7)**	(6)
Increase in trade and other payables	**6**	—
Cash from changes in working capital	**(1)**	(6)

Notes to the Company Financial Statements – for the period ended 30 June 2016

17. Related-party transactions

	2016 Rm	2015 Rm
Associates and joint venture (note 2)		
Two Rivers		
Transactions with related parties:		
Dividend received	**369**	277
Additional 4% investment acquired	**–**	157
Makgomo Chrome		
Transactions with related parties:		
Dividend received	**12**	10
Mimosa		
Transactions with related parties:		
Dividend received	**50**	229
Subsidiaries (notes 3 and 4)		
Impala		
Transactions with related parties:		
Loans granted	**1 964**	785
Loan repayments	**12 452**	1 786
Interest income accrued	**254**	254
Balances arising from transactions with related parties:		
Loans	**1 080**	11 568
Loans – Impala	**4 582**	4 571
Impala Holdings Limited		
Transactions with related parties:		
Loan granted	**11 338**	–
Balances arising from transactions with related parties:		
Loans	**11 346**	8
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Loan granted	**2 715**	–
Balances arising from transactions with related parties:		
Guarantees provided (note 16)		
Subsidiaries (refer to page 91)		

Share options granted to directors

The aggregate number of share options granted to key management (directors and executive management) is disclosed in note 37 of the Group Annual Financial Statements.

Notes to the Company Financial Statements – for the period ended 30 June 2016

18. Financial risk management

The Company manages its risk on a Group-wide basis. Refer to note 21 of the Group Annual Financial Statements.

18.1 Market risk

Foreign exchange risk

There are no significant concentrations of foreign exchange risk.

Interest rate risk

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

Fixed interest rate exposure

	2016 Rm	2015 Rm
Financial assets		
Loans to subsidiaries (note 3)	**13 154**	12 296
Loan – Impala (note 4)	**4 582**	4 571
Financial liabilities		
Borrowings (note 9)	**(5 423)**	(4 812)
	12 313	12 055

The loan to Impala has a fair value of R4 014 million. This fair value is categorised within Level 3 of the fair value hierarchy. A discounted cash-flow valuation technique was used using an 14% discount rate.

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

18.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 16).

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

Loans to subsidiaries

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

Loans

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

Trade and trade receivables

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

18.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding for its expected future cash flow. Impala Platinum Holdings Limited's cash requirements are met by Impala Platinum Limited.

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 16.

18.4 Cash flow interest rate risk

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

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