Audited Annual Financial Statements **2020**

Supplement to the Annual Integrated Report 30 June 2020

RESPECT, CARE
AND DELIVER

IMPLATS
EXCELLENCE IN PGMs

Welcome to our 2020 annual financial statements

IMPALA PLATINUM HOLDINGS LIMITED (IMPLATS) IS A LEADING PRODUCER OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMS). IMPLATS IS STRUCTURED AROUND SIX MINING OPERATIONS AND IMPALA REFINING SERVICES, A TOLL REFINING BUSINESS. THE MINING OPERATIONS ARE LOCATED ON THE BUSHVELD COMPLEX IN SOUTH AFRICA, THE GREAT DYKE IN ZIMBABWE – THE TWO MOST SIGNIFICANT PGM-BEARING ORE BODIES IN THE WORLD – AND THE CANADIAN SHIELD, A PROMINENT LAYERED IGNEOUS COMPLEX DOMAIN FOR PGMs.

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.

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

INTEGRATED REPORT

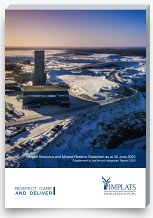
- Information about our stakeholders, their material matters, risk, strategy and performance
- Information about our operations, mineral reserves and mineral resources, business context, environment, business model, and intellectual capital contained in our risk and remuneration processes
- Overall assurance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

ESG 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

This report contains the Mineral Resource and Mineral Reserve statement of Impala Platinum Holdings Limited as at 30 June 2020.
The report provides updated estimates and reconciliation of Mineral Resources and Mineral Reserves and conforms to the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code (2016)). The report also conforms to section 12.13 of the JSE listings requirements and has been signed off by the appointed competent persons.



NOTICE TO SHAREHOLDERS

- Corporate governance
- Condensed consolidated financial statements
- Audit committee report
- Social, transformation and remuneration committee report
- Notice and proxy

ONLINE www.implats.co.za

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

@impalaplatinum.com

http://www.youtube.com/implats

http://www.linkedin.com/company/impalaplatinum limited

Contents

This report contains the consolidated financial statements and the separate annual financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2020.

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

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

HOW TO NAVIGATE THIS REPORT

AP **ACCOUNTING POLICIES**
The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.

EJ **ESTIMATES AND JUDGEMENTS**
The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

TR **TRANSITION**
The implementation requirements and related impacts of a newly adopted IFRS.

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** to provide us with your feedback.

Information available elsewhere in this report

Information available on our website

Report of the audit committee

The Group audit committee is pleased to present its report as required by section 94 of the Companies Act, King IV and the JSE Listings Requirements for the financial year ended 30 June 2020. The report provides an overview of the work done by the committee during the year under review. The Implats board has mandated the committee as the audit committee of all Group companies which have a statutory requirement to have an audit committee.

The committee has terms of reference in place which regulate both its statutory duties and those duties delegated to it by the board. These duties include the monitoring of internal financial controls, internal and external assurance services to enable an effective control environment and that these support the integrity of information produced and reported by the Company.

COMPOSITION

The committee comprises three members all of whom are independent non-executive directors. Ms Babalwa Ngonyama was a member of the committee until the Company's AGM in October 2019 where she did not offer herself for re-election to the committee. The committee held four scheduled meetings and one *ad hoc* meeting which was convened to attend to special business.

Members	Attendance	Appointed
Ms D Earp (Chairman)	5/5	1 August 2018
Mr PW Davey	5/5	18 February 2016
Ms B Ngonyama	1/1	1 November 2010
Mr PE Speckmann	5/5	1 August 2018

MANDATE OF THE COMMITTEE

The committee has discharged all its responsibilities as contained in the charter including but not limited to:

- Reviewing accounting policies and ensuring that financial information issued to stakeholders is supported by robust internal controls and risk management processes;
- Discharging its duties relating to safeguarding of the Company's assets by monitoring the proper operation of adequate and effective systems of internal controls;
- Monitored the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards;
- Monitored the activities of internal auditors, ensured independence of the function and recommended the internal audit charter for board approval;
- Monitored closely the activities of the new external auditors including their independence and ensuring that the scope of their non-audit services provided did not impair their independence;
- Made recommendations regarding dividend declarations in line with the Group capital allocation framework, balance sheet and liquidity policy and the dividend policy;
- Recommended the integrated report and the supplementary reports for board approval;
- Performed duties that are attributed to it by the Act, the Johannesburg Stock Exchange (JSE) and King IV Code;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment;
- Encouraged cooperation between internal and external audit during the year in line with the Company's assurance model;
- 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 2019;
  - The annual results for the year ended 30 June 2020;
  - Quarterly production reports; and
  - Trading updates to shareholders.
- Considering the JSE's proactive monitoring activities reports;
- Considered the effectiveness of internal audit, approved the five-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan. The committee also approved deviations from the annual internal audit plan;
- Monitored initiatives implemented by the compliance function which included assurance;
- Considered the effectiveness of the information technology (IT) function and recommended IT strategy for board approval;
- Reviewed and approved the Group tax policy and the Treasury policy; and
- Recommended the appointment of external auditors for shareholder approval and oversaw the change of the lead partner post year-end. Prior to making its nomination, the committee requested and considered all information required in terms of section 22.15(h) of the JSE Listings Requirements in assessing the auditor and the designated auditor's suitability for appointment.

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

IMPLATS GROUP INTERNAL AUDIT (IGIA)

The committee approved the IGIA departmental budgets and the internal audit plan which is developed to cover the major risks for the Group and ensured that there was coverage of the Group audit universe. The committee monitors progress against the approved audit plan throughout the year. IGIA provided the committee with written assurance statements on the adequacy and effectiveness of internal financial controls and other internal controls and risk management environment. During the year under review, nothing came to the attention of IGIA

Report of the audit committee

to indicate a breakdown in the internal financial controls nor was there an indication that the internal controls were inadequate in design and implementation.

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

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

EXTERNAL AUDIT

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Companies Act. The committee, in consultation with executive management, agreed the audit fee for the 2020 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. The auditor performed a satisfactory audit which covered all the significant risks to the Company and submitted their report accordingly. Audit fees are disclosed in note 23 to the annual financial statements.

Additionally, the approval of all non-audit-related services is governed by an appropriate policy which sets the limit as a percentage of the audit fee. During the year under review, Deloitte did not perform any non-audit services.

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

The Company elected to early adopt the mandatory auditor rotation which culminated in shareholders approving the appointment of Deloitte as Group external auditors with effect from 22 October 2019 and PwC resigning as Group auditors. Mr Mandisi Mantyi was lead partner at the time of their appointment; however, Mr Mantyi left the employ of Deloitte. Mr Eugene Zungu was appointed lead partner from 29 June 2020. The committee reviewed the auditor suitability pack as required by section 22 of the JSE Listings Requirements and agreed to recommend Deloitte for appointment by shareholders.

CHIEF FINANCIAL OFFICER REVIEW

Ms Meroonisha Kerber is a Chartered Accountant and she was appointed Group chief financial officer with effect from 1 August 2018. The committee has reviewed her qualifications and expertise and found her to be suitably qualified and experienced to lead the finance function. Additionally, the committee has satisfied itself of the performance, qualifications and expertise of the financial accounting and the taxation departments.

ANNUAL FINANCIAL STATEMENTS

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

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

Based on the results of the formally documented review of the Company's system of internal financial controls, which was performed by the internal audit function and a formal documented review of the Company's mature system of combined assurance, no deficiencies were identified that resulted in a material misstatement of the annual financial statements. Identified deficiencies are in the process of being addressed and remediated.

COMMENTS ON KEY AUDIT MATTERS, ADDRESSED BY DELOITTE IN THIS EXTERNAL AUDITOR'S REPORT

The external auditors have reported on three key audit matters in respect of their 2020 audit, being: physical quantities and measurement of in-process metal inventories, determination and valuation of an uncertain tax matter in Zimbabwe and acquisition of North American Palladium (now operating as Impala Canada). These key audit matters related to material financial statement line items and require judgement and estimates to be applied by management. The committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matters. Furthermore, the committee discussed the key audit matters with the external auditors to understand their related audit processes and views. Following our assessment, the committee was comfortable with the conclusions reached by management and the external auditors.

Ms Dawn Earp
Chairman of the audit committee

22 September 2020

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 M Kerber, 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 2020, 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 of risk by the various sub-committees of the board.

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

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

The annual financial statements as set out on pages 17 to 116 have been approved and authorised for issue by the board of directors and are signed on its behalf by:

MSV Gantsho
Chairman

NJ Muller
Chief executive officer

22 September 2020

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

22 September 2020

Independent auditor's report

TO THE SHAREHOLDERS OF IMPALA PLATINUM HOLDINGS LIMITED
REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Impala Platinum Holdings Limited (the Company) and its subsidiaries (the Group) set out on pages 17 to 116, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 30 June 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the Company.

Independent auditor's report

Key audit matter	How the matter was addressed in the audit
Physical quantities and measurement of in-process metal inventories In-process metal inventories are held in a wide variety of forms, and prior to refinement as a precious metal, are contained in a carrier material. It is not possible to determine the exact metal content within the carrier material until the refinement process is complete. As such, theoretical quantities are determined through a process known as metal accounting, in which the process of sampling, analysing and weighing determines the metal content and split between types of metal. Quantities of recoverable metal are reconciled to the quantity and grade of input as well as the quantities of metal actually recovered. The nature of this process inherently limits the ability to precisely monitor recoverability levels. As a result, the metal accounting process is constantly monitored and the engineering estimates are refined based on actual results over time. The accuracy of metal accounting can vary quite significantly, and the quantum of in-process metal inventories requires a significant amount of estimation and judgement in its determination and was therefore considered a key audit matter. The estimates and judgements with respect to in-process metal inventories, including the quantification of the change in engineering estimate for the current financial year, are disclosed in note 8 of the consolidated financial statements.	Our work on the physical quantities and measurement of in-process metal inventories included: • Attending the physical in-process metal inventories counts at the refineries and the smelter • Obtaining an understanding of the Group's procedures around the estimation of physical quantities and measurement of in-process metal inventories • Evaluating the design and implementation of key metal accounting controls, including an evaluation of the process by our technical mining advisory specialists • Testing the operating effectiveness of controls that measure in-process metal inventories quantities • Using our internally developed metal accounting tool to verify the accuracy of management's inventories valuation • Auditing the allocation of costs to the in-process metal inventories • Auditing the elimination of intercompany profits associated with the in-process metal inventories • Performing an independent reconciliation of the opening in-process metal inventories quantities to the closing in-process metal inventories quantities • Evaluating the change in engineering estimates with respect to in-process metal inventories that have occurred in the current and prior financial years and the methodology for recognition of those changes • Reviewing the disclosures in respect of in-process metal inventories, including the description of the estimates and judgements in estimating the physical quantities of metal inventories, in the consolidated financial statements Our procedures lead us to conclude that the estimates and judgements with respect to the physical quantities and measurement of metal inventories, including the relevant disclosures in the consolidated financial statements, are substantiated and that the Group's processes for estimation of in-process metal inventories are reliable.

Independent auditor's report

Key audit matter	How the matter was addressed in the audit
Determination and valuation of uncertain tax matter in Zimbabwe The interpretation of fiscal legislation in Zimbabwe is complex and has in the past resulted in differences of opinion over the interpretation or application of certain legislation between the Group and the Zimbabwe Revenue Authority (ZIMRA). Consequently, the Group has, in the past, settled certain unresolved disputes through the courts. In the current financial year, changes were made to the fiscal legislation in Zimbabwe. In particular, a requirement for all foreign currency generating companies to remit income taxes and royalties in foreign currency was introduced. The Group has continued to pay income taxes and royalties for its main operating subsidiary in Zimbabwe, Zimbabwe Platinum Mines (Private) Limited, in local currency in Zimbabwe. There is a difference in interpretation of the fiscal legislation between the Group and ZIMRA with regards to the currency in which taxes and royalties should be paid. This difference in interpretation results in uncertainty regarding the income tax and royalties' payable. Any changes to these estimates could give rise to material variances in future years. The assessment of uncertain tax positions in Zimbabwe was considered to be a key audit matter due to the significant judgement required in determining the provisions for income taxes due to the complexity of legislation, which is subject to interpretation and reliance on tax and legal advice. Critical accounting judgements and estimates made by the Directors in applying the Group's accounting policy for uncertain tax positions in Zimbabwe are disclosed in note 29, and are based on: • Discussions with ZIMRA and other relevant regulators; • Independent tax and legal expert advice on the likely outcome; and • Interpretations of case law, as well as the Public Notice 26 of 2019, published on 19 June 2019.	Our work on the determination and valuation of uncertain tax matters in Zimbabwe included: • Obtaining an understanding of the Group's tax risk environment and focusing on risk areas in Zimbabwe, in addition to reviewing the income tax computations in Zimbabwe • Holding discussions with management and those charged with governance regarding the Group's compliance with tax laws and regulations in Zimbabwe • Involving our own tax specialists, who performed the following procedures: 1. Reviewing management's tax assessments to evaluate the Group's judgements and estimates on the uncertain tax matter in Zimbabwe; 2. Reviewing the assumptions supporting the estimates and challenged the appropriateness of these assumptions in view of local tax regulations in Zimbabwe; and 3. Evaluating how the Group had considered new information or changes in tax law, and assessing the Group's judgement of how these impact the Group's position or measurement of the required provision in Zimbabwe. • Inspecting the latest correspondence between the Group, ZIMRA and other relevant regulators in Zimbabwe • Inspecting legal opinions obtained by management's legal expert during the year in relation to the uncertain tax matter in Zimbabwe • Involving an independent legal expert to evaluate the opinions presented by management's legal expert • Reviewing the disclosures in the consolidated financial statements with respect to the uncertain tax matter in Zimbabwe Our procedures lead us to conclude that the position adopted by management in respect of the payment of taxes and royalties in Zimbabwe, together with the related disclosures in the consolidated financial statements is supportable.

Independent auditor's report

Key audit matter	How the matter was addressed in the audit
Acquisition of North American Palladium (now operating as Impala Canada) The Group acquired 100% of the shares of Impala Canada on 13 December 2019. The Group paid a total purchase consideration of R10.9 billion. The bargain purchase arising from the acquisition was R11 million. The acquisition required judgement in determining the fair values of the assets and liabilities acquired. The significance of the acquisition to the Group, together with the judgement required in determining the fair values of the assets and liabilities acquired has resulted in this being considered a key audit matter. The accounting policies with respect to these judgements, together with the fair value of the assets and liabilities acquired, have been disclosed in note 32.	Our work on the acquisition of Impala Canada included: • Obtaining the purchase price allocation and business valuation performed by management's specialists • Engaging our corporate finance specialists to assist in the review of the valuation methodologies applied in the cash flow models supporting the business valuation, and the value of the assets and liabilities acquired, including the significant assumptions used, such as the number of cash generating units identified, the intangible assets identified as acquired as part of the transaction, and the discount rate used • Auditing the bargain purchase gain arising on the acquisition • Involving our technical mining advisory specialists to assist in the evaluation of the reserves used in the future production estimate, including a review of the life-of-mine model and the mineral prices and exchange rate used in the life-of-mine model • Reviewing the disclosures in the consolidated financial statements with respect to the acquisition of Impala Canada Our procedures lead us to conclude that the fair values of the assets and liabilities recognised as part of the acquisition and the relevant disclosures are appropriate.

OTHER MATTER
The consolidated and separate financial statements of the Group and Company for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 5 September 2019.

OTHER INFORMATION
The Directors are responsible for the other information. The other information comprises the information included in the document titled "Audited Annual Financial Statements 2020", which includes the Report of the Audit Committee, the Certificate by Company Secretary and the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the annual integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Impala Platinum Holdings Limited for one year.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: E Zungu
Partner

22 September 2020

5 Magwa Crescent
Waterfall City
Waterfall

Johannesburg

Directors' report

for the year ended 30 June 2020

NATURE OF BUSINESS

Impala Platinum Holdings Limited (Implats/Company/Group) is a holding company and one of the foremost producers and suppliers of Platinum Group Metals (PGMs) to industrial economies. The Company has interests in mining, processing and refining operations which are held as follows:

Company	Effective interest %	Business activity
Impala Platinum Limited (Impala) includes Impala and Impala Refining Services division	96	PGM mining processing and refining. Purchase of concentrate and/or smelter, matte to smelt, refine and the ultimate sale of resultant PGMs and base metals and toll refining for third parties
Marula Platinum Proprietary Limited	73	PGM mining and production of concentrate
Zimplats Holdings Limited	87	PGM mining and production of matte
Impala Canada Limited	100	PGM mining and production of concentrate
Mimosa Investments Limited	50	PGM mining and production of concentrate
Two Rivers Platinum Proprietary Limited	46	PGM mining and production of concentrate
Impala Chrome Proprietary Limited	65	Purchase of chrome in tailings. Processing and sale of the chrome
Makgomo Chrome Proprietary Limited	50	Purchase of chrome in tailings. Processing and sale of the chrome

FINANCIAL MATTERS

Compliance with financial reporting standards

The Company annual financial statements and the Group 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.

Accounting policies

A number of amended and new accounting standards were effective for the first time on 1 January 2019 and were adopted by the Group on 1 July 2019. In addition, there were new and revised IFRS that were not yet effective that were early adopted by the Group on 1 July 2019. Other than IFRS 16 *Leases* (note 16) and IFRIC 23 *Uncertainty over Income Tax Treatment* (note 29), none of the other amendments had a material impact on the Group. Refer to the accounting policy section on page 18 for the principal accounting policies and the changes to the accounting policies that were adopted during the financial year.

Results for the year

The Covid-19 pandemic has introduced significant uncertainty into our operating environment and has impacted the financial results for FY2020 on various levels. It will likely continue to affect the operating environment for another year. Additional costs were spent on medical interventions and preparedness, together with cash preservation strategies to mitigate the financial risk. The three-week lockdown and subsequent restrictions on the level of mining activity disrupted the South African mining operations. Impala Canada was forced to cease operations after a Covid-19 breakout which affected production for several weeks. The Zimbabwean operations were able to operate at full capacity during the national lockdown imposed by the government of Zimbabwe. During this time, the Group was able to successfully smelt, refine and sell in-process inventory which, to some extent, offset the full impact of Covid-19 on FY2020 refined production. Government had the unenviable task of creating regulations to protect both lives and livelihoods in the face of the pandemic. The concessions provided to the mining and mineral processing industries struck this fine line and afforded the Group the opportunity to operate – under agreed precautionary measures – during this trying time. This, together with the unwavering support received from our employees, their families and frontline health and safety providers, made all the difference to the continued viability of the Group as a sustainable producer and employer. We are truly indebted to all our stakeholders and will ultimately overcome the virus through our collective efforts to prioritise lives and livelihoods. Significantly higher rand metal prices resulted in a substantial free cash flow generation. Closing net cash at the end of June 2020 of R5.7 billion, a R4.7 billion improvement from the net cash position of R1.1 billion at the end of June 2019, taking into account the acquisition of Impala Canada.

Revenue increased by 44% or R21.2 billion to R69.9 billion as a result of the following factors:
- A 43% or R20.8 billion increase from higher-realised dollar metal prices. Rhodium revenue increased by R10.6 billion, while palladium revenue increased by R8.8 billion. Higher platinum prices increased attributable revenue by R1.1 billion. The overall improvement in prices, together with changes in the sales mix, resulted in a 46% improvement in total dollar revenue per 6E ounce sold to US$1 624.
- An increase of 11% or R5.1 billion due to a weaker rand. The average achieved exchange rate of R15.31/US$, weakened by 8% from R14.20/US$ realised in FY2019. The resultant rand revenue per 6E ounce increased by 57% to R24 863 from R15 790.
- These increases in revenue were partially offset by lower sales volumes that relates to lower production during the fourth quarter due to the national lockdown partially countered by the inclusion of Impala Canada. This had a negative impact of 10% or R4.9 billion.
- Fair value revenue adjustments on the Impala Canada debtor due to provisional pricing amounted to R151 million.

Cost of sales increased by 11% or R4.8 billion to R46.6 billion for the year largely due to:
- The maiden inclusion of Impala Canada from 13 December 2019.
- Covid-19-related costs incurred of approximately R263 million.
- An increase of R6.7 billion in the cost of IRS metal purchases primarily due to higher rand metal prices in the current year.
- Cash costs associated with mining, processing, marketing and corporate activities increased by 7% or R1.8 billion. Overall mining inflation of 6.9% as well as additional development costs to improve operational flexibility at Impala Rustenburg were partially offset by savings on variable costs due to the lower volumes produced. The Group's stock-adjusted unit cost per 6E ounce rose by 12% to R13 345 from R11 886 in FY2019, impacted by the lower volumes.
- Abnormal production costs of R1.3 billion that relate to the costs incurred during care and maintenance following the lockdown restriction.

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- These increases were partially offset by a R6.9 billion increase in the credit to metal inventory due to the combination of the higher production costs and rand metal prices and the stock write-on for FY2020 of R1.3 billion (FY2019: R404 million), which more than offset the financial impact of reduced excess work-in-process inventory achieved in the period.

The significant improvement in revenue resulted in the Group generating a gross profit of R23.3 billion for the year, a 240% or R16.4 billion increase from the R6.8 billion achieved in FY2019.

There were several cash and non-cash items accounted for in profit before tax. The revaluation of foreign currency balances resulted in a gain of R786 million, versus a loss of R362 million recorded in FY2019. These gains were largely due to the weaker rand on dollar debtors and the intercompany loan between Implats and Impala Canada. Other net expenses of R1.5 billion increased by R1.1 billion from R375 million in FY2019 primarily due to:

- An expense of R441 million relating to the fair value reversal of R230 million gain on the foreign exchange collars and payment of R211 million in settlement thereof (FY2019: gain of R230 million);
- The R509 million incentive premium on the US$ bond conversion together with losses on the mark to market of the conversion option of R203 million (FY2019: loss of R1.6 billion) and a loss of R74 million on the cancellation of the Cross-Currency Interest Rate Swap; and
- Transaction costs of R147 million incurred on the acquisition of Impala Canada.

In addition, other net expenses in the prior year, included Zimplats' receipts of R652 million arising from export incentives and a customs duty refund, which did not recur in the current year. Improved profitability at Two Rivers and Mimosa resulted in a R684 million increase in income from associates to R1.1 billion.

Net finance costs declined by R151 million to R617 million as interest and associated costs on bridge funding in Impala Canada of R191 million, as well as interest on the term loan at Impala Canada, were offset by higher interest received from higher Group cash balances and lower interest costs on the US$ bond, following the incentivised conversion during August 2019.

The Group recorded EBITDA of R29.4 billion at an EBITDA margin of 42% (FY2019: R10.5 billion and 22%). Profit before tax rose by R19.7 billion to R23.0 billion due to the significant increase in gross profit because of the weaker rand and the higher dollar metal prices achieved.

The tax charge of R6.5 billion reflected higher profitability across the Group, with an effective tax rate of 28%.

Basic earnings were R16.1 billion or 2 066 cents per share, with earnings in the prior year of R1.5 billion were impacted by the after-tax impairment charge of R1.7 billion relating to the Afplats assets. The Group generated headline earnings of R16.1 billion and 2 075 cents per share with positive contributions from all Group companies. The weighted average number of shares in issue increased to 777.2 million due to the issue of 64.3 million Implats' ordinary shares in August 2019, after US$ bonds were converted into Implats ordinary shares.

Capital expenditure

Capital expenditure amounted to R4.2 billion (FY2019: R3.8 billion), of which R283 million (FY2019: R350 million) was spent on 16 and 20 Shafts, capitalised development of R1.0 billion (FY2019: R1.1 billion), furnace four ring repairs of R73 million (FY2019: nil) and R742 million (FY2019: R653 million) spent on Zimplats' Mupani and Bimha Mines. R186 million (FY2019: R40 million) was spent on the construction of a tailings storage facility at Marula and R657 million was spent at the newly acquired Impala Canada operations.

Conversion of US$3.25% convertible bonds

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US$3.25% convertible bonds due 2022 (US$ bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and conditions of the bonds, to convert their US$ bonds into ordinary shares in Implats. Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R509 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in accordance with the terms and conditions of the bond. These shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 034 147.

Dividends

The board of the Company has approved a disciplined and prudent capital allocation framework that aligns our capital allocation priorities with the corporate strategy that will maximise value for our shareholders. The first use of financial resources is to maintain the integrity of our asset base responsible for delivering future cash flows. Thereafter, we will allocate resources between strengthening the balance sheet and balancing returns to shareholders while pursuing value accretive growth.

Following this process, the board approved a dividend policy, which is aligned to the Company's capital allocation framework where the Company maintains a strong balance sheet while prioritising the return of cash to shareholders on a sustainable basis. The dividend policy recommends a guideline payout of 30% of free cash flow, pre-growth capital, for any given period. The declaration of the dividend remains subject to the board's discretion.

The board approved the declaration of an interim cash dividend of R1.25 (2019: nil) per ordinary share for the six-month period ended 31 December 2019 amounting to R998 million. The interim dividend was declared on 27 February 2020 and paid to shareholders on 21 March 2020.

A final dividend of R4.00 per ordinary share, amounting to R3 113 million, for the six-month period ended 30 June 2020 was approved by the board for payment on 28 September 2020 to shareholders recorded in the register at the close of business on 25 September 2020. Together with the interim dividend of R1.25 per ordinary share, this equated to a payout of 30% of free cash flow, pre-growth capital for the 2020 financial year.

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POST BALANCE SHEET EVENTS

BEE loan refinancing

The debt due to Standard Bank in respect of the original Marula BEE transaction was expected to be repaid in June 2020. However, in April this year, the Group requested an extension to the maturity date to 30 September 2020 to provide the Group with additional liquidity in light of the uncertainty around the impact of Covid-19 on the Group's operations but also to allow management time to finalise the refinancing of the original BEE deal. Prior to year-end, the Group had pledged the required funds in settlement of this debt to Standard Bank and consequently, approximately R899 million was reflected as restricted cash at year-end.

In addition, the Group is in the process of concluding a refinancing of the loan with the empowerment partners, which will also include the establishment of an employee share ownership trust. This will be completed prior to the amended repayment date. The transaction, which is a non-adjusting event at 30 June 2020, will be accounted for as a share-based payment transaction and the BEE cost will be determined and expensed at the effective date of the transaction. The non-controlling interest will be recognised when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional.

Cancellation of treasury shares

Implats has 16 233 994 treasury shares which are held by its subsidiary, Gazelle Platinum Limited. On 26 August 2020 the board has adopted a resolution to repurchase the shares from Gazelle and following the repurchase, delist and cancel these shares. The transaction is subject to shareholder approval at the AGM to be held on 14 October 2020. This will be a non-cash transaction and will not have any impact on the Group annual financial statements as these shares are reflected as treasury shares in the consolidated annual financial statements of the Company. The new issued capital of the Company will reduce to 782 800 153 following the implementation of the share repurchase agreement.

Odd-lot offer

On 26 October 2020 at a general meeting, shareholders will be requested to approve an odd-lot offer to shareholders with less than 100 ordinary shares as permitted in terms of the JSE Listings Requirements. Analysis of the share register has shown that c.48% of Implats shareholders hold a total of 232 581 shares out of the total 778 186 684 (excluding treasury shares). The board has agreed that an offer should be made to odd-lot holders to repurchase their shares and subsequently, delist and cancel them.

The offer will include a 10% premium to the market price at the time of the offer. This will enable these odd-lot shareholders to realise value in their holding in an efficient manner and will assist the Company in reducing the administrative time and costs associated with the Company's shareholder base given that c.48% of the shareholder base holds less than 1% of Implats' total shares in issue. The issued share capital of the Company will potentially reduce by 232 581 post implementation of the offer.

The directors are not aware of any other subsequent events which might materially impact the annual financial statements.

GOING CONCERN

Based on the review of the Group's financial budgets and forecasts, the directors believe that the Company and the Group have adequate financial resources to continue to be in operation in the foreseeable future. As a result, the consolidated financial statements have been prepared on a going-concern basis using appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

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.

SHARE CAPITAL

AUTHORISED SHARE CAPITAL	944 008 000	ordinary no par value shares
ISSUED SHARE CAPITAL	799 034 147	ordinary no par value shares
UNISSUED SHARE CAPITAL	144 973 853	ordinary no par value shares

The authorised share capital has remained unchanged at 944 008 000 no par value shares from the previous financial year. The Company issued 64 255 769 ordinary no par value shares at the beginning of the financial year as a result of the incentivised conversion of the US$ bonds. This allotment changed the issued share capital of the Company from 734 778 378 at the end of the previous financial year to the 799 034 147.

Further details on the authorised and issued share capital appear in note 13 of the consolidated annual financial statements.

Shares repurchased

During the year, the Group repurchased 10 648 420 shares in the market at the average price of R114.61 to satisfy the requirements of its share incentive schemes. To the extent that these have not yet vested, these are reflected as treasury shares. At 30 June 2020, the Group held 4.61 million treasury shares on behalf of participants under the Bonus Share Plan.

Treasury shares

The Group holds a total of 20 847 463 treasury shares comprising 16 233 994 ordinary shares which were bought in terms of an approved share buy-back scheme in prior years and 4 613 469 ordinary shares bought in terms of the management share scheme.

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Share-based compensation

Details of participation in the share option scheme are set out in note 31 of the consolidated financial statements.

American depositary receipts

At 30 June 2020, Implats had 10 119 150 (2019: 11 619 983) sponsored American depositary shares 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.

Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2020 was as follows:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	20 894	99.97	777 987 972	97.37
Non-public shareholders	7	0.03	21 046 175	2.63
– Treasury	1	0.01	16 233 994	2.03
– Share scheme	1	0.00	4 613 469	0.58
– Directors and executives	5	0.02	198 712	0.02
Total	**20 901**	**100.00**	**799 034 147**	**100.00**

Beneficial shareholders >2%

Beneficial shareholding	Total shareholding	%
Government Employees Pension Fund	130 516 515	16.3
GIC Asset Management Pte Ltd	26 723 339	3.3
Total	**157 239 854**	**19.6**

Investment management shareholdings

Investment manager	Total shareholding	%
PIC	110 850 170	13.87
BlackRock Inc	60 082 284	7.52
Coronation Asset Management	49 692 598	6.23
Prudential Investment Managers	42 146 470	5.14
Fidelity Management & Research Company	40 592 253	5.08
Total	**303 363 775**	**37.84**

APPOINTMENT AND RESIGNATIONS OF DIRECTORS

Mr Udo Lucht resigned as non-executive director of the board with effect from 25 August 2019. The board appointed Ms Boitumelo Koshane to the board on 27 August 2019 following her nomination by the Royal Bafokeng Nation. Dr Mandla Gantsho will retire from the board at the conclusion of the annual general meeting (AGM) on 14 October 2020. On 3 August 2020 the board announced the appointment of Advocate Thandi Orleyn as an independent non-executive director. Her appointment to the board took effect on the day of the announcement. The board explained that Advocate Orleyn would assume the chairmanship of the board on 14 October 2020 at the conclusion of the AGM.

DIRECTORATE

Name	Position as director	Date appointed
MSV Gantsho	Independent non-executive chairman	1 November 2010
PW Davey	Independent non-executive director	1 July 2013
D Earp	Independent non-executive director	1 August 2018
M Kerber	Chief financial officer	1 August 2018
BT Koshane	Non-executive director	27 August 2019
AS Macfarlane	Independent non-executive director	1 December 2012
FS Mufamadi	Independent non-executive director	5 March 2015
NJ Muller	Chief executive officer	3 April 2017
B Ngonyama	Independent non-executive director	1 November 2010
MEK Nkeli	Independent non-executive director	29 April 2015
NDB Orleyn	Independent non-executive director	3 August 2020
LN Samuel	Executive director	27 November 2017
PE Speckmann	Independent non-executive director	1 August 2018
ZB Swanepoel	Independent non-executive director	5 March 2015

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The board comprises 10 independent non-executive directors, one non-executive director and three executive directors. In compliance with the Company's memorandum of incorporation and Schedule 10 of the JSE Listings Requirements, the directors who will retire at the next AGM are Ms D Earp, Dr FS Mufamadi, Ms B Ngonyama, Adv NDB Orleyn, Mr PE Speckmann and Mr ZB Swanepoel. The average length of service of the current 10 non-executive directors is 5.5 years (2019: 3.8 years), while that of the three executive directors is 2.6 years (2019: 1.6 years).

Board diversity

GENDER	7	Male
	7	Female
NATIONALITY	9	Black South African
	3	White South African
	2	Non-South African
INDEPENDENCE	3	Executive
	1	Non-executive
	10	Independent non-executive

Directors' interests

No contracts of significance were entered into in which the directors of the Company were materially interested during the financial year except for Mr PW Davey, Ms M Kerber, Mr NJ Muller, Ms L Samuel and Mr ZB Swanepoel who had an interest in some intercompany contracts and loan agreements by virtue of their membership of the board of Impala. No change in the foregoing interests has taken place between 30 June 2020 and the date of this report.

Directors' beneficial interest in the Company's issued ordinary shares at 30 June 2020 is shown below:

	Direct		Indirect	
	2020	2019	**2020**	2019
Beneficial				
Directors				
PW Davey	**1 400**	–	**–**	–
NJ Muller	**176 809**	–	**–**	–
B Ngonyama	**3 180**	3 180	**–**	–
LN Samuel	**7 323**	–	**–**	–
ZB Swanepoel	**10 000**	30 000	**–**	–
Total	**198 712**	33 180	**–**	–

In terms of the Long-Term Incentive Plan, executive directors held 1 411 268 awards to acquire shares in the Company and 179 273 bonus share plan awards. Refer note 31 of the consolidated annual financial statements.

Directors' remuneration

Directors' remuneration is disclosed in the consolidated annual financial statements (note 31) in line with the Companies Act requirements.

Directors' report

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SPECIAL RESOLUTIONS PASSED

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

Approval of directors' remuneration

Shareholders approved the remuneration which was paid to non-executive directors during the year under review. Shareholders also approved a 6% structural adjustment to directors' remuneration.

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

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

ADMINISTRATION

Financial, administrative and technical advisers

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

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 the inside back cover.

United Kingdom secretaries

The business and postal addresses of the United Kingdom secretaries are set out on the inside back cover.

Public officer

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

Auditors

The Company elected to early adopt the rules published by the Independent Regulatory Board for Auditors (IRBA) for mandatory audit firm rotation. The Company embarked on a tender process for the appointment of a new audit firm. Following this process, Deloitte was appointed as the Company's auditor and Mr Eugene Zungu as the designated auditor partner with effect from the 2020 financial year. On the recommendation of the audit committee, the shareholders approved the appointment of Deloitte at the AGM on 22 October 2019. The Company's previous auditors were PricewaterhouseCoopers. Deloitte will continue in office as auditors in accordance with section 90 of the Companies Act.

Sponsor

Nedbank Corporate and Investment Banking acted as the Company's JSE Sponsor.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 14 October 2020 at 11:00. Please refer to the notice for further details of the ordinary and special business for consideration at the meeting.

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GENERAL INFORMATION

The significant accounting policies, judgements and estimates that are deemed material and have been applied in the preparation of these Group and Company financial statements, along with the transitional impact of newly adopted IFRSs, are set out within the relevant notes to the financial statements and are indicated as follows:

AP **ACCOUNTING POLICIES**
The specific principles, bases, conventions, rules and practices applied by the Company for preparing and presenting financial statements.

EJ **ESTIMATES AND JUDGEMENTS**
The complex or subjective judgements that have the most significant effect on amounts recognised and assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities with the next reporting period.

TR **TRANSITION**
The implementation requirements and related impacts of a newly adopted IFRS.

Accounting policies, which are useful to users, especially where particular accounting policies are based on judgement regarding choices within International Financial Reporting Standards (IFRS) have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS, 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 foreign currency exchange rates were used when preparing these consolidated financial statements:

US dollar	
Year-end rate:	R17.38 (2019: R14.09)
Average rate:	R15.67 (2019: R14.19)
Canadian dollar	
Year-end rate:	R12.76
Average rate (13 Dec 2019 to June 2020):	R12.07

The following Zimbabwean Interbank Real Time Gross Settlement (RTGS) dollar/US$ exchange rates were used when preparing these consolidated financial statements:

US dollar	
Year-end rate:	RTGS$63.74 (2019: RTGS$6.02)
Average rate:	RTGS$19.13 (2019 February to June: RTGS$3.66)

On 13 December 2019 Implats successfully concluded the acquisition of 100% of the outstanding shares in the Canadian PGM miner, North American Palladium (NAP). NAP is now a wholly owned subsidiary of Implats and operates in Canada as Impala Canada Limited (Impala Canada).

Impala Canada owns and operates the Lac des Iles Mine northwest of Thunder Bay, Ontario, and has a shareholding in two exploration properties, the Sunday Lake project and the Shebandowan Joint Venture.

Covid-19

During the year the Covid-19 pandemic spread to South Africa and its first confirmed case was recorded during March 2020. On 15 March, the President of South Africa, Cyril Ramaphosa, declared a national state of disaster, resulting in measures including immediate travel restrictions, the closure of schools and a national lockdown starting on 26 March 2020.

From 1 May, a gradual and phased easing of the lockdown restrictions was introduced. During this lockdown period, Covid-19 had a significant impact on global financial markets and the Group's operations resulting in interruptions in production at the South African operations, as well as at Impala Canada.

Management met with organised labour at both national and branch levels before the lockdown and agreed to continue paying all employees during the 21-day lockdown period.

Force majeure letters were issued to all consultants, contractors and in respect of all offtake agreements, with both Group companies and third parties, for the duration of the lockdown, to legally suspend our obligations under these contracts.

The global environment, the risk of adverse impacts on our supply chain, revenue, costs and capital spend by the Group, due to Covid-19, as well as the effects of the ramp-up period after the lockdown on production, were all taken into account in determining the accounting estimates and judgements for the year.

The assessment of the quantifiable impact of Covid-19 on the Group's operating and financial results in FY2020 is summarised in the following table. This information reflects the impact of planned versus actual delivery against several key parameters during the reporting period:

Production and sales volumes:	
Concentrate production lost	290koz or 9%
Covid-19 related costs[1]	R263m
Estimated revenue lost	R8.5bn
Estimated cash flow impact	R5.9bn
Abnormal production costs	R1.3bn

[1] *R300 million when including equity-accounted entities.*

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It is estimated that the impact of Covid-19 will limit the Group's ability to deliver at planned production rates during FY2021 due to suboptimal staffing and productivity levels caused by the pandemic and its impact on employee health and attendance.

Not all the estimates and judgements included in the financial statements were impacted by Covid-19. Where applicable, the impact was considered in the preparation of these annual financial statements and further disclosure can be found mainly in the following notes:

- Impairment of non-financial assets (notes 2, 3 and 4)
- Impairment of financial assets (notes 7 and 9)
- Valuation of inventories (notes 8 and 21)
- Provisions (note 15)
- Financial risk management (note 30).

NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

1 **NEW AND REVISED IFRSs ADOPTED BY THE GROUP**
The following standards became effective on 1 January 2019 and were adopted by the Group on 1 July 2019:

- IFRS 16 *Leases*. The Group applied the standard retrospectively making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019. This approach allowed for minimal reduced disclosure. Refer note 16 for the disclosure on transition and adoption of the new standard which resulted in right-of-use assets of R117 million being capitalised after identifying an additional lease contract since June 2019.
- IFRIC 23 *Uncertainty over Income Tax Treatment*. There has been no material impact on the Group financial statements. Refer note 29 for disclosure of uncertain tax matters.

2 The following amendments to standards are not yet effective but were early adopted by the Group on 1 July 2019:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Amendments and clarification of the definition of "material" used in the revised conceptual framework and the standards themselves had no impact on the Group financial statements.
- IFRS 3 *Business Combinations*. The amendments narrowly clarify the definition of a business, permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business and prescribe the use of IAS 37 and IFRIC 21 *Levies* in specific circumstances and prohibit the recognition of contingent assets acquired in a business combination. The amendments had no impact on the Group financial statements.
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* clarifies the costs of fulfilling a contract to comprises the costs directly related to the contract. The amendments had no impact on the Group financial statements.
- IAS 1 *Presentation of Financial Statements* clarify that the classification of liabilities as current or non-current and specify that classification of a liability is unaffected by expectations about an entities intention to exercise its right to defer settlement. The amendments had no impact on the Group annual financial statements.
- Annual Improvements to IFRS's 2018 – 2020 Cycle. The amendments introduce various necessary, non-urgent amendments to four IFRSs as part of its annual improvement project. The amendments had no impact on the Group annual financial statements.
- IFRS 16 *Leases*. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications (which normally would require the lessee to re-measure the lease liability using a revised discount rate), and instead to account for those rent concessions as if they are not lease modifications. The amendments are not expected to impact the Group significantly.

3 The following amendments to standards are not yet effective and were not adopted by the Group on 1 July 2019:

- IAS 16 *Property, Plant and Equipment* which prohibits the deduction of any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of property, plant and equipment. An entity instead recognises the proceeds from selling such items and related cost of production in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2023 and is not expected to have a material impact on the Group annual financial statements.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

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.

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 pricing model.

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

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.

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Headline earnings (note 27) has been prepared in accordance with the changes contained in Circular 1/2019 – *Headline earnings* as issued by SAICA.

Based on the review of the Group's financial budgets and forecasts, the directors believe that the Company and the Group have adequate financial resources to continue to be in operation in the foreseeable future. As a result, the consolidated financial statements have been prepared on the going-concern basis. It also requires management and the board to exercise their judgement in the process of applying the Group's accounting policies. The preparation of financial statements in conformity with IFRS also requires the use of certain critical accounting estimates and assumptions.

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

Summary of critical estimates and judgements:
- Depreciation of property, plant and equipment (note 2)
- Impairment of property plant and equipment (note 2.1.4)
- Inventory valuation and quantities (note 8)
- Environmental rehabilitation provision (note 15)
- Expected profits to be distributed in the foreseeable future – Zimplats (note 5)
- Acquisition of North American Palladium Limited (NAP) (note 32).

Summary of selected accounting policies:
- New accounting policies adopted (page 18)
- Property, plant and equipment and intangible assets are measured on the historical-cost model
- Expenses are classified on a functional basis, with additional information on the nature of the expenses
- Operating cash flows are presented on the indirect method
- Other comprehensive income has been disclosed on a before tax basis, together with the tax effect separately for each item.

Consolidation

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

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the 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.

Intercompany 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.

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, for Zimbabwean operations (Zimplats and Mimosa), US dollar, and for Impala Canada, the Canadian dollar. The consolidated financial statements are presented in South African rand, which is the presentation currency of the Group.

Functional currency of Zimplats operations

During 2019 the Zimbabwean government officially introduced the Real Time Gross Settlement dollar (RTGS$) and subsequent to that, the multi-currency system was discontinued in June 2019.

Considering the primary economic environment in which Zimplats operates, as well as considering factors such as which currency influences sales prices, competitive forces and regulations primarily determining sales prices, cost, financing activities and the currency in which receipts from operating activities are retained, management concluded that Zimplats' functional currency is still the US$.

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. The proportionate disposal of the foreign entity would result in all of the translation differences being reclassified to profit or loss if control is lost over the entity. The proportionate share of accumulated exchange differences are re-attributed to non-controlling interest if control is not lost.

Consolidated statement of financial position

as at 30 June 2020

	Notes	2020 Rm	2019 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2	50 885	34 499
Investment property	3	90	90
Investment in equity-accounted entities	4	5 462	4 437
Deferred tax	5	—	3 096
Financial assets at fair value through other comprehensive income	6	394	265
Other financial assets	7	83	316
		56 914	42 703
Current assets			
Inventories	8	19 451	11 811
Trade and other receivables	9	5 128	3 266
Current tax receivable	10	348	216
Other financial assets	7	3	232
Prepayments	11	680	484
Cash and cash equivalents	12	13 331	8 242
		38 941	24 251
Total assets		95 855	66 954
EQUITY AND LIABILITIES			
Equity			
Share capital and share-based payment reserve[1]	13	24 481	20 536
Retained earnings		28 854	13 773
Foreign currency translation reserve		8 967	4 668
Other components of equity		(425)	160
Equity attributable to owners of the Company		61 877	39 137
Non-controlling interests	14	2 669	1 943
Total equity		64 546	41 080
LIABILITIES			
Non-current liabilities			
Provisions	15	1 812	1 492
Deferred tax	5	10 503	5 503
Borrowings	16	6 233	6 677
Other financial liabilities	17	35	1 652
Other liabilities	18	226	267
		18 809	15 591
Current liabilities			
Provisions	15	192	—
Trade and other payables	19	9 220	8 294
Current tax payable	10	188	66
Borrowings	16	2 625	1 885
Other financial liabilities	17	16	6
Other liabilities	18	133	32
Bank overdraft	12	126	—
		12 500	10 283
Total liabilities		31 309	25 874
Total equity and liabilities		95 855	66 954

[1] *Share capital was renamed to share capital and share-based payment reserve, to better reflect the nature of the amounts included in the subtotal column renamed in the statement of changes in equity.*

The notes on pages 25 to 100 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Notes	2020 Rm	2019 Rm
Revenue	20	**69 851**	48 629
Cost of sales	21	**(46 580)**	(41 791)
Gross profit		**23 271**	6 838
Impairment		**—**	(2 432)
Other income	22	**471**	1 424
Other expenses	23	**(1 963)**	(1 799)
Finance income	24	**538**	368
Finance cost	25	**(1 155)**	(1 136)
Net foreign exchange transaction gains/(losses)		**786**	(362)
Share of profit of equity-accounted entities	4	**1 082**	398
Profit before tax		**23 030**	3 299
Income tax expense	26	**(6 546)**	(2 120)
Profit for the year		**16 484**	1 179
Other comprehensive income, comprising items that may subsequently be reclassified to profit or loss:			
Exchange differences on translating foreign equity-accounted entities	4	**587**	65
Deferred tax thereon	5	**(59)**	(6)
Exchange differences on translating foreign operations		**3 499**	387
Deferred tax thereon		**57**	(51)
Other comprehensive income/(loss), comprising items that will not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		**28**	(28)
Deferred tax thereon	5	**(1)**	(2)
Actuarial loss on post-employment medical benefit	18	**(1)**	—
Total other comprehensive income		**4 110**	365
Total comprehensive income		**20 594**	1 544
Profit/(loss) attributable to:			
Owners of the Company		**16 055**	1 471
Non-controlling interest	14	**429**	(292)
		16 484	1 179
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**19 768**	1 785
Non-controlling interest		**826**	(241)
		20 594	1 544
Earnings per share (cents)			
Basic	27	**2 066**	205
Diluted	27	**1 911**	203

The notes on pages 25 to 100 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2020

	Ordinary shares Rm	Share premium Rm
Balance at 30 June 2018	18	17 986
Adjustment on initial application of IFRS 9	—	—
Shares purchased – Long-term Incentive Plan (note 13)	—	(111)
Share-based compensation expense (note 13)	—	—
Total comprehensive income/(loss)	—	—
– Profit/(loss) for the year	—	—
– Other comprehensive income/(loss)	—	—
Dividends paid	—	—
Balance at 30 June 2019	**18**	**17 875**
Conversion of US$ bonds (notes 13 and 16)	**—**	**4 810**
Shares purchased – Long-term Incentive Plan (note 13)	**—**	**(1 222)**
Transfer of reserves	**—**	**906**
Share-based compensation expense (note 13)	**—**	**—**
Total comprehensive income/(loss)	**—**	**—**
– Profit for the year	**—**	**—**
– Other comprehensive (loss)/income	**—**	**—**
Dividends paid	**—**	**—**
Balance at 30 June 2020	**18**	**22 369**

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

[1] *The total share capital subtotal was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal.*

The notes on pages 25 to 100 are an integral part of these consolidated financial statements.

Share-based payment reserve Rm	Share capital and share-based payment reserve[1] Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to: Owners of the Company Rm	Attributable to: Non-controlling interest Rm	Total equity Rm
2 487	20 491	12 302	4 324	96	37 213	2 380	39 593
—	—	—	—	94	94	—	94
—	(111)	—	—	—	(111)	—	(111)
156	156	—	—	—	156	—	156
—	—	1 471	344	(30)	1 785	(241)	1 544
—	—	1 471	—	—	1 471	(292)	1 179
—	—	—	344	(30)	314	51	365
—	—	—	—	—	—	(196)	(196)
2 643	**20 536**	**13 773**	**4 668**	**160**	**39 137**	**1 943**	**41 080**
—	4 810	—	—	—	4 810	—	4 810
—	(1 222)	—	—	—	(1 222)	—	(1 222)
(906)	—	—	612	(612)	—	—	—
357	357	—	—	—	357	—	357
—	—	16 054	3 687	27	19 768	826	20 594
—	—	16 055	—	—	16 055	429	16 484
—	—	(1)	3 687	27	3 713	397	4 110
—	—	(973)	—	—	(973)	(100)	(1 073)
2 094	**24 481**	**28 854**	**8 967**	**(425)**	**61 877**	**2 669**	**64 546**

Consolidated statement of cash flows

for the year ended 30 June 2020

	Notes	2020 Rm	2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	19 760	11 844
Finance cost paid		(932)	(963)
Income tax paid	10	(1 706)	(223)
Net cash inflow from operating activities		17 122	10 658
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 248)	(3 877)
Proceeds from sale of property, plant and equipment		80	74
Net cash paid for the acquisition of North American Palladium		(9 431)	—
Acquisition of North American Palladium	32	(10 859)	—
Cash acquired through the acquisition of North American Palladium	32	1 428	—
Proceeds from equity instruments held at fair value through other comprehensive income[1]		193	—
Proceeds from long-term debt instruments[1]		87	—
Finance income received		532	358
Dividends received		628	473
Other		(4)	(20)
Net cash outflow from investing activities		(12 163)	(2 992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares purchased – Long-term Incentive Plans		(1 222)	(111)
Repayments of borrowings	16	(6 720)	(2 169)
Proceeds from borrowings net of transactions costs	16	9 026	—
Repayments of lease liabilities	16	(155)	—
Cash received from cancellation of cross-currency interest rate swap		77	—
Invitation premium paid on US$ bond conversion		(509)	—
Dividends paid to Company's shareholders	33	(973)	—
Dividends paid to non-controlling interest		(100)	(196)
Net cash outflow from financing activities		(576)	(2 476)
Net increase in cash and cash equivalents		4 383	5 190
Cash and cash equivalents at the beginning of the year		8 242	3 705
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		580	(653)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	13 205	8 242

[1] *Proceeds from liquidation of Pollution Control, Rehabilitation and Closure Trust Fund assets.*

The notes on pages 25 to 100 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2020

1. SEGMENT INFORMATION

Notes to operating segment analysis

The Group distinguishes its reportable segments between the mining operations (Mining), processing and refining (Impala Refining Services) and "All other segments".

Management has defined the operating segments based on the business activities and management structure within the Group. Management's judgements to identify reportable segments include factors such as the nature of products and services and geographical areas.

The Impala Canada segment consists of the North American Palladium business acquired on 13 December 2019 (note 32). The chrome processing segment (Impala Chrome), which was previously reported separately, now forms part of the "All other segments" category, along with Afplats, as both these segments are not considered to be material. The corresponding 2019 segment information has therefore been restated.

Capital expenditure comprises additions to property, plant and equipment (note 2).

The reportable segments' measure of profit or loss is profit after tax. This is reconciled to the entities consolidated profit after tax and the basis of accounting for reportable segments is consistent with the Group's consolidated financial statements.

The two largest sales customers amounted to 13% and 9% (2019: 10% each) of total revenue. These sales are reported as Impala and Impala Refining Services' revenue.

	Revenue		Capital expenditure		Non-current assets[1]	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Other segment information						
South Africa	71 875	51 644	2 097	2 158	18 012	22 186
Zimbabwe	14 426	8 954	1 735	1 628	20 181	16 080
Canada	3 254	—	657	—	12 782	—
Intersegment revenue	(19 704)		—	—	—	—
	69 851	48 629	4 489	3 786	50 975	38 266

[1] *Excludes investment in equity-accounted entities, financial instruments and deferred tax assets.*

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.

Additional disaggregation of revenue by category, per segment, has been disclosed to meet the requirements of IFRS 15.

Segment profit reconciliation comprises the following items:	2020 Rm	2019 Rm
Unrealised profit in inventory consolidation adjustment	(1 818)	(457)
IRS pre-production Group consolidation adjustment	—	(259)
Inventory adjustments made on consolidation	386	(30)
	(1 432)	(746)

Reconciliation of segment assets comprises the following items:	2020 Rm	2019 Rm
Intercompany balances eliminated	(47 098)	(39 356)
Unrealised profit in inventory, NRV and other inventory adjustments	(3 990)	(1 476)
Segmental deferred tax asset/liability allocations	(1 501)	(725)
Total consolidated assets	(52 589)	(41 557)
Reconciliation of segment liabilities comprises the following items:		
Intercompany balances eliminated	(47 972)	(39 984)
Deferred income tax raised on consolidation (foreign entities FCTR and reserves)	1 738	1 559)
Segmental deferred tax asset/liability allocations and deferred tax from consolidation	(2 618)	(1 138)
Total consolidated liabilities	(48 852)	(39 563)

Notes to the consolidated financial statements

for the year ended 30 June 2020

1. SEGMENT INFORMATION continued

Operating segments – June 2020

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment profit				
Revenue from:				
Platinum	8 855	3 282	937	75
Palladium	9 099	6 138	2 053	2 815
Rhodium	8 858	2 190	1 565	0
Nickel	1 036	872	43	0
Other metals	2 372	1 153	101	213
Movements in commodity prices	—	791	573	151
Treatment income	—	—	—	—
Revenue	30 220	14 426	5 272	3 254
Production costs				
On-mine operations	(12 414)	(3 290)	(2 004)	(873)
Processing operations	(3 099)	(1 831)	(251)	(288)
Refining and selling	(957)	—	—	—
Depreciation of operating assets	(2 232)	(1 427)	(246)	(611)
Other costs				
Metals purchased	—	—	—	—
Corporate costs	(283)	(579)	—	(105)
Royalty expense	(531)	(485)	(207)	(143)
Change in metal inventories	(508)	365	—	(191)
Covid-19 abnormal production costs (note 8 and 21 EJ)	(998)	—	(150)	(128)
Chrome operation – cost of sales	—	—	—	—
Treatment charge	—	1	(4)	(34)
Other	(280)	(152)	(3)	(2)
Cost of sales	(21 302)	(7 398)	(2 865)	(2 375)
Gross profit/(loss)	8 918	7 028	2 407	879
Other (expense)/income	(172)	(2)	(27)	(73)
Finance income	54	1	5	8
Finance cost	(575)	(49)	(22)	(300)
Net foreign exchange transaction gains/(losses)	669	(76)	—	(185)
Share of profit of equity-accounted entities	—	—	—	—
Profit/(loss) before tax	8 894	6 902	2 363	329
Income tax (expense)/credit	(2 366)	(1 998)	(690)	(144)
Profit/(loss) for the year	6 528	4 904	1 673	185
External revenue[2]	30 214	—	—	3 254

[1] Total reconciliation loss of R1 432 million is explained on page 25.
[2] External revenue excludes inter-group sales.
[3] Afplats included in the "All other segments".

Notes to the consolidated financial statements

for the year ended 30 June 2020

Total mining segments Rm	Impala Refining Services Rm	All other segments[3] Rm	Reconciliation[1] Rm	Total Rm
13 149	9 729	—	(4 219)	18 659
20 105	13 716	—	(8 191)	25 630
12 613	8 947	—	(3 755)	17 805
1 951	1 285	—	(915)	2 321
3 839	2 436	79	(1 260)	5 094
1 515	—	—	(1 364)	151
—	191	—	—	191
53 172	36 304	79	(19 704)	69 851
(18 581)		—	—	(18 581)
(5 469)	(593)	—	—	(6 062)
(957)	(763)	—	—	(1 720)
(4 516)	—	(5)	—	(4 521)
—	(38 160)	—	19 695	(18 465)
(967)	(172)	—	—	(1 139)
(1 366)	—	(1)	—	(1 367)
(334)	9 409	21	(1 988)	7 108
(1 276)	—	(2)	—	(1 278)
—	—	(84)	—	(84)
(37)	—	(6)	9	(34)
(437)	—	—	—	(437)
(33 940)	(30 279)	(77)	17 716	(46 580)
19 232	6 025	2	(1 988)	23 271
(274)	25	(1 243)	—	(1 492)
68	30	752	(312)	538
(946)	—	(521)	312	(1 155)
408	(76)	454	—	786
—	—	1 082	—	1 082
18 488	6 004	526	(1 988)	23 030
(5 198)	(1 688)	(216)	556	(6 546)
13 290	4 316	310	(1 432)	16 484
33 468	36 304	79	—	69 851

Notes to the consolidated financial statements

for the year ended 30 June 2020

1. SEGMENT INFORMATION continued

Operating segments – June 2020 continued

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segment assets and liabilities				
Non-current segment assets	17 148	20 181	2 506	12 782
Property, plant and equipment	15 477	20 181	2 415	12 782
Investment in equity accounted entities	—	—	—	—
Deferred tax	1 501	—	—	—
Other	170	—	91	—
Current segment assets	12 421	9 541	1 373	2 134
Inventories[2]	5 169	1 597	63	384
Trade and other receivables	4 189	135	30	469
Intercompany balances	464	4 875	1 272	—
Intercompany treasury balances	1 903	—	—	—
Prepayments	100	573	7	—
Cash and cash equivalents	444	2 361	1	1 281
Other	152	—	—	—
Total assets	29 569	29 722	3 879	14 916
Non-current segment liabilities	2 231	5 628	899	5 271
Deferred tax	—	5 232	691	2 547
Borrowings	1 012	42	60	2 412
Provisions	959	353	148	312
Other	260	1	—	—
Current segment liabilities	32 326	1 836	1 967	6 382
Trade and other payables	2 797	1 299	717	430
Intercompany balances	29 131	171	1 241	4 560
Intercompany treasury balances	—	—	—	
Borrowings	103	40	4	1 386
Provisions	170	—	—	—
Bank overdraft	—	126	—	—
Other	125	200	5	6
Total liabilities	34 557	7 464	2 866	11 653

[1] *Reconciliation of assets of R52 589 million and liabilities of R48 852 million is explained on page 25.*
[2] *During the current period, the estimated allocation of in-process metal inventories between the Impala and Impala Refining Services (IRS) segments was changed on a prospective basis. This has resulted in a more appropriate allocation of in-process inventory to each segment and has better reflected the estimation of an inventory attributable to each segment. The in-process metal inventory allocation for the 2020 financial year was based on the percentage of actual throughput for each segment, as opposed to the contractual basis in IRS, with the remaining balance allocated to Impala. At the time of the reallocation, the overall inventory balance increased by R325 million at the time of the allocation, but decreased by R443 million overall, due to the unearned profit in stock adjustment. The value of IRS in-process purchased metal increased by approximately R3.4 billion, while the Impala in-process mined inventories reduced by approximately R3.1 billion. The unearned profit in stock on consolidation increased by R768 million.*

	Impala Rm	Zimplats Rm	Marula Rm	Impala Canada Rm
Segmental cash flow[1]				
Net increase/(decrease) in cash and cash equivalents	9 055	830	1	1 155
Net cash from/(used in) operating activities	9 795	4 171	2 479	1 605
Net cash (used in)/from investing activities	(1 349)	(1 635)	(327)	(7 604)
Net cash from/(used in) financing activities	609	(1 706)	(2 151)	7 154
Capital expenditure including right-of-use assets	1 757	1 735	340	657

[1] *Afplats included in the "All other segments".*

Notes to the consolidated financial statements

for the year ended 30 June 2020

Total mining segments Rm	Impala Refining Services Rm	All other segments Rm	Reconciliation[1] Rm	Total Rm
52 617	—	5 798	(1 501)	56 914
50 855	—	30	—	50 885
—	—	5 462	—	5 462
1 501	—	—	(1 501)	—
261	—	306	—	567
25 469	30 384	34 176	(51 088)	38 941
7 213	16 204	24	(3 990)	19 451
4 823	272	33	—	5 128
6 611	10 295	24 821	(41 727)	—
1 903	3 457	11	(5 371)	—
680	—	—	—	680
4 087	1	9 243	—	13 331
152	155	44	—	351
78 086	30 384	39 974	(52 589)	95 855
14 029	2 458	3 202	(880)	18 809
8 470	2 458	455	(880)	10 503
3 526	—	2 707	—	6 233
1 772	—	40	—	1 812
261	—	—	—	261
42 511	10 029	7 932	(47 972)	12 500
5 243	3 883	94	—	9 220
35 103	6 146	1 352	(42 601)	—
—	—	5 371	(5 371)	—
1 533	—	1 092	—	2 625
170	—	22	—	192
126	—	—	—	126
336	—	1	—	337
56 540	12 487	11 134	(48 852)	31 309

11 041	(1 722)	(4 936)	—	4 383
18 050	(147)	(1 008)	227	17 122
(10 915)	30	(1 051)	(227)	(12 163)
3 906	(1 605)	(2 877)	—	(576)
4 489	—	—	—	4 489

Notes to the consolidated financial statements

for the year ended 30 June 2020

1. SEGMENT INFORMATION continued

Operating segments – June 2019

	Mining segments			Total mining segments Rm
	Impala Rm	Zimplats Rm	Marula Rm	
Segment profit				
Revenue from:				
Platinum	8 739	2 761	835	12 335
Palladium	6 233	3 365	1 257	10 855
Rhodium	3 625	744	562	4 931
Nickel	696	700	34	1 430
Other metals	2 229	911	132	3 272
Movements in commodity prices	—	473	156	629
Treatment income	—	—	—	—
Revenue	21 522	8 954	2 976	33 452
Production costs				
On-mine operations	(12 878)	(2 781)	(2 027)	(17 686)
Processing operations	(3 089)	(1 564)	(264)	(4 917)
Refining and selling	(826)	—	—	(826)
Depreciation of operating assets	(2 330)	(941)	(211)	(3 482)
Other costs				
Metals purchased	—	—	—	—
Corporate costs	(252)	(587)	—	(839)
Royalty expense	(222)	(303)	(119)	(644)
Change in metal inventories	(303)	(46)	—	(349)
Chrome operation – cost of sales	—	—	—	—
Treatment charge	—	(15)	(4)	(19
Other	(145)	(55)	(51)	(251)
Cost of sales	(20 045)	(6 292)	(2 676)	(29 013)
Gross profit/(loss)	1 477	2 662	300	4 439
Impairment[3]	—	—	—	—
Other income/(expense)	634	669	(56)	1 247
Finance income	48	16	6	70
Finance cost	(829)	(30)	(14)	(873)
Net foreign exchange transaction gains/(losses)	191	(286)	—	(95)
Share of profit of equity-accounted entities	—	—	—	—
Profit/(loss) before tax	1 521	3 031	236	4 788
Income tax (expense)/credit	(336)	(1 132)	(87)	(1 555)
Profit/(loss) for the year	1 185	1 899	149	3 233
External revenue[2]	21 502	—	—	21 502

[1] Total reconciliation loss of R746 million is explained on page 25.
[2] External revenue excludes inter-group sales.
[3] Afplats included in the "All other segments".

Notes to the consolidated financial statements

for the year ended 30 June 2020

Impala Refining Services Rm	All other segments[3] Rm	Reconciliation[1] Rm	Total Rm
9 057	—	(3 596)	17 796
9 415	—	(4 622)	15 648
3 848	—	(1 306)	7 473
1 622	—	(734)	2 318
2 434	247	(1 063)	4 890
—	—	(629)	—
523	—	(19)	504
26 899	247	(11 969)	48 629
—	—	—	(17 686)
(493)	—	—	(5 410)
(795)	—	—	(1 621)
—	(6)	—	(3 488)
(23 676)	—	11 930	(11 746)
(142)	—	—	(981)
—	(2)	—	(646)
1 572	(4)	(1 037)	182
—	(144)	—	(144)
—	(20)	39	—
—	—	—	(251)
(23 534)	(176)	10 932	(41 791)
3 365	71	(1 037)	6 838
—	(2 432)	—	(2 432)
76	(1 698)	—	(375)
23	853	(578)	368
(76)	(765)	578	(1 136)
(191)	(76)	—	(362)
—	398	—	398
3 197	(3 649)	(1 037)	3 299
(1 117)	261	291	(2 120)
2 080	(3 388)	(746)	1 179
26 880	247	—	48 629

Notes to the consolidated financial statements
for the year ended 30 June 2020

1. SEGMENT INFORMATION continued
Operating segments – June 2019 continued

	Mining segments			
	Impala Rm	Zimplats Rm	Marula Rm	Total mining segments Rm
Segment assets and liabilities				
Non-current segment assets	20 291	16 080	2 419	38 790
Property, plant and equipment	16 055	16 080	2 329	34 464
Investment in equity accounted entities	—	—	—	—
Deferred tax	3 821	—	—	3 821
Other	415	—	90	505
Current segment assets	8 559	5 152	1 093	14 804
Inventories	5 659	783	47	6 489
Trade and other receivables	1 912	142	29	2 083
Intercompany balances	368	2 835	1 017	4 220
Intercompany treasury balances	—	—	—	—
Prepayments	36	448	—	484
Cash and cash equivalents	352	944	—	1 296
Other	232	—	—	232
Total assets	28 850	21 232	3 512	53 594
Non-current segment liabilities	2 439	4 357	222	7 018
Deferred tax	—	4 069	1	4 070
Borrowings	1 104	—	63	1 167
Provisions	1 031	285	157	1 473
Other	304	3	1	308
Current segment liabilities	32 971	1 825	3 914	38 710
Trade and other payables	2 835	1 002	558	4 395
Intercompany balances	26 192	166	3 353	29 711
Intercompany treasury balances	3 832	—	—	3 832
Borrowings	74	598	3	675
Other	38	59	—	97
Total liabilities	35 410	6 182	4 136	45 728
Segmental cash flow[2]				
Net increase/(decrease) in cash and cash equivalents	2 694	983	(2)	3 675
Net cash from/(used in) operating activities	3 736	3 429	524	7 689
Net cash (used in)/from investing activities	(1 860)	(1 707)	(144)	(3 711)
Net cash from/(used in) financing activities	818	(739)	(382)	(303)
Capital expenditure	2 006	1 628	152	3 786

[1] *Reconciliation of assets of R41 557 million and liabilities of R39 563 million is explained on page 25.*
[2] *For additional information on RTGS exposure at Zimplats, refer note 30.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

Impala Refining Services Rm	All other segments[2] Rm	Reconciliation[1] Rm	Total Rm
—	4 638	(725)	42 703
—	35	—	34 499
—	4 437	—	4 437
—	—	(725)	3 096
—	166	—	671
18 701	31 578	(40 832)	24 251
6 794	4	(1 476)	11 811
1 143	40	—	3 266
8 690	22 614	(35 524)	—
1 841	1 991	(3 832)	—
—	—	—	484
22	6 924	—	8 242
211	5	—	448
18 701	36 216	(41 557)	66 954
781	7 371	421	15 591
781	231	421	5 503
—	5 510	—	6 677
—	19	—	1 492
—	1 611	—	1 919
8 974	2 583	(39 984)	10 283
3 827	72	—	8 294
5 147	1 294	(36 152)	—
—	—	(3 832)	—
—	1 210	—	1 885
—	7	—	104
9 755	9 954	(39 563)	25 874
2 867	(1 352)	—	5 190
3 352	(383)	—	10 658
23	696	—	(2 992)
(508)	(1 665)	—	(2 476)
—	—	—	3 786

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. 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						
30 June 2018	45 548	16 161	5 365	9 361	4 581	81 016
Capital expenditure	1 818	414	—	1 273	281	3 786
Interest capitalised	—	—	—	89	—	89
Transfer from assets under construction	1 477	267	11	(2 000)	245	—
Disposals	(5)	(35)	(9)	—	(245)	(294)
Rehabilitation adjustment (note 15)	123	—	—	—	—	123
Exchange adjustment on translation	181	178	69	52	67	547
30 June 2019	49 142	16 985	5 436	8 775	4 929	85 267
Capital expenditure[1]	1 759	542	12	1 344	622	4 279
PPE acquired through the acquisition of North American Palladium (NAP)	8 170	1 185	320	—	1 392	11 067
Right-of-use assets capitalised[2]			29		181	210
Interest capitalised	—	—	—	27	—	27
Transfer from assets under construction	969	520	18	(1 566)	59	—
Disposals and scrappings	(704)	(497)	(18)	(3)	(927)	(2 149)
Rehabilitation adjustment (note 15)	(133)	—	—	—	—	(133)
Exchange adjustment on translation	3 328	1 926	691	465	957	7 367
30 June 2020	62 531	20 661	6 488	9 042	7 213	105 935

[1] *Includes depreciation of R31 million which was capitalised to the cost of property, plant and equipment.*

[2] *Includes land and buildings of R29 million and mobile equipment of R88 million which were capitalised following the adoption of IFRS 16, refer note 16.6.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. 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						
30 June 2018	29 131	6 677	1 386	4 207	3 570	44 971
Depreciation (notes 21 and 28)	2 239	680	177	—	392	3 488
Disposals	(2)	(35)	—	—	(242)	(279)
Impairment	—	—	—	2 430	2	2 432
Exchange adjustment on translation	52	44	16	—	44	156
30 June 2019	**31 420**	**7 366**	**1 579**	**6 637**	**3 766**	**50 768**
Depreciation (notes 21 and 28)[1]	**2 487**	**1 041**	**226**	**—**	**798**	**4 552**
Disposals and scrappings	**(698)**	**(496)**	**—**	**(3)**	**(915)**	**(2 112)**
Exchange adjustment on translation	**635**	**529**	**177**	**—**	**501**	**1 842**
30 June 2020	**33 844**	**8 440**	**1 982**	**6 634**	**4 150**	**55 050**
Carrying value at 30 June 2019	17 722	9 619	3 857	2 138	1 163	34 499
Carrying value at 30 June 2020	**28 687**	**12 221**	**4 506**	**2 408**	**3 063**	**50 885**

[1] *Includes depreciation of R31 million which was capitalised to the cost of property, plant and equipment.*

Right-of-use assets:

	Shafts, mining development and infrastructure Rm	Metallurgical and refining plants Rm	Land and buildings Rm	Other assets Rm	Total Rm
Finance leases capitalised at 30 June 2019	—	48	598	1	647
Recognised on adoption of IFRS 16	**—**	**—**	**29**	**88**	**117**
Right-of-use assets capitalised[1]	**—**	**—**	**6**	**95**	**101**
Right-of-use assets acquired through the acquisition of North American Palladium (NAP)	**2**	**—**	**—**	**74**	**76**
Depreciation	**(1)**	**(11)**	**(89)**	**(41)**	**(142)**
Exchange adjustment on translation	**—**	**—**	**1**	**29**	**30**
June 2020	**1**	**37**	**545**	**246**	**829**

[1] *Includes cash additions to Impala Canada's right-of-use assets of R8 million.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. PROPERTY, PLANT AND EQUIPMENT continued

	2020 Rm	2019 Rm
Assets under construction		
Assets under construction consist mainly of (carrying amount):		
Impala	34	39
Zimplats (Mupani mine and Bimha mine redevelopment)	2 265	2 099
Other	109	—
	2 408	2 138
Other assets		
Other assets consist mainly of (carrying amount):		
Mobile equipment	1 672	915
Information technology	373	244
Other	1 018	4
	3 063	1 163
Commitments in respect of property, plant and equipment:		
Commitments contracted for	1 384	1 462
Approved expenditure not yet contracted	4 798	4 946
	6 182	6 408
Less than one year	3 668	3 394
Between one and five years	2 514	3 014
	6 182	6 408

Capital expenditure will be funded by internally generated funds and from borrowings, where necessary. Apart from all the right-of-use assets that are encumbered by leases, all property, plant and equipment of Impala Canada (R12 549 million) was pledged as security under the Company's credit facility and term loan (refer note 16.6). A portion of land (R23 million) has been pledged as payment to the developer of stands to be allocated to eligible non-managerial employees based at the Selous Metallurgical Complex. No other fixed assets were pledged as collateral.

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. PROPERTY, PLANT AND EQUIPMENT continued

2.1 Areas of judgement

EJ

Shafts, mining development and infrastructure
Individual mining assets are depreciated using the units-of-production (UOP) method for the units associated with the assets (note 2.1.1). The UOP method better reflects the pattern of consumption of future economic benefits from this asset when compared to the straight-line method.

Metallurgical and refining plants
Metallurgical and refining assets are depreciated either by using the straight-line method over the useful life of the asset limited to the life-of-mine or using the UOP method depending on which method best reflect the future economic benefits consumed from the asset (note 2.1.1).

Land, buildings and general infrastructure
Assets in this category are depreciated over the life of the mine using the UOP method because it is expected that the infrastructure would lose its value when reserves are depleted and 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 lease term. Land is not depreciated.

Other assets
Other assets are depreciated using the straight-line method over the useful life of the asset limited to the life-of-mine. The useful lives of these assets are monitored on an ongoing basis and are as follows:

Asset type	Estimated useful life
• Information technology	3 years
• Mobile equipment	5 to 10 years

2.1.1 Units of production

EJ

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 the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life-of-mine.

For purposes of calculating depreciation and taking into account board-approved projects and reserve centares for the depreciation calculation, the following life-of-mine (LOM) applies: Impala 15 years (2019: 12 years), Zimplats 30 years (2019: 30 years), Marula 11 years (2019: 12 years) and Impala Canada 10 years.

2.1.2 Mineral reserves estimations

EJ

The estimation of reserves impacts the depreciation and recoverable amount of property, plant and equipment. Resources related to a future project are transferred to the reserve category on approval of the project by the board. The resources would be taken into account in the calculation of the UOP and form part of the LOM for that mine. Factors impacting the determination of proved and probable reserves are:

- Variance in the grade of mineral reserves (i.e. differences between actual grades mined and grades modelled)
- 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 year, the factors impacting the proved and probable mineral reserves were reassessed and the life-of-mines were adjusted for accordingly. (Refer Mineral Resource and Mineral Reserve Statement at **www.implats.co.za**).

The valuation of Mineral Reserve and Mineral Resource estimations relating to the acquisition of Impala Canada are disclosed in note 32.

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. PROPERTY, PLANT AND EQUIPMENT continued

2.1.3 Production start date

EJ

The Group assesses the stage of each mine construction project to determine when a mine moves into the commercial 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 commercial production, the capitalisation of mine construction costs ceases and further costs are either regarded as inventory or expensed. During the production stage only costs qualifying for capitalisation as mining assets additions or improvements, underground mine development or mineable reserve development are capitalised.

2.1.4 Impairment

EJ

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 cash-generating unit (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* 6E ounce value. Comparable market transactions are used as a source of evidence adjusting specifically for the nature of each underlying ore body and the prevailing platinum price.

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

The Covid-19 pandemic impacted production, sales, costs and capital spend in the Group as well as the global environment in which the Group operates. These impacts are possible indicators of impairment and were therefore taken into account in the impairment tests for PPE during the financial year by updating their DCFs to take into consideration the revised production volumes, metal prices, cost forecasts and other factors. No impairment was required.

The key financial assumptions for the cash-generating units used in the impairment calculations are:

- Overall long-term real basket price per 6E ounce sold of R20 300 (2019: R16 200 in equivalent 2019 terms) adjusted for the individual asset or cash-generating unit's prill split
- Long-term real discount rate – a range of 7% to 15% (2019: 8.5% to 16.7%) for the various cash-generating units in the Group
- *In situ* resource valuation of between US\$1.60 and US\$8.00 (2019: US\$1.80 and US\$ 9.00) per 6E ounce depending on whether the resource is inferred, indicated and measured.

2.1.5 Change in estimates

EJ

Following an assessment of the remaining useful lives and depreciation methods for Zimplats' assets during the year, management concluded that the UOP method applied on metallurgical and refining assets no longer approximates the pattern in which the future economic benefits will be consumed.

The depreciation method for these assets was changed to the straight-line method. The effect of the change in estimates on the depreciation expense during the year is shown below:

	June 2020 US$ million	June 2020 R million
Depreciation based on new estimates	91	1 426
Depreciation based on old estimates	(80)	(1 254)
Increase in depreciation	11	172

Notes to the consolidated financial statements

for the year ended 30 June 2020

2. PROPERTY, PLANT AND EQUIPMENT continued

AP

Property, plant and equipment

Carrying amount

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

Components

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

Cost

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

Interest on general or specific borrowings to finance the establishment or expansion of mining assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred.

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

- Any decrease in the liability reduces the cost of the related asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- Any increase in the liability increases the carrying amount of the related asset.

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.

For right-of-use assets refer note 16 AP.

Subsequent expenditure

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

Derecognition

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

Depreciation

Assets are depreciated over their useful lives taking into account historical and expected performance for straight-line depreciation and actual usage, in the case of units-of-production (UOP) 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 or loss and depreciation incurred in constructing an asset is capitalised to the cost of the asset.

The 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 of 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.

2. PROPERTY, PLANT AND EQUIPMENT continued

AP

Impairment
These assets are assessed for indicators of impairment at each reporting date. Irrespective of whether there is any indication of impairment, Implats test these assets for impairment annually. An impairment loss is recognised in profit or loss, equal to the amount by which the carrying amount of an asset or a cash-generating unit exceeds the higher of its 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.

3. INVESTMENT PROPERTY

	2020 Rm	2019 Rm
Cost	**220**	220
Accumulated depreciation and impairment	**130**	130
Carrying amount	**90**	90

Rental income of R6 million, after cost (2019: R6 million) was received during the year. The R90 million (2019: R90 million) carrying amount of investment property, comprising undeveloped land and residential houses has a fair value of R103 million (2019: R92 million). This fair value is categorised within level 3 of the fair value hierarchy (note 30.1). Fair value was calculated using a discounted cash flow valuation technique and a 7.2% (2019: 8.9%) discount rate applied to the expected future rental income. The fair value was not determined by a qualified independent valuer.

Investment property is depreciated over the expected useful life of the asset. The residual value of residential houses exceeds the carrying amount. No depreciation is provided on land.

AP

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

Refer note 2 for the cost model and impairment accounting policies.

Notes to the consolidated financial statements

for the year ended 30 June 2020

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

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

				Proportion of ownership and voting rights held by the Group		Investment	
Company	**Principal activity**	**Place of incorporation**	**Place of business**	**2020 %**	2019 Rm	**2020 Rm**	2019 Rm
Joint venture							
Mimosa	Mining and producing PGM concentrate	Mauritius	Zimbabwe	**50**	50	**3 428**	2 353
Associates							
Two Rivers	Mining and producing PGM concentrate	South Africa	South Africa	**46**	46	**1 910**	1 569
Individually immaterial associates[1]						**124**	515
Total investment in equity-accounted entities						**5 462**	4 437

[1] *Previous year's balance included 15% investment in Waterberg (2019: R411 million). Refer note 4.1.*

Movement in investment in equity-accounted entities	Notes	**2020 Rm**	2019 Rm
Beginning of the year		**4 437**	4 317
Shareholder funding – Waterberg		**5**	19
Share of profit		**1 461**	475
Reclassification – Waterberg investment	4.1	**(295)**	—
Loss on reclassification of Waterberg investment (note 23)	4.1	**(113)**	—
Exchange differences on translating foreign equity-accounted entities		**587**	65
Dividends received		**(620)**	(439)
End of the year		**5 462**	4 437
Share of profit of equity-accounted entities is made up as follows:			
Share of profit		**1 461**	475
Movement in unrealised profit in inventory		**(379)**	(77)
Total share of profit of equity-accounted entities		**1 082**	398

Notes to the consolidated financial statements

for the year ended 30 June 2020

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES continued

4.1 Waterberg

On 17 June 2020, the board of Implats elected not to exercise the option arrangement to acquire up to 50.1% from the joint venture partners in the Waterberg Development Project (Waterberg). Although Implats retained its 15% ownership in the project, the decision led to the loss of significant influence in the investment and subsequent discontinuation of equity accounting of this investment by the Group. A resultant loss of R113 million was recognised in other expenses and the investment in Waterberg was reclassified to financial assets at fair value through other comprehensive income (FVOCI) at a fair value of R295 million (refer note 6).

EJ

Impairment

Equity-accounted investments are treated as cash-generating units and are tested for impairment on an individual basis. The Covid-19 pandemic impacted production, sales, costs and capital spend in the Group, as well as the global environment in which the Group operates. These impacts are possible indicators of impairment and were therefore taken into account in the impairment tests for equity-accounted investments during the financial year, by updating their DCFs for the revised production volumes, metal prices, cost forecasts and other factors which affect future dividends from these investments. No impairment was required. For more estimates and judgements on impairments refer EJ note 2.1.4.

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

	Mimosa		Two Rivers	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm
Capital and reserves	**6 856**	4 706	**4 154**	3 411
Non-current liabilities	**1 923**	1 471	**1 822**	1 361
Current liabilities	**725**	670	**522**	719
	9 504	6 847	**6 498**	5 491
Non-current assets	**5 805**	4 682	**4 321**	3 870
Current assets	**3 699**	2 165	**2 177**	1 621
	9 504	6 847	**6 498**	5 491
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	**273**	66	**24**	14
Current financial liabilities (excluding trade and other payables and provisions)	**65**	78	**150**	358
Non-current financial liabilities (excluding trade and other payables and provisions)	**39**	63	**303**	140
Revenue	**5 107**	4 106	**6 173**	3 772
Profit for the year	**1 062**	348	**1 979**	605
Total comprehensive income	**1 062**	348	**1 979**	605
The above profit for the year includes the following:				
Depreciation and amortisation	**560**	478	**371**	338
Interest income	**7**	2	**24**	12
Interest expense	**39**	39	**35**	32
Income tax expense	**659**	243	**762**	253
Reconciliation of the summarised financial information to the carrying amount of the investment recognised in the consolidated financial statements:				
Net assets of the entity	**6 856**	4 706	**4 154**	3 411
Proportion of the Group's ownership interest in the investment	**3 428**	2 353	**1 910**	1 569
Dividends received by the Group	**44**	153	**566**	241

Notes to the consolidated financial statements

for the year ended 30 June 2020

4. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES continued

Aggregate information of associates that are not individually material

	2020 Rm	2019 Rm
The Group's share of profit	22	20
The Group's share of total comprehensive income	22	20
Aggregate carrying amount of the Group's interest in these associates	124	515

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

AP

Equity-accounted investments

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.

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.

Both investments in associated undertakings and joint ventures are accounted for using the equity method of accounting.

Equity method of accounting

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

Equity-accounting involves recognising in profit or loss and in other comprehensive income respectively, the Group's share of the 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.

Discontinuing use of equity-accounting method

Use of the equity-accounting method is discontinued from the date when the investment ceases to be an associate or a joint venture. If the retained interest of a former associate or joint venture is a financial asset, the retained interest is initially recognised at fair value and is accounted for as an equity investment subsequently measured at fair value through other comprehensive income. The difference between the fair value of the retained interest plus any proceeds from the part disposal of the associate or joint venture, and the carrying amount of the equity accounted investment, at the date at which the equity method was discontinued, is recognised in profit or loss.

If the investment becomes a subsidiary, the change in control is accounted for as a business combination and the investment is subsequently consolidated into the Group.

Impairment

Equity-accounted investments are assessed for indicators of 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 are reversed, due to change in circumstances, the reversals are limited to the initial impairment and the newly equity-accounted investment value.

Notes to the consolidated financial statements

for the year ended 30 June 2020

5. DEFERRED TAX

	2020 Rm	2019 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	—	3 096
Deferred tax liabilities	10 503	5 503
Total	**10 503**	2 407

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	Acquisition of North American Palladium Rm	Closing balance Rm
2020					
Property, plant and equipment	5 048	3 611	1 222	1 735	11 616
Royalty prepayment	(2 028)	113	—	—	(1 915)
Convertible bonds	(49)	(38)	—	—	(87)
Fair value of assets and liabilities	217)	631	—	—	834
Rehabilitation and post-retirement medical provisions	(310)	(12)	(21)	(26)	(369)
Lease liabilities	(184)	(18)	(5)	(25)	(232)
Share-based compensation	(162)	(180)	(13)	—	(355)
Leave pay	(231)	(65)	—	—	(296)
Unrealised profit in metal inventories	(334)	(557)	—	—	(891)
Assessed losses	(1 260)	1 101	(5)	—	(164)
Other	327	257	127	408	1 119
Subtotal	1 034	4 843[1]	1 305	2 092	9 274

[1] *Note 26.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

5. DEFERRED TAX continued

	Opening balance Rm	Recognised in share of profit of equity-accounted entities Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Unrealised profit in metal inventories purchased from equity-accounted entities	(79)	(147)	—	—	(226)
Subtotal	955	4 696	1 305	2 092	9 048

	Opening balance Rm	Recognised in other compre-hensive income Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 270	2	—	—	1 272
Other	7	1	—	—	8
Subtotal	2 232	4 699	1 305	2 092	10 328

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Acquisition of North American Palladium Rm	Closing balance Rm
Equity portion of convertible bonds	175	—	—	—	175
Total	2 407	4 699	1 305	2 092	10 503

Notes to the consolidated financial statements

for the year ended 30 June 2020

5. DEFERRED TAX continued

	Opening balance Rm	Recognised in profit or loss Rm	Foreign currency translation adjustment Rm	Closing balance Rm
2019				
Property, plant and equipment	4 564	403	81	5 048
Exploration and evaluation assets	409	(409)	—	—
Royalty prepayment	(2 141)	113	—	(2 028)
Convertible bonds	(16)	(33)	—	(49)
Fair value of assets and liabilities	47	170	—	217
Rehabilitation and post-retirement medical provisions	(269)	(38)	(3)	(310)
Lease liabilities	(176)	(8)	—	(184)
Share-based compensation	(19)	(143)	—	(162)
Leave pay	(208	(23)	—	(231)
Unrealised profit in metal inventories	(48	(286)	—	(334)
Assessed losses	(3 044)	1 784	—	(1 260)
Other	285	37	5	327
Subtotal	(616)	1 567[1]	83	1 034

[1] *Note 26.*

	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	(49)	(30)	—	(79)
Subtotal	(665)	1 537	83	955

	Opening balance Rm	Recognised in other compre-hensive income Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Translation differences of foreign subsidiaries and equity-accounted entities	1 213	57	—	1 270
Other	5	2	—	7
Subtotal	553	1 596	83	2 232

	Opening balance Rm	Recognised in equity Rm	Foreign currency translation adjustment Rm	Closing balance Rm
Equity portion of convertible bonds	175	—	—	175
Total	728	1 596	83	2 407

Notes to the consolidated financial statements

for the year ended 30 June 2020

5. DEFERRED TAX continued

EJ

Unrecognised temporary differences

There are unrecognised temporary differences of R3 956 million (2019: R6 507 million) in the Group, relating to certain subsidiaries. These comprise unredeemed capex of R2 169 million (2019: R2 145 million), capital losses of R1 680 million (2019: R3 443 million) and assessed losses of R107 million (2019: R909 million). Currently, the reversal of these temporary differences is uncertain, therefore deferred tax has not been provided.

Zimplats deferred tax

During the current year, management changed its estimate of the expected dividends to be distributed in the foreseeable future from its Zimplats subsidiary. This resulted in a reversal of R456 million of deferred tax raised on foreign currency exchange translation differences and a reversal of R110 million of deferred tax raised on undistributable profits. The estimate of expected profits is based on the latest board-approved business forecasts of future distributable profits.

AP

Deferred tax

Deferred tax is provided 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 the initial recognition of an asset or liability, as a result of a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference, such as the decision to declare a dividend, is within the control of the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided on 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.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2020 Rm	2019 Rm
Equity instruments – environmental rehabilitation investments	6.1	—	190
Equity instruments – other	6.2	99	75
Investment in Waterberg	6.3	295	—
		394	265

6.1 The Group held equity investments through the Impala Pollution Control, Rehabilitation and Closure Trust Fund. The fair value of the listed instruments as at the close of business is the stock exchange quoted prices. The investments in the trust were restricted for use by the Group by virtue of their nature.

In the current year, these investments were liquidated following management's decision to invest the funds in a more cost effective structure in future (note 15.1). The aggregate fair values of the investments at date of disposal were R193 million and the cumulative fair value gain on disposal was R3 million.

6.2 Other equity instruments include an interest in an insurance cell captive investment of R11 million (2019: R15 million), and a Rand Mutual Assurance (RMA) equity investment of R88 million (2019: R60 million).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME continued

6.3 On 17 June 2020, the board of Implats elected not to exercise the option arrangement to acquire up to 50.1% from the joint venture partners in the Waterberg Development Project (Waterberg). Although Implats retained its 15% ownership in the project, the decision led to the loss of significant influence in the investment and subsequent discontinuation of equity accounting of this investment by the Group. The equity investment in Waterberg was reclassified to financial assets at fair value through other comprehensive income following the Group's loss of significant influence in the current financial period. There was no fair value impact in other comprehensive income in the current year. Refer note 4.

EJ

Measurement of FVOCI financial assets
Fair value measurements reflect the view of market participants under current market conditions taking into account the impact of Covid-19. The investment in Waterberg was valued using unobservable level 3 measurements which are further described in note 4 EJ.

AP

Investments in equity instruments
Implats subsequently measures all equity investments at fair value. The Group elected to present changes in the fair value in other comprehensive income (OCI), due to the Group's business model. The Group holds these assets to appreciate in value over the long term and to collect contractual cash flows.

For these financial assets there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

7. OTHER FINANCIAL ASSETS

	Notes	2020 Rm	2019 Rm
Subsequently carried at fair value through profit or loss			
Cross-currency interest rate swap (CCIRS)	7.1	–	151
Foreign exchange rate collars	7.2	–	230
Subsequently carried at amortised cost			
Long-term debt instrument	7.3	–	80
Loans carried at amortised cost	7.4	86	87
		86	548
Current		3	232
Non-current		83	316

Refer note 30 for fair value and financial risk disclosure.

7.1 Cross-currency interest rate swap (CCIRS)

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

During the current year, the US$ bonds were converted into ordinary Implats shares, which resulted in the CCIRS being cancelled. Implats received R77 million from Standard Bank and recognised a fair value loss of R74 million in other expenses.

7.2 Foreign exchange rate collars

Implats entered into foreign exchange rate collars (FERCs) to hedge against the foreign currency exchange risk on future metal sales. The collars hedged the risk of exchange rate movements below a range of R14.15/US$ to R14.30/US$ and above a range of R16.67/US$ to R17.13/US$. The FERCs were fully settled in June 2020 (note 23).

No hedge accounting was applied in respect of these financial instruments.

Notes to the consolidated financial statements

for the year ended 30 June 2020

7. OTHER FINANCIAL ASSETS continued

7.3 Long-term debt instruments

This investment was held through the Impala Pollution Control, Rehabilitation and Closure Trust Fund and bore an average interest rate of 10%. The investment was liquidated during the current year following management's decision to invest the funds in a more cost effective structure. The investment was restricted for use by the Group by virtue of its nature (note 15.1).

7.4 Loans carried at amortised cost

The interest-free loans of R86 million (2019: R87 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 10 and 20 years. The market-related effective weighted average interest rate is 9.9% (2019: 9.6%). These loans are secured by a second bond over residential properties.

EJ

Impairment – Loans at amortised cost
Housing loans consist of housing loans advanced to Implats employees in terms of the Implats housing scheme. After the bank's screening and approval process for their part of the loan, Implats issues the employee with a housing loan for the outstanding amount. An impairment rate of 0.5% was applied to housing loans. This impairment assumption is based on expected default rates on the overdue loans, by employees showing signs of financial distress and adverse expected changes in macro-economic circumstances that could affect employees. This rate has not increased and will be reassessed for reasonableness going forward.

AP

Financial assets measured at fair value through profit or loss (note 7.1 and 7.2)
Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are classified as measured at fair value through profit or loss. These included the cross-currency interest rate swap (CCIRS) and the foreign exchange rate collar options (FERC).

Financial assets measured at amortised cost (note 7.3 and 7.4)
The classification of these instruments is in line with the Group's business model to hold the assets to maturity and to collect contractual cash flows that consists solely of payments of principal and interest on the outstanding amount. Any gain or loss arising on derecognition is presented in other income and expense and foreign exchange gains and losses presented in foreign exchange transaction losses, directly in profit or loss. These assets with maturities greater than 12 months after the reporting date are classified as non-current assets.

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

Impairment of financial assets at amortised cost
The general expected credit loss (ECL) model is applied to other receivables (note 9) and other financial assets at amortised cost. It requires a 3 stage assessment of financial assets:
Stage 1: No significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12-month expected credit loss assessment is required.
Stage 2: Significant deterioration in credit quality of the financial asset but no indication of a credit loss event. This stage identifies assets as underperforming. Lifetime expected credit losses are required to be assessed.
Stage 3: Clear and objective evidence of impairment is present. This stage identifies assets as non-performing financial instruments. Lifetime expected credit losses are required to be assessed.

Once a default has occurred, it is considered a deterioration of credit risk and therefore identifies the asset as underperforming in stage 2.

Financial assets are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Indicators of an increase in credit risk requires judgement and may include historical information about the debtor, adverse actual and expected data about existing market conditions such as interest rates and the sovereign and financial institutions' credit ratings, which influence our forward-looking estimates, at the end of each reporting period.

8. INVENTORIES

	2020 Rm	2019 Rm
Mining metal		
Refined metal	1 421	518
Main products – at cost	1 228	447
By-products – at net realisable value	193	71
In-process metal	4 348	5 036
At cost	4 348	5 036
	5 769	5 554
Purchased metal[1]		
Refined metal	6 133	1 571
Main products – at cost	660	1 015
Main products – at net realisable value	4 566	—
By-products – at net realisable value	907	556
In-process metal	5 995	3 818
At cost	3 273	3 818
At net realisable value	2 722	—
	12 128	5 389
Total metal inventories	17 897	10 943
Stores and materials inventories	1 554	868
Total carrying amount	19 451	11 811

[1] *The fair value exposure on purchased metal and resultant inventory has been designated as a hedged item and is included in the calculation of the cost of inventories. The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

8. INVENTORIES continued

The net realisable value (NRV) adjustment impacted by prevailing metal prices at the reporting date included in inventory comprised R230 million (2019: Rnil) for refined metal and R211 million (2019: Rnil) for in-process metal.

Included in refined metal in the prior year is ruthenium on lease to third parties of 25 600 ounces. Metal lease fee income is disclosed in note 24.

Purchased metal consists mainly of Impala Refining Services inventory.

All the inventory in Impala Canada, valued at R384 million, was pledged as security under the Company's credit facility and term loan (refer note 16.6).

EJ

Inventory valuation

Metals classification between main and by-products are determined based on an assessment of the relative metal content for each segment. The relative metal content of the recently acquired Impala Canada, mining on the Canadian Shield, differs materially from what is mined in the Bushveld Complex in South Africa or the Great Dyke in Zimbabwe.

The African operations treat platinum, palladium, rhodium and nickel as main products and other precious and base metals produced, as by-products, for the purposes of inventory valuation.

Impala Canada's mining and processing process does not form part of the African operations' production process and inventory is valued independently. Impala Canada treats palladium as a main product and all other precious and base metals as by-products for inventory valuation purposes.

The average cost of normal pre-smelter production for mining metal is determined by dividing mining production cost with mining output on a 12-month rolling average basis. The normal cost of purchased metal is measured based on the acquisition cost determined on a six-month rolling average basis. Refining costs (further conversion through smelter, base metal refinery (BMR) and precious metal refinery (PMR)) are determined by dividing normal refining costs with total output (both mining and purchased) on a 12-month rolling average basis.

During the current year Covid-19 impacted on costs. Additional spend was incurred specifically related to Covid-19 as well as abnormal production costs (note 21 EJ), which would otherwise form part of normal production costs. Cost of sales was therefore adjusted to distinguish these costs from normal production-related costs and presented separately. Normalised 12-month rolling mining production was calculated assuming that normal production ceased at the end of March 2020 and recommenced in June 2020 when sufficient ramp up to normal production has been achieved. The lockdown impacted on the processing and refining activities of the Group which resulted in the disproportionate refining of purchased inventory, and resultantly disproportionate stock levels between purchased and mining metal, which impacted on the valuation of inventory.

Change in in-process metal estimate

Quantities of recoverable metal are reconciled to the quantity and grade of ore input as well as 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. The Group conducts periodic counts (usually annually) at the refineries to assess the accuracy of inventory quantities. Based on these counts, changes in engineering estimates of metal contained in-process resulted in a pre-tax increase in metal inventory of R1 329 million (2019: R404 million). Tolerances of up to 2% of annual throughput of the joint products are regarded as normal levels of estimation uncertainty in the measurement of work in progress quantities.

8. INVENTORIES continued

AP

Inventory

Metal inventories

Costs incurred in the production process are appropriately accumulated as stockpiles, metal in-process and product inventories.

In-process and final inventories are carried at the lowest of its 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, smelting and refining, including depreciation, less net revenue from the sale of by-products at the point where by-products become separately identifiable, allocated to main products based on the relative sales value of main products sold. Stock values are adjusted for upstream intra-group transactions with subsidiaries and equity-accounted entities within the Group, eliminating intra-group profits 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 and quantity of ore input 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 quantity adjustments relating to prior years are adjusted without affecting production or impacting the calculation of unit cost per ounce produced during the current year.

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

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.

9. TRADE AND OTHER RECEIVABLES

	2020 Rm	2019 Rm
Trade receivables	2 774	1 403
Trade receivables at fair value through profit or loss[1]	408	—
Advances[2]	—	974
Other receivables	538	197
Employee receivables	143	187
Value added taxation	1 265	505
	5 128	3 266
The foreign currency denominated balances, included above, were as follows:		
Trade receivables (US$ million)	172	54
Advances (US$ million)	—	68
The credit exposures of trade receivables and advances by country are as follows:		
Asia	488	131
Europe	762	483
North America	1 721	68
South Africa	211	691
Zimbabwe	—	1 004
	3 182	2 377

[1] *Impala Canada's trade receivables have been pledged as security against the Company's credit facility and term loan (note 16.6).*
[2] *Advances have been offset against the metal-purchase trade creditor. Refer note 19 and the EJ on page 53.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

9. TRADE AND OTHER RECEIVABLES continued

EJ

Trade receivables

The impact of the macro-economic environment amid the Covid-19 pandemic, on trade receivables has been assessed by gathering information about and interacting with trade customers individually. Past default experiences for all customers was evaluated and adjusted (note 30.2.3) for general economic conditions of the industry as well as the global environment the debtor operates in. The Group has not recognised a loss allowance.

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 1.5% (2019: 2.5%). 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. Management has the legal right to offset the advance against the metal-purchase creditor and the intention to settle the creditor on a net basis. Consequently, the advance has been offset against the creditor.

Employee receivables

Employee receivables consist of short-term advances. These receivables are generally recovered from the employees' salaries within 30 days, and due to their short-term nature, are considered to have a low credit risk. Indicators of increased credit risk include failure to recover the advances within 30 days.

AP

Trade receivables at fair value

Receivables subject to provisional pricing are measured at fair value through profit or loss. These financial assets relate to revenue from contracts with customers and the Group has an unconditional right to the consideration due as the performance conditions have been met. The value of the receivable fluctuates in line with PGM prices and foreign currency movements, resulting in this class of financial asset being measured at fair value through profit or loss.

Impairment of trade receivables

The Group applies the simplified impairment approach to trade receivables carried at amortised cost as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group considers its historical credit loss experience, adjusted for forward-looking factors, that could indicate impairments taking into account the specific debtors and the economic environment. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, among others, include the failure of a debtor to engage in a repayment agreement with the Group.

Impairment of other receivables

Refer note 7 for the impairment policy for other receivables.

Notes to the consolidated financial statements

for the year ended 30 June 2020

10. CURRENT TAX

	2020 Rm	2019 Rm
Current tax payable	**188**	66
Current tax receivable	**(348)**	(216)
Net current tax receivable	**(160)**	(150)
Reconciliation		
Beginning of the year	**(150)**	96
Income tax expense (note 26)	**1 703**	553
Payments made during the year	**(1 706)**	(223)
Current tax payable acquired through the acquisition of North American Palladium	**47**	—
Interest and penalties refund	**2**	67
Exchange adjustment[1]	**(56)**	(643)
End of the year	**(160)**	(150)

[1] *The exchange adjustment mainly arose from the settlement and translation of Zimbabwe dollar denominated income tax liabilities to US dollars.*

AP

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on judgement and in certain cases based on specialist independent tax advice (note 29).

11. PREPAYMENTS

	2020 Rm	2019 Rm
Deposits on property, plant and equipment[1]	**364**	275
Consumables and other operating expenditure	**230**	188
Insurance premiums	**73**	8
Surface lease royalties	**13**	13
	680	484

[1] *Property, plant and equipment prepayments mainly relate to amounts prepaid on capital equipment for Bimha Mine redevelopment, Mupani Mine development and advance payments for trackless mining machinery.*

AP

Prepayments

Prepayments are not financial assets and comprise deposits on property, plant and equipment, consumables, and other prepaid operating expenditure.

Any expenditure paid in cash prior to the service being rendered or for which a benefit is receivable in the future will be recorded as prepayments, and classified as current assets unless a portion of the prepayment covers a period longer than 12 months. The prepayment is subsequently expensed in profit or loss or capitalised to property, plant and equipment as and when the expense is incurred or assets are received.

Notes to the consolidated financial statements

for the year ended 30 June 2020

12. CASH AND CASH EQUIVALENTS

	2020 Rm	2019 Rm
Short-term bank deposits	9 193	6 872
Cash at bank	3 849	1 370
Money market investments[1]	289	—
	13 331	8 242
Bank overdraft	(126)	—
	13 205	8 242
The weighted average effective interest rate on short-term bank deposits was 6.76% (2019: 7.4%) and these deposits have a maximum maturity of 32 (2019: 32) days.		
Exposure to foreign currency denominated balances as at 30 June was as follows:		
Bank balances (US$ million)	212	92
Bank balances (C$ million)	9	—
Bank balances (RTGS$ million)	(463)	2
The exposures by country are as follows:		
South Africa	9 680	7 290
Europe	1 146	901
Zimbabwe – US$	1 214	39
Zimbabwe – RTGS$	(126)	4
Canada	1 281	—
Asia	10	8
	13 205	8 242
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] (note 15)	289	4
Morokotso Trust	11	11
Collateral for independent electricity system operator	21	—
Unclaimed dividends	3	—
Collateral for Marula BBE loan (note 12.1)	899	—
	1 223	15

[1] *This cash has been invested by the Trust.*

Fair value and financial risk disclosure, and credit limit facilities are disclosed in note 30.

12.1 Collateral for Marula BEE loan

Implats has entered into a pledge and cession in security arrangement to deliver on the guarantee of the Marula BEE partners' loan (note 16.1). This arrangement aims to facilitate the timeous settlement of Implats' obligations to Standard Bank.

EJ

Impairment

With the exception of money market fund investments, the Group's cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The Group's cash is held at investment grade financial institutions, which are considered to have a low credit risk. The impacts of both the global Covid-19 pandemic and the downgrade of South Africa's sovereign credit rating to sub-investment grade were considered in the expected credit loss assessment of cash and cash equivalents and there was no significant increase identified in the credit risk of these financial institutions. The expected credit losses were therefore immaterial.

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Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, with original maturities of three months or less and that are subject to an insignificant risk of changes in value. 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.

Cash and cash equivalents are measured at amortised cost except for money market fund investments which are held at fair value as they are redeemed through the sale of units in the funds and not solely through the recovery of principal and interest.

13. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

	2020 Rm	2019 Rm
Ordinary shares	18	18
Share premium	22 369	17 875
Share-based payment reserve	2 094	2 643
Total share capital and share-based payment reserve	**24 481**	20 536

The authorised share capital of the holding company consist of 944.01 million (2019: 944.01 million) ordinary no par value shares.

	Million	Million
The number of ordinary shares in issue outside the Group are net of treasury shares held as follows:		
Number of ordinary shares issued	799.04	734.78
Treasury shares	(20.84)	(16.23)
Number of ordinary shares issued outside the Group	**778.20**	718.55
The movement of ordinary shares during the year was as follows:		
Beginning of the year	718.55	718.55
Shares issued – Long-term Incentive Plan	6.03	3.64
Shares purchased – Long-term Incentive Plan	(10.64)	(3.64)
Conversion of US$ bonds	64.26	—
End of the year	**778.20**	718.55

The authorised share capital of the Company is 944.01 million ordinary shares. The authorised but unissued share capital is 144.97 million ordinary shares (2019: 209.23 million) and remains under the control of the directors. During the current year, the US$ bonds were converted, resulting in 64.26 million ordinary shares issued to bondholders. The number of ordinary shares in issue, post the conversion, increased to 799.04 million. 16 233 994 treasury shares which were bought prior to June 2009 in terms of a share buy-back are held at the discretion of the Group. An additional 4.61 million treasury shares were bought at an average price of R121.75 during the year in terms of the Bonus Share Plan (note 13.1) which are held in escrow for employees in terms of the rules of the scheme until vesting date. These shares were bought by subsidiaries of the Group.

13.1 Equity-settled share-based compensation

The Group issues equity-settled and cash-settled (note 18) share-based payments to employees. Equity-settled schemes include the Long-term Incentive Plan 2012 (LTIP 2012), comprising Share Appreciation Rights (SAR) and Conditional Share Plan (CSP) which consist of shares with a nil exercise price. This scheme was discontinued during the prior year and replaced with a new scheme. The new scheme, referred to as the Long-term Incentive Plan 2018 (LTIP 2018), comprises a Bonus Share Plan (BSP) and a Performance Share Plan (PSP), which both consist of shares with a nil exercise price.

During the year, R357 million (2019: R156 million) was expensed in terms of the LTIP 2018 and LTIP 2012 schemes (note 21).

Implats Long-term Incentive Plan 2018 (LTIP 2018)

The fair value of the equity-settled share-based payments were valued using the share price on valuation date, as well as performance conditions for the PSP. The weighted average option value as well as the weighted average share price on valuation date was R71.37 (2019: R33.15) and R50.97 (2019: R8.56) for the BSP and PSP respectively.

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for the year ended 30 June 2020

13. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE continued

13.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2018 (LTIP 2018) continued

Long-term Incentive Plan 2018	2020 BSP 000	2020 PSP 000	2019 BSP 000	2019 PSP 000
Movement in the number of share options outstanding was as follows:				
Beginning of the year	**4 137**	**2 835**	—	—
Granted	**2 859**	**979**	4 235	2 835
Forfeited	**(405)**	**(50)**	(98)	—
Exercised	**(1 982)**	**—**	—	—
End of the year	**4 609**	**3 764**	4 137	2 835
Exercisable	**—**	**—**	—	—
Not yet exercisable	**4 609**	**3 764**	4 137	2 835

Share options (BSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2020 000	Vesting year 2021 000	Vesting year 2022 000	Total number 000
Total 2020	**—**	**3 232**	**1 377**	**4 609**
Total 2019	2 068	2 069	—	4 137

Share options (PSP) outstanding at the end of the year have the following vesting terms:

	Vesting year 2022 000	Vesting year 2023 000	Total number 000
Total 2020	**2 798**	**966**	**3 764**
Total 2019	2 835	—	2 835

The share options are full value shares. The contractual life ends on the vesting date.

Refer note 32 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Performance Share Plan (PSP)

The performance shares are Implats shares purchased by the Group, awarded free of charge to designated participants, at a vesting period determined at the discretion of the remuneration committee. On the date of award, participants are only granted conditional rights to acquire these shares at a future date, and are not entitled to any shareholder rights prior to vesting date. For the shares to vest, participants must remain employed by a company in the Implats Group and subject to the satisfaction of the performance conditions measured over the performance period.

Bonus Share Plan (BSP)

The bonus share award also comprises fully paid shares awarded free of charge to participants at the end of a two-year vesting period. 50% of the awarded shares vest one year after date of the award, and the remaining 50% at the end of two years after the award date. At the date of award, participants are only granted conditional rights to receive these shares at a future date, and are entitled to shareholder rights prior to vesting date. For the shares to vest, participants are primarily required to remain employed by a company in the Implats Group.

13. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE continued

13.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2012 (LTIP 2012)

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

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

	Long-term Incentive Plan (SAR)		Long-term Incentive Plan (CSP)	
	2020	2019	**2020**	2019
Weighted average option value (Rand)[1]	**15.44**	19.46	**22.19**	26.14
Weighted average share price on valuation date (Rand)[2]	**38.52**	45.85	**37.78**	43.91
Weighted average exercise price (Rand)[3 and 5]	**37.12**	44.67	**Nil**	Nil
Volatility (%)[4]	**36.43**	41.58	**N/A**	N/A
Dividend yield (%)	**—**	0.03	**Nil**	Nil
Risk-free interest rate (%)	**7.45**	7.49	**7.42**	7.62

[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 is calculated by 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.

SAR	2020 Number 000	2020 Weighted average exercise price R	2019 Number 000	2019 Weighted average exercise price R
Movement in the number of share options outstanding was as follows:				
Beginning of the year	**5 727**	**44.67**	8 349	44.15
Granted	**—**	**—**	72	17.92
Forfeited	**(521)**	**92.98**	(2 313)	35.16
Exercised	**(1 200)**	**48.87**	(381)	35.16
End of the year	**4 006**	**37.12**	5 727	44.67
Exercisable	**539**		844	
Not yet exercisable	**3 467**		4 883	
	4 006		5 727	

Share options outstanding at the end of the year have the following vesting terms:

Price per share	Vesting year 2020 000	Vesting year 2021 000	Vesting year 2022 000	Total number 000
< R50	**—**	**3 395**	**72**	**3 467**
Total 2020	**—**	**3 395**	**72**	**3 467**
Total 2019	1 233	3 578	72	4 883

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

Notes to the consolidated financial statements

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13. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE continued

13.1 Equity-settled share-based compensation continued

Implats Long-term Incentive Plan 2012 (LTIP 2012) continued

CSP	2020 Number 000	2019 Number 000
Movement in the number of share options outstanding was as follows:		
Beginning of the year	12 794	20 319
Granted	—	88
Forfeited	(2 014)	(4 136)
Exercised/shares issued	(3 423)	(3 477)
End of the year (not yet exercisable)	7 357	12 794

Share options outstanding at the end of the year have the following vesting terms:

	Vesting year 2020 000	Vesting year 2021 000	Vesting year 2022 000	Total number 000
Total 2020	—	7 269	88	7 357
Total 2019	4 509	8 197	88	12 794

The share options are full value shares. The contractual life ends on the vesting date.

Refer note 32 for the details on share-based payment rights held by key management personnel (directors and senior executive management).

Long-term Incentive Plan (LTIP 2012) Rules

Conditional Share Plan (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.

Share Appreciation Rights (SAR)

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

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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.

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.

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14. NON-CONTROLLING INTERESTS

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 2020 %	2019 %	Profit/(loss) allocated to non-controlling interests 2020 Rm	2019 Rm	Accumulated non-controlling interests 2020 Rm	2019 Rm
Zimplats Holdings Limited	Guernsey	Zimbabwe	13	13	435	273	2 655	1 914
Afplats Proprietary Limited	South Africa	South Africa	26	26	(5)	(584)	—	5
Individually immaterial subsidiaries					(1)	19	14	24
Total					429	(292)	2 669	1 943

Summarised financial information (100%) in respect of each of the Group's subsidiaries that has material non-controlling interests

The summarised financial information below presents amounts before intra-group eliminations. Zimplats' financial information disclosed below was translated using the closing and annual average US dollar exchange rates as on page 17.

	Zimplats Holdings Limited 2020 Rm	Zimplats Holdings Limited 2019 Rm	Afplats Proprietary Limited 2020 Rm	Afplats Proprietary Limited 2019 Rm
Non-current assets	20 340	16 079	—	—
Current assets	9 539	5 128	25	41
Total assets	29 879	21 207	25	41
Equity	22 419	15 024	(45)	20
Non-current liabilities	5 625	4 356	40	19
Current liabilities	1 834	1 827	29	1
Total equity and liabilities	29 878	21 207	24	40

Notes to the consolidated financial statements

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14. NON-CONTROLLING INTERESTS continued

	Zimplats Holdings Limited		Afplats Proprietary Limited	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Revenue	14 426	8 954	—	—
Gross profit	7 401	2 985	(67)	(11)
Profit before tax	6 100	1 820	(64)	(1 747)
Income tax expense	(1 762)	(858)	(1)	(1)
Profit for the year	4 338	962	(65)	(1 748)
Net cash from/(used in) operating activities	4 170	2 687	(27)	(17)
Net cash (used in)/from investing activities	(1 635)	(1 615)	3	17
Net cash (used in)/from financing activities	(1 706)	(1 809)	18	—
Net increase/(decrease) in cash and cash equivalents	829	(737)	(6)	—
Dividends paid to non-controlling interests	91	161	—	—

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

15. PROVISIONS

	Notes	2020 Rm	2019 Rm
Provisions for environmental rehabilitation	15.1	1 819	1 492
Provision for restructuring	15.2	52	—
Other		133	—
		2 004	1 492
Current		192	—
Non-current		1 812	1 492

15.1 Provisions for environmental rehabilitation

	2020 Rm	2019 Rm
Reconciliation		
Beginning of the year	1 492	1 225
Change in estimate – rehabilitation asset (note 2)	(133)	123
Change in estimate – cost of sales	(75)	75
Acquisition of North American Palladium (NAP)	289	—
Unwinding of discount (note 25)	147	118
Utilised – rehabilitation done[1]	(12)	(58)
Exchange adjustment	111	9
End of the year	1 819	1 492

[1] *Rehabilitation done mainly consists of concurrent rehabilitation of shaft infrastructure at Impala and Zimplats open cast rehabilitation.*

15. PROVISIONS continued

15.1 Provisions for environmental rehabilitation continued

The current rehabilitation cost estimates and financial provisions are made up as follows:

	Current cost estimates		Financial provisions	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Impala Rustenburg	1 342	1 278	759	805
Impala Springs	275	268	228	226
Marula	334	300	148	157
Afplats	20	19	20	19
Zimplats	668	565	352	285
Impala Canada	297	—	312	—
	2 936	2 430	1 819	1 492

Guarantees, an insurance policy and the funds in the Impala Pollution Control, Rehabilitation and Closure Trust Fund are available to the Department of Mineral Resources to satisfy the requirements of the National Environmental Management Act with respect to environmental rehabilitation (note 29).

Pollution Control, Rehabilitation and Closure Trust Fund	2020 Rm	2019 Rm
The investment in the Impala Pollution Control, Rehabilitation and Closure Trust Fund comprises the following:		
Cash and cash equivalents (note 12)	289	4
Long-term investment in debt instrument (note 7.3)	—	80
Financial assets at FVOCI (note 6.1)	—	190
	289	274

The income earned on monies contributed 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, is accounted for as investment income. The trust investments which were formerly included in fair value through other comprehensive income (FVOCI) financial assets and other financial assets, were liquidated and invested in cash and cash equivalents. The trust funds will be transferred from cash and cash equivalents to a more cost effective structure which will reduce the overall annual cost of providing guarantees and optimise the investment strategy over the life of the expected future rehabilitation liability.

The trust is a special purpose entity controlled by the Group and is consolidated accordingly.

15.2 Provision for restructuring

	2020 Rm	2019 Rm
Reconciliation		
Beginning of the year	—	—
Restructuring plan entered into during the year	105	—
Costs incurred	(53)	—
End of the year	52	—

During the current period, a section 189 process was initiated as 9 Shaft is close to its end of life.

Notes to the consolidated financial statements

for the year ended 30 June 2020

15. PROVISIONS continued

EJ

Environmental rehabilitation

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. The life-of-mine estimates are impacted by mineral reserve estimations (note 2.1.2).

In particular from 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). The current closure cost is closely aligned with the new regulations.

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

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates. The current rehabilitation cost estimate is R2 936 million (2019: R2 430 million). Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 9.5% and 11.4% (2019: between 8.7% and 9.8%) 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 4.2% (2019: 3.0%).

Zimbabwean operations

The US$ discount rate used was 7.3% (2019: 9.6%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a US$ long-term real discount rate of 2.0% (2019: 2.0%).

Canadian operations

The discount rate used was 2.0% at the time of the calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term discount rate of 2.0% and a market risk premium of 5.0%.

Restructuring

Covid-19 did not have any significant impact on the Impala Rustenburg restructuring provision.

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Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Provisions are recognised as the best estimate of the expenditure required to settle the present obligation at reporting date taking into account the time value of money where relevant.

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

The costs arise from rectifying the damage caused before production commences. The net present value of future decommissioning cost estimates at year-end is recognised and fully provided for 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 used to calculate 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 2).

Restoration costs

These costs arise from rectifying the damage caused after production commences. The net present value of future restoration cost estimates at year-end is recognised and fully provided for 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 used to calculate 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 when they are incurred.

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16. BORROWINGS

	Notes	2020 Non-current Rm	2020 Current Rm	2020 Total Rm	2019 Non-current Rm	2019 Current Rm	2019 Total Rm
Standard Bank Limited – BEE Partners Marula	16.1	—	885	885	—	888	888
Standard Bank Limited – Zimplats term loan	16.2	—	—	—	—	599	599
Convertible bonds – ZAR	16.3	2 707	207	2 914	2 557	207	2 764
Convertible bonds – US$	16.4	—	—	—	2 953	114	3 067
Impala Canada term loan	16.5	2 347	1 310	3 657	—	—	—
Lease liabilities	16.6	1 179	223	1 402	1 167	77	1 244
Total borrowings		6 233	2 625	8 858	6 677	1 885	8 562

Reconciliation	2020	2019
Beginning of the year	8 562	10 352
Conversion of US$ bonds to equity	(2 996)	—
Proceeds from borrowings	9 026	—
Capital repayments	(6 875)	(2 169)
Interest repayments	(561)	(639)
Lease liabilities acquired through the acquisition of North American Palladium	76	—
Leases capitalised	210	—
Interest accrued (note 25)	750	906
Change in carrying value of Impala Canada term loan	(100)	—
Exchange adjustments	766	112
End of the year	8 858	8 562

	%	%
The effective interest rates for all borrowings for the year were as follows:		
ZAR – borrowings	10	12
US$ – borrowings	6	9

Refer note 30 for fair value and financial risk disclosure.

16.1 Standard Bank Limited – BEE partners Marula

BEE partners obtained term loans of R753 million, which carry interest at the six-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 basis points (2019: 130 basis points) and revolving credit facilities of R105 million which carry interest at JIBAR plus 145 basis points (2019: 145 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 were repayable in June 2020. The repayment of the loans were extended to 30 September 2020 (refer note 12.1).

16.2 Standard Bank Limited – Zimplats term loan

The US$ denominated revolving credit facility of US$85 million (2019: US$85 million) bore interest at three-month London Interbank Offered Rate (LIBOR) plus 700 (2019: 700) basis points and was repaid in December 2019.

16.3 Convertible bonds – ZAR

The ZAR denominated convertible bonds have a par value of R3 250 million and carry a coupon of 6.375% (R207.2 million) per annum. The coupon is payable semi-annually for a period of five years ending 7 June 2022. The bondholder has the option to convert the bonds to Implats shares at a price of R49.41 (2019: R50.01). The value of this conversion option derivative was R676 million on issue. Implats has the option to call the bonds at par plus accrued interest at any time if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 12.8%.

16.4 Convertible bonds – US$ (note 17.1)

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US$ 3.25% convertible bonds due 2022 (US$ bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and conditions of the bonds, to convert their US$ bonds into ordinary shares in Implats.

Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R509 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in accordance with the terms and conditions of the bond. These shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 034 147.

Notes to the consolidated financial statements

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16. BORROWINGS continued

16.5 Impala Canada term loan

Impala Canada entered into a US$250 million term loan facility on 29 January 2020. The proceeds from the term loan were used to partially repay the bridge facility, which was used to fund the acquisition of North American Palladium (NAP) on 13 December 2019.

The term loan facility bears interest at the aggregate of the London Interbank Offered Rate (LIBOR) and a margin of between 2.5% and 3.0%, which is dependent on the level of net debt to EBITDA at an Impala Canada level. This facility has a final repayment date of 31 December 2023 and the principal amount is repayable in equal instalments of US$15 million at the end of each quarter, commencing with the quarter ended 31 March 2020. The term loan also provides for additional repayments in terms of an excess cash flow sweep which is calculated on an annual basis. This facility is guaranteed by Implats, Impala Holdings Limited and Impala Platinum Limited.

Impala Canada also entered into a US$25 million revolving credit facility to fund the working capital requirements of its operation. No draw down was made on the facility at the end of the year.

The facility bears interest at the aggregate of the LIBOR and a margin of between 2.5% and 3.0%, which is dependent on the level of net debt to EBITDA at an Impala Canada level. This facility has a two-year maturity with an option to renew for a further year, subject to agreement with the lenders and is guaranteed by Implats, Impala Holdings Limited and Impala Platinum Limited.

The credit facility contains financial covenants for Impala Canada regarding minimum interest cover and leverage ratios. Failure to satisfy the covenants would result in an event of default. The credit facility also includes other covenants, including financial reporting, environmental compliance, and material adverse change provisions. Certain events of default result in the credit facility becoming immediately due, while other events of default entitle the lender to demand immediate repayment. Based on the latest compliance filing as at 30 June 2020, as required under the lending agreement, the Company was in compliance with all covenants. The Company's next compliance filing will be as at 31 December 2020.

A first priority charge of the plant and equipment, mining leases and mining claims, inventories and trade receivables of Impala Canada have been pledged as security in connection with the term loan and revolving credit facility (note 30.2.4). Refer notes 2, 8 and 9.

16.6 Lease liabilities

16.6.1 Adoption of IFRS 16 *Leases*

This standard replaces IAS 17 *Leases*.

Transition

The Group adopted IFRS 16 which became effective on 1 July 2019 and applied the standard retrospectively making use of the simplified retrospective approach, under which a lessee does not restate comparative information. There was no financial impact on the opening retained earnings at 1 July 2019.

Historically, lease contracts were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, all lease contracts, with the exception of leases pertaining to low-value assets and leases with a duration of 12 months or less, are recognised as right-of-use assets. The corresponding liability is also recognised from the date at which the leased asset is available for use by the Group.

The Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted by the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 10.5% for the South African operations and 9.6% for the Zimbabwean operations.

The aggregate lease liability recognised in the statement of financial position at 1 July 2019 and the Group's operating lease commitment at 30 June 2019 can be reconciled as follows:

	Rm
Operating lease commitments at 30 June 2019	139
Recognition exemptions: short-term and low-value leases	(2)
Operating lease liabilities before discounting	137
Effect of discounting operating lease commitments at the incremental borrowing rate	(20)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	117

For leases previously classified as finance leases the Group recognised the previous carrying amounts of the resultant right-of-use asset and lease liability immediately before the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying the simplified retrospective approach, the Group has applied the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

16. BORROWINGS continued
16.6 Lease liabilities continued
16.6.2 Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amount relating to leases:

	2020 Rm	2019 Rm
Interest expense (included in finance costs – refer note 25)	135	136
Expense relating to short-term and low-value leases (included in cost of sales – note 21)	10	—
Deferred profit on sale and leaseback of houses (note 22)	(30)	(30)

The total cash outflow for leases in 2020 was R293 million.

16.6.3 The Group's leasing activities

Lease	Nature of leasing activity	Remaining life	Effective interest rate (%)
Friedshelf (Land and buildings)	The leases comprise houses leased from Friedshelf (an associate of the Group). The houses were previously sold to Friedshelf as part of a sale and leaseback transaction	8 years	10.2
Sasol (Refining assets)	Lease arrangement for a Sasol hydrogen pipeline and an oxygen and nitrogen plant	4 years and 1 year respectively	11.5
Forklifts	Lease arrangements for various forklifts at Impala Platinum Limited – Refineries	4 years and 3 months respectively	8.5
Land and buildings (various)	This includes Marula lease of office buildings, Impala's lease of Illovo and Pretoria office buildings and the Rustenburg laboratory, Zimplats' lease of the Borrowdale Office Park and Impala Canada's lease of its office buildings	Between 1 and 9 years	10.5
DHI (Mobile equipment)	Zimplats road train lease	3 years	9.6
Other	Impala Canada also leases various vehicles, machinery and equipment	Between 3 and 5 years	5

	2020			2019		
	Minimum lease payments Rm	Interest Rm	Principal Rm	Minimum lease payments Rm	Interest Rm	Principal Rm
Maturity analysis for lease liabilities						
Less than one year	344	128	216	204	127	77
Between one and five years	1 102	332	770	936	390	546
More than five years	454	38	416	715	94	621
	1 900	498	1 402	1 855	611	1 244

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 required cost of capital.

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

The Group monitors the debt-to-equity ratio. This ratio is calculated as net debt to equity. The Group excludes leases in its determination of net debt. Gearing ratio as at 30 June 2020 was nil% (2019: nil%).

Notes to the consolidated financial statements

for the year ended 30 June 2020

16. BORROWINGS continued

16.7 Capital management continued

AP

Borrowings

All borrowings are subsequently measured at amortised cost.

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.

Effective interest method

The effective interest rate 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 liability.

Leases

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the contractual lease payments due over the lease term, discounted using the rate implicit in the lease. If this rate is not readily determinable, the Group's incremental borrowing rate is used. Variable lease payments are included in the measurement of the lease liability if they are linked to an index or rate at the date of commencement. The initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:
- Amounts expected to be payable under any residual value guarantee;
- Exercise price of any purchase option if the lessee is reasonably certain to exercise the option; and
- Penalties payable for terminating the lease, if the term of the lease reflects the termination option.

Right-of-use assets are initially measured at the value of the corresponding lease liability, reduced for any lease incentives received, and increased for:
- Lease payments made at or before commencement of the lease;
- Initial direct costs; and
- The amount of any provision recognised where the lessor is contractually required to dismantle, remove or restore the leased asset.

Lease payments are subsequently allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When the lessee revises its estimate of the term of any lease due to changes in the probability of a lease extension or termination option being exercised, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate at remeasurement. The carrying value of lease liabilities are similarly adjusted when the variable element of future lease payments dependent on a rate or index is revised, using the revised discount rate on commencement of lease. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the new remaining lease term.

Compound financial instruments

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2020

17. OTHER FINANCIAL LIABILITIES

	Notes	2020 Rm	2019 Rm
Conversion option – US$ convertible bond	17.1	–	1 611
Future commitment – Royal Bafokeng	17.2	**51**	47
		51	1 658
Current		**16**	6
Non-current		**35**	1 652

17.1 Conversion option – US$ convertible bond (note 16.4)

Following the conversion of the US$ bonds to Implats shares, the conversion option was revalued at its fair value of R1 814 million (2019: R1 611 million), resulting in a R203 million (2019: R1 560 million) loss which is reflected in other expenses. The carrying value of the conversion option was transferred to share premium at the date of conversion.

The main inputs into the binomial model fair value calculation are as follows:

	2020	2019
Exercise price (US$)	–	3.89
Share price on valuation date (US$)	–	4.95
Volatility (%)	–	32.72
US$ interest rate (%)	–	1.72

17.2 Future commitment – Royal Bafokeng

During the prior year, amendments to the Impala Converted Mining Rights relating to the empowering provision was approved, allowing the trustees to dissolve the Impala Bafokeng Trust (IBT). Impala Platinum Limited committed to contribute the remaining balance (R64 million) of the original R170 million commitment to the IBT by spending R10 million a year for community projects through its CSI programmes.

18. OTHER LIABILITIES

	Notes	2020 Rm	2019 Rm
Summary			
Post-employment medical benefits	18.1	**69**	68
Cash-settled share-based compensation	18.2	**103**	14
Deferred profit on sale and leaseback of houses[1]		**187**	217
		359	299
Current		**133**	32
Non-current		**226**	267

[1] *Relates to houses leased from Friedshelf (an associate of the Group) which were previously sold as part of a sale and leaseback transaction (note 16.6).*

Notes to the consolidated financial statements

for the year ended 30 June 2020

18. OTHER LIABILITIES continued

18.1 Post-employment medical benefits

	2020 Rm	2019 Rm
Beginning of the year	68	68
Finance cost	7	6
Actuarial loss	1	—
Benefits paid	(7)	(6)
End of the year – actuarial valuation	69	68
Current	—	—
Non-current	69	68

The Company historically provided post-employment medical benefits to qualifying employees. Post-employment medical benefits for remaining employees and retirees are an unfunded liability. A 1% increase in the medical inflation rate results in a R6 million (2019: R6 million) increase in the provision and a decrease of 1% results in a decrease in the provision of R5 million (2019: R5 million). Subsidies of R6 million (2019: R6 million) are expected to be paid in the next financial year.

Qualifying active employees have an average age of 54 (2019: 53) years and an average service period of 26 (2019: 25) years. Retirees have an average age of 77 (2019: 76) years.

EJ

Post-employment medical benefits valuation

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 2020, actuarial parameters used by independent valuators assumed 6.4% (2019: 6.9%) as the long-term medical inflation rate and 8.5% (2019: 8.9%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

18.2 Cash-settled share-based compensation

The Group issues equity-settled (note 13) and cash-settled share-based payments to employees. The fair value of share-based payments is calculated using the binomial option pricing model. Allocations under this cash-settled share-based scheme ceased in November 2012 and lapse in 2022. There were 6 million (2019: 10 million) options at the end of the period, with an average option value of R13.40 (2019: R1.11), all exercisable at year-end.

AP

Employee benefits

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 several 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, Zimbabwean law or Canadian 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.

Cash-settled share-based compensation

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

Notes to the consolidated financial statements

for the year ended 30 June 2020

19. TRADE AND OTHER PAYABLES

	2020 Rm	2019 Rm
Trade payables	3 264	3 296
Trade payables – metal purchases[1]	3 871	3 504
Leave liability[2]	1 216	973
Royalties payable	613	295
Value added taxation	156	218
Other payables	100	8
	9 220	8 294
The foreign currency denominated balances as at 30 June were as follows:		
Trade and other payables (US$ million)	148	76
Trade and other payables (RTGS$ million)	31	16
Trade and other payables (C$ million)	34	—

Refer note 30 for fair value and financial risk disclosure.

[1] *The fair value exposure on purchased metal and resultant stock has been designated as a hedged item and is included in the calculation of the cost of inventories (note 8). The fair value exposure relates to adjustments made to commodity prices and US$ exchange rates from the date of delivery until the final pricing date as per the relevant contract. Refer note 30 for hedge accounting disclosures.*

[2] *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.*

EJ

Offsetting of advances against trade payables

Certain customers are granted advances based on a contractually agreed percentage of the fair value of their in-process metal purchases. The weighted average effective interest rate on advances was 1.5% (2019: 2.5%). The associated purchase liability serves as collateral for the advance.

Management has the legal right to offset the advance against the metal-purchase creditor and has the intention to settle the creditor on a net basis. Consequently, the advance has been offset against the creditor.

AP

Trade and other payables

The Group has made an irrevocable election to measure trade payables relating to metal purchases at fair value through profit or loss. Trade payables contracts host two embedded derivatives, namely fluctuations in PGM prices, and foreign currency exchange rates. This financial liability is used as a hedging instrument in the fair value hedge of a recognised asset, being purchased inventory.

All other trade payables are subsequently carried at amortised cost.

20. REVENUE

	2020 Rm	2019 Rm
20.1 Disaggregation of revenue by category		
Sales of goods		
Precious metals		
Platinum	18 659	17 796
Palladium	25 630	15 648
Rhodium	17 805	7 473
Ruthenium	886	902
Iridium	1 445	1 346
Gold	1 963	1 524
Silver	33	24
	66 421	44 713
Base metals		
Nickel	2 321	2 318
Copper	559	610
Cobalt	26	59
Chrome	182	425
	3 088	3 412
Commodity prices adjustments	151	—
Revenue from services		
Toll refining income	191	504
	69 851	48 629

Notes to the consolidated financial statements

for the year ended 30 June 2020

20. REVENUE continued

20.2 Analysis of revenue by destination

	2020 Rm	2019 Rm
Main products (Pt, Pd, Rh and Ni)		
Asia	26 976	19 654
North America	14 953	5 826
Europe	12 259	9 238
South Africa	10 363	8 517
	64 551	43 235
By-products		
South Africa	2 004	1 813
Asia	1 166	1 382
Europe	921	1 029
North America	907	613
Australia	111	53
	5 109	4 890
Toll refining		
South Africa	4	—
Africa	186	501
North America	1	3
	191	504
	69 851	48 629

Note 1 contains additional disclosure of revenue per reportable segment.

EJ

Toll refining income

IRS's refining fee revenue meets the criteria for recognition of revenue over time, as IRS provides a service which creates or enhances an asset under customer control. The declaration period stipulated in the toll refining contracts is indicative of the time it takes to complete the refining service and is considered to be the most appropriate estimate of the progress towards satisfying the performance obligation. Refining revenue is recognised on a straight-line basis over the contractual declaration time frame.

AP

The Group generates revenue from the mining, concentrating, refining and the sale of platinum group metals (PGMs) and associated base metal. Revenue is measured based on the consideration specified in the customer contract.

Sales revenue

The Group recognises revenue on inventory sold to a customer on delivery to the contractually agreed upon delivery point. This is the point at which the performance obligation is satisfied and a receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due. No element of financing is present due to the short-term nature of Group contracts and credit terms are consistent with market practice. The total consideration in the sales contract is allocated to each product based on the contractually agreed-upon metal prices. Metal sales prices are determined based on observable spot prices when revenue is recognised.

Commodity price adjustments

At Impala Canada, the sales price is determined on a provisional basis at the date of the sale, with adjustments made to the sale price based on movements in quoted market prices up to the date of final pricing. These adjustments are separately disclosed within revenue.

Toll refining income

The Group derives toll income revenue from processing and refining of metal concentrate and matte which is subsequently returned to the customer. Revenue is recognised over time.

Notes to the consolidated financial statements

for the year ended 30 June 2020

21. COST OF SALES

	2020 Rm	2019 Rm
Production costs		
On-mine operations	18 581	17 686
Wages and salaries	10 397	10 438
Materials and consumables	6 670	5 823
Utilities	1 514	1 425
Processing operations	6 096	5 410
Wages and salaries	1 256	1 154
Materials and consumables	2 955	2 589
Utilities	1 885	1 667
Refining and selling	1 720	1 621
Wages and salaries	612	578
Materials and consumables	925	869
Utilities	183	174
Depreciation of operating assets (notes 2 and 28)	4 521	3 488
Other costs		
Metals purchased	18 465	11 746
Corporate costs	1 139	981
Wages and salaries	601	514
Other costs	538	467
Royalty expense	1 367	646
Change in metal inventories	(7 108)	(182)
Covid-19 abnormal production costs (note 8 EJ)	1 278	—
Chrome operation – cost of sales	84	144
Other	437	251
	46 580	41 791
The following disclosure items are included in cost of sales:		
Repairs and maintenance expenditure on property, plant and equipment	2 473	2 088
Cost of inventory sold	43 726	40 559
Employment benefit expense comprises:		
Wages and salaries	12 011	11 864
Pension costs – defined contribution plans	892	840
Share-based compensation	511	177
Cash-settled (note 18.2)	149	21
Equity-settled (note 13.1)	362	156
	13 414	12 881

Key management compensation is disclosed in note 31.

Notes to the consolidated financial statements

for the year ended 30 June 2020

21. COST OF SALES continued

EJ

Cost of sales

Due to the impact of Covid-19, R1 278 million of abnormal and unproductive production-related costs, which would otherwise form part of the calculation of average cost of production for valuing inventory (note 8 EJ) were incurred. These costs were excluded from normal production related costs and presented separately in cost of sales. The amount of abnormal production costs separately disclosed was calculated by taking into account the actual shifts worked in relation to target production shifts scheduled for normal budgeted production.

AP

Employee benefits

Short-term employee benefits

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

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

Post-employment benefits

Additional information on these benefits is provided in note 18, and includes defined contribution plans, and defined benefit plans.

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

For share-based payments' accounting policy refer note 13.

22. OTHER INCOME

	2020 Rm	2019 Rm
Insurance proceeds – business interruption (number 5 furnace fire)	**353**	236
Zimplats export incentives received	**—**	516
Fair value gains on foreign exchange rate collars	**—**	230
Customs duty penalty refund	**—**	136
A1 legal action – recovery	**—**	76
Insurance proceeds – asset damage (number 5 furnace fire)	**—**	64
Profit on disposal of property, plant and equipment	**43**	60
Profit on sale and leaseback of houses	**30**	30
Dividend received – Rand Mutual Assurance (RMA)	**8**	34
Bargain purchase on acquisition of North American Palladium	**11**	—
Other	**26**	42
	471	1 424

AP

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.

23. OTHER EXPENSES

	2020 Rm	2019 Rm
Invitation premium paid on US$ bond conversion	509	—
Restructuring costs	105	—
Derivative financial instruments – fair value movements		
– Conversion option – US$ convertible bond (note 17.1)	203	1 560
– Cross-currency interest rate swap (note 7.1)	74	72
– Foreign exchange rate collars	441	—
Acquisition related costs – North American Palladium	147	—
Non-production-related corporate costs	192	82
Loss on reclassification of Waterberg investment	113	—
Auditor remuneration	20	19
Exploration expenditure	92	—
Other	67	66
	1 963	1 799
Auditor remuneration comprise:	20	19
Other services	—	3
Audit services including interim review	20	16

24. FINANCE INCOME

	2020 Rm	2019 Rm
Interest received – cash and cash equivalents	442	274
Interest received – trade and other receivables	63	61
Other	33	29
Metal lease fees	—	4
	538	368

Interest income recognised at amortised cost is R534 million (2019: R368 million).

AP

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

25. FINANCE COST

	2020 Rm	2019 Rm
Interest paid – Borrowings (note 16)	615	770
Interest paid – Leases (note 16)	135	136
Interest paid – Trade and other payables	273	135
Unwinding of discount – Provision for environmental rehabilitation (note 15)	147	118
Other	12	66
Finance costs	1 182	1 225
Less: Borrowing cost capitalised (note 2)[1]	(27)	(89)
	1 155	1 136

[1] *The average rate calculated for the capitalisation was 4.08% (2019: 9.6%). This interest has been capitalised insofar as qualifying capital expenditure has been incurred.*

Notes to the consolidated financial statements

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26. INCOME TAX EXPENSE

	2020 Rm	2019 Rm
Current tax		
South African company tax	(99)	(341)
Current tax on profits for the year	(82)	(135)
Prior year adjustment	(17)	(206)
Other countries' company tax	(1 604)	(212)
Current tax on profits for the year	(1 346)	(41)
Withholding and additional profits tax	(221)	(167)
Prior year adjustment	(37)	(4)
Total current tax (note 10)	(1 703)	(553)
Deferred tax		
Temporary differences	(4 887)	(1 542)
Prior year adjustment	44	(25)
Total deferred tax (note 5)	(4 843)	(1 567)
Total income tax expense	(6 546)	(2 120)
The tax of the Group's profit/(loss) differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit before tax	(6 448)	(924)
Adjusted for:		
Disallowable expenditure:		
Income tax interest and penalties	(6)	—
Finance cost accruals	—	(24)
Consulting fees	(2)	(4)
Head office costs	(65)	(15)
Royalty	(45)	(106)
Fair value adjustments	(90)	(735)
Early settlement of bonds	(202)	—
Taxable capital gain	(82)	—
Canadian mining costs allowances	(16)	—
Withholding taxes on undistributed profits	(236)	—
Other	(68)	(40)
Exempt income:		
Profit on sale of assets	4	2
Export incentive	—	133
Income tax interest and penalties	—	35
Finance income	93	—
Other	217	38
Equity-settled share-based compensation expense	232	110
Prior year adjustment	(9)	(235)
Deferred tax not recognised (impairment and other)	(51)	(368)
Effect of after-tax share of profit from associates	303	112
Effect of different taxes of foreign subsidiaries	(75)	(75)
Additional profits tax	—	(24)
Income tax expense	(6 546)	(2 120)
Effective tax rate (%)	28	64

EJ

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.

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2020

27. EARNINGS PER SHARE

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

	2020 Million	2019 Million
Number of ordinary shares issued outside the Group (note 13)	718.55	718.55
Adjusted for weighted average number of ordinary shares issued during the year	60.04	—
Adjusted for weighted average number of ordinary shares acquired during the year	(1.39)	—
Weighted average number of ordinary shares in issue for basic earnings and headline earnings per share	777.20	718.55
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	11.55	6.15
Dilutive potential ordinary shares relating to ZAR convertible bonds	64.99	—
Weighted average number of ordinary shares for diluted earnings per share	853.74	724.70

	Rm	Rm
Profit attributable to the owners of the Company	16 055	1 471
Adjusted for:		
Interest on dilutive ZAR convertible bonds (after tax at 28%)	257	—
Profit used in the calculation of diluted earnings per share	16 312	—

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 per share	2 066	205

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 ZAR convertible bonds were dilutive for the basic earnings per share in the current year, but anti-dilutive in the previous year. Potential ordinary shares are only treated as dilutive when their conversion would decrease earnings per share.

	Cents	Cents
Diluted earnings per share	1 911	203

Headline earnings

	Million	Million
Weighted average number of ordinary shares in issue for headline earnings per share	777.20	718.55
Adjusted for:		
Dilutive potential ordinary shares relating to Long-term Incentive Plan	11.55	6.15
Dilutive potential ordinary shares relating to ZAR convertible bonds	64.99	64.99
Weighted average number of ordinary shares for diluted headline earnings per share	853.74	789.69

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27. EARNINGS PER SHARE continued

Profit attributable to owners of the Company is adjusted as follows:

	Rm	Rm
Profit attributable to owners of the Company	**16 055**	1 471
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment (note 22)	**(31)**	(43)
Earnings remeasurement	**(43)**	(60)
Tax effects	**12**	17
Bargain purchase on acquisition of North American Palladium	**(11)**	—
Earnings remeasurement	**(11)**	—
Tax effects	**—**	—
Loss – reclassification of Waterberg investment	**113**	—
Earnings remeasurement	**113**	—
Tax effects	**—**	—
Impairment (notes 1 and 2)	**—**	1 656
Earnings remeasurement	**—**	2 432
Tax effects	**—**	(194)
Non-controlling interests	**—**	(582)
Insurance compensation relating to scrapping of property, plant and equipment (note 22)	**—**	(46)
Earnings remeasurement	**—**	(64)
Tax effects	**—**	18
Headline earnings	**16 126**	3 038
Adjusted for:		
Interest on dilutive ZAR convertible bonds (after tax at 28%)	**257**	245
Headline earnings used in the calculation of diluted headline earnings per share	**16 383**	3 283

Headline earnings

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

	Cents	Cents
Headline earnings per share	**2 075**	423

Diluted headline earnings

Diluted headline earnings per share is calculated by dividing the adjusted headline earnings attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted headline earnings per share. The ZAR bonds were dilutive for the headline earnings per share in the current and previous year. Potential ordinary shares are only treated as dilutive when their conversion would decrease headline earnings per share.

	Cents	Cents
Diluted headline earnings per share	**1 919**	416

28. CASH GENERATED FROM OPERATIONS

	2020 Rm	2019 Rm
Profit before tax	23 030	3 299
Adjustment for:		
Depreciation (notes 2 and 21)	4 521	3 488
Finance income (note 24)	(538)	(368)
Finance cost (note 25)	1 155	1 136
Share of profit of equity-accounted entities (note 4)	(1 082)	(398)
Dividend received – Rand Mutual Assurance (note 22)	(8)	(34)
Employee benefit provisions	(7)	(6)
Share-based compensation	445	168
Provisions	191	(5)
Rehabilitation provisions	(86)	18
Bargain purchase on acquisition of North American Palladium	(11)	—
Foreign currency adjustment	(1 225)	336
Profit on disposal of property, plant and equipment (note 22)	(43)	(60)
Deferred profit on sale and leaseback of houses (note 22)	(30)	(30)
Impairment	—	2 432
Loss on reclassification of Waterberg investment	113	—
Fair value adjustments on derivative financial instruments	508	1 402
Invitation premium paid on US$ bond conversion	509	—
Tax penalties and interest	2	67
	27 444	11 445
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(261)	239
Increase in inventories	(7 375)	(152)
(Decrease)/increase in trade and other payables	(48)	312
Cash generated from operations	**19 760**	**11 844**

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29. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS

Contingent liabilities

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

Guarantees

The Group has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (refer note 16).

	2020 Rm	2019 Rm
Guarantees		
Friedshelf[1]	91	100
Standard Bank[2]	885	1 487
Various institutions[3]	3 657	—
Total guarantees	4 633	1 587

[1] *Guarantees to Friedshelf are in respect of rental of houses sold to and leased back from Friedshelf by Marula.*
[2] *The guarantees to Standard Bank are in respect of the Marula BEE loan amounting to R885 million (2019: R888 million) and the Zimplats revolving credit facility of Rnil million (2019: R599 million). Refer note 12.1 for the collateral on the Marula BEE loan.*
[3] *The guarantees to various institutions relate to the Impala Canada term loan and revolving credit facility.*

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

	2020 Rm	2019 Rm
Guarantees		
South African operations		
Department of Mineral Resources and Energy (DMRE)	1 754	1 755
Eskom	111	111
South African Revenue Service (SARS)	6	6
Registrar of Medical Aids	5	5
	1 876	1 877
Impala Canada		
Closure Plan Surety Bond (Minister of Energy, Northern Development and Mines)	301	—
Total guarantees	2 177	1 877

Guarantees to regulators (DMRE and the Minister of Energy, Northern Development and Mines) are in respect of future environmental rehabilitation liabilities for which a provision of R1 467 million (2019: R1 207 million) has been raised (note 15).

29. CONTINGENT LIABILITIES, GUARANTEES AND UNCERTAIN TAX MATTERS continued

Uncertain income tax matters

Implats is subject to income taxes under the various income tax regimes in the countries in which it operates. The Group has filed, and continues to file, all the required income tax returns and to pay the taxes, as reasonably determined, to be due. In some jurisdictions tax authorities are yet to complete all their annual assessments and the income tax assessments, where completed by the tax authorities, remain subject to further examination within prescribed periods. Significant judgement is required in determining the Group's provisions for income taxes due to the complexity of legislation, which is often subject to interpretation. As a result, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's tax affairs within the country involved and the outcome of these claims and disputes cannot be predicted with certainty. On tax matters which are particularly complex or require judgement in applying, management has obtained and will continue to obtain, independent legal and/or tax practitioner opinions which inform and support the tax positions adopted.

Implats' companies are involved in tax queries, litigation and disputes with various tax authorities in the normal course of business. A detailed review is performed regularly on each matter and a provision is recognised, where appropriate. 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.

Regardless of whether potential economic outflows of matters have been assessed as probable or possible, individually significant matters are included below.

South Africa

At 30 June 2020, the Group has certain unresolved historical tax matters relating mainly to bad debt deductions/provisions at its South African operations. In certain instances, the South African Revenue Service has issued additional assessments or queries relating to these matters and the Group has lodged objections to these assessments. The Group has tax practitioner and legal counsel opinions to support its objections. Should the Group be successful in its objection, it could result in a tax credit of up to R619 million (including interest).

Zimbabwe

The fiscal legislation in Zimbabwe is volatile, highly complex and subject to interpretation. From time to time, Zimplats is subject to a review of its historic income tax returns and in connection with such reviews, disputes can arise with the Zimbabwe Revenue Authority (ZIMRA) over the interpretation and/or application of certain legislation. Judgement is required in determining the provision for income taxes resulting from differences in the interpretation of fiscal legislation which may require determination through the courts.

Legal matters

Zimplats filed legal proceedings in the Special Court for Income Tax Appeals and the Supreme Court of Zimbabwe in relation to various historical income tax matters and these cases are pending in the courts. The Company has on a without prejudice basis settled the disputed liabilities involved in these cases and therefore, no further liabilities will arise in respect of these disputed tax matters.

Foreign currency taxes

In accordance with the legislation governing the payment of taxes, Zimplats' operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, is required to pay taxes in accordance with the laws of Zimbabwe, specifically the Income Tax Act, as read with the Finance Act (Chapter 23:04).

Through a Public Notice 26 of 2019 published on 19 June 2019, the tax authorities introduced a computation formula which would consequently require an apportionment of such income tax payment between ZW$ and US$. The Company has been lawfully computing and effecting payment of income taxes in local currency in settlement of tax liabilities. Expert view on this matter is that settlement of these taxes in this manner by the Company, is in full discharge of its obligations. It is, however, recognised that the tax authorities may hold a different interpretation of the fiscal legislation as read with the public notices available to guide tax payers.

The difference in interpretation may result in uncertainty associated with the payment of taxes in foreign currency, with the resultant effect that it is possible that at a future date, on conclusion of the matter, the final outcome may vary significantly and may impact financial results in the year in which such a determination is made. In the absence of a legal basis upon which to base the potential determination, Zimplats is unable to quantify, at this stage, what is the potential impact of the above.

Notes to the consolidated financial statements

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

30.1 Financial instruments

Background and basis of preparation

The impact of Covid-19 should already be priced into the inputs, which for the Group, mostly relates to securities price risk and commodity price risk used in the level 1 and 2 fair valuation techniques as determined by the market. The level 3 valuation techniques were adjusted internally by amending the cash flows associated with the discounted cash flow valuations. These considerations and the resulting adjustments are disclosed in the individual notes dealing with the financial assets and financial liabilities measured at fair value.

Credit risk and the impact of Covid-19 on cash and cash equivalents and trade and other receivables have been further discussed in note 12 and note 9 respectively and to date there was no material increase in either liquidity risk and own credit risk.

General accounting policies that are not related to specific financial assets and financial liabilities (which have otherwise been included in the individual notes) are disclosed in note 30.2.1.

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

	2020 Rm	2019 Rm
Financial assets – carrying amount		
Financial assets at amortised cost	16 583	11 170
Other financial assets (notes 7.3 and 7.4)	86	167
Trade receivables (note 9)	2 774	1 403
Advances (note 9)[1]	—	974
Other receivables (note 9)	538	197
Employee receivables (note 9)	143	187
Cash and cash equivalents (note 12)	13 042	8 242
Financial assets at fair value through profit or loss (FVPL)	697	381
Derivative financial instruments (notes 7.1 and 7.2)	—	381
Trade receivables (note 9)	408	—
Cash and cash equivalents (note 12)	289	—
Financial assets at fair value through other comprehensive income (note 6)	394	265
Total financial assets	17 674	11 816
Financial liabilities – carrying amount		
Financial liabilities at amortised cost	12 399	11 913
Borrowings (note 16)	8 858	8 562
Other financial liability (note 17.2)	51	47
Trade payables (note 19)	3 264	3 296
Other payables (note 19)	100	8
Bank overdraft (note 12)	126	—
Financial liabilities at fair value through profit or loss		
Other financial liabilities (note 17.1)	—	1 611
Trade payables – metal purchases (note 19)	3 871	3 504
Advances[1]	(845)	—
Trade payables at fair value through profit or loss	4 716	3 504
Total financial liabilities	16 270	17 028

[1] *Advances have been offset against the metal-purchase trade creditor.*

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.1 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 2020 Rm	Fair value 2019 Rm	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVOCI (note 6)				
Listed securities	–	190	Level 1	Quoted market price for the same instrument
Investment in Waterberg	295	–	Level 3	Discounted cash flow Risk-free ZAR interest rate
Other	99	75	Level 3	Discounted cash flow Risk-free ZAR interest rate
Financial instruments at fair value through profit or loss (assets) (note 7)				
Cross-currency interest rate swap (CCIRS) (note 7.1)	–	151	Level 2	Discounted cash flow Risk-free ZAR interest rate Risk-free US$ interest rate US$ exchange rate
Foreign exchange rate collars (note 7.2)	–	230	Level 2	Discounted cash flow Risk-free US$ interest rate US$ exchange rate
Trade receivables at FVPL (note 9)	408	–	Level 2	Quoted market metal price and exchange rate
Cash and cash equivalents (note 12)	289	–	Level 1	Quoted market price for the same instrument
Financial instruments at fair value through profit or loss (liabilities)				
Conversion option – US$ convertible bond (note 17.1)	–	1 611	Level 2	Binomial option valuation Risk-free US$ interest rate US$ exchange rate Implats share price Implats share volatility
Trade payables at fair value through profit or loss	4 716	3 504	Level 2	Quoted market metal price and 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 30.2.2).

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.1 Financial instruments continued

Financial instrument income/(expenses)

	2020 Rm	2019 Rm
Financial instruments at FVPL – net fair value movement:		
Derivative financial instruments	(644)	(1 403)
Trade receivables at FVPL	151	—
Cash and cash equivalents	4	—
Financial assets designated as at FVOCI – net fair value movement:		
Recognised in other comprehensive income	28	(28)
Financial instruments at amortised cost		
Finance income for financial assets using effective-interest method	512	355
Finance expense for financial liabilities using effective-interest method	(1 026)	(1 041)

30.2 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.

30.2.1 Fair value hedge accounting

The Group has a hedging strategy and accounting policy to manage the fair value risk (commodity price and foreign currency exchange risk) to which purchased metal (note 8), the hedged instrument, is exposed. The financial instrument used to hedge this risk is trade payables, related to metal purchases (note 19), measured at fair value through profit or loss. The fair value movements on this financial liability have been designated to hedge the price and foreign currency exchange risk on purchased metal inventory.

To the extent that the hedging relationship is effective, that is, to the extent that an economic relationship exists between the hedged item and hedging instrument, the fair value gains and losses on both the hedged item and hedging instrument are offset against each other. Where the hedge is ineffective, the gains and losses on trade payables and purchased metal inventory are recognised in profit or loss in other income and other expenses respectively.

The effects of the fair value hedge are as follows:

	2020 Rm	2019[2] Rm
Hedging instrument: Trade payables at fair value through profit or loss – metal purchases		
Carrying amount (note 19)	4 716	3 504
Fair value loss used to determine hedge effectiveness	1 362	336
Hedged item: Metal purchases inventory (note 8)		
Metal purchases exposed to fair value movement	4 716	3 504
Change in fair value of hedging instrument used to determine hedge effectiveness	(1 362)	(336)
Accumulated fair value hedge loss included in metal purchases in respect of closing inventory[1]	874	73

[1] *Relates to metal purchases that were still in the refining process at year-end.*
[2] *Prior year amounts have been restated due to the incorrect inclusion of intragroup amounts that have now correctly been excluded. This has no impact on net profit.*

Due to the high correlation between the fair value movements in trade payables and inventory, there has been no hedge ineffectiveness, nor identified sources thereof, in the hedging relationship during the current period.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.2 Financial risk management continued

30.2.2 Market risk

Foreign exchange risk

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

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

The Group entered into a cross-currency interest rate swap (CCIRS) amounting to US$250 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds. The exchange rate risk on the dollar interest payments was hedged and the risk relating to future capital cash settlement of the bonds at a rand/dollar exchange rate weaker than R13.025/US$ was hedged. The CCIRS was cancelled during the first quarter of the financial year ended June 2020.

Implats entered into foreign exchange rate collars (FERC) to hedge against the foreign currency exchange risk on future metal sales. The collars hedged the risk of exchange rate movements below a range of R14.15/US$ to R14.30/US$ and above a range of R16.67/US$ to R17.13/US$. The FERCs had a fair value of R230 million (note 7.2) in the previous financial year and final settlement of the instruments was in June 2020 (refer note 23).

No hedge accounting has been applied in respect of either the CCIRS or FERC.

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 or RTGS dollar in profit or loss. The US dollar exposure below excludes companies whose functional currency is US dollar.

	Year-end US$ exposure		Profit/loss effect[3]	
	2020 US$m	2019 US$m	2020 Rm	2019 Rm
Financial assets				
Trade receivables and advances[1]	221	122	384	172
Cash and cash equivalents	76	25	132	35
Financial liabilities				
Borrowings	(210)	(218)	365	307
Trade and other payables[2]	(121)	(5)	210	7
	(34)	(76)	59	107

[1] *Includes advances of US$49 million which have been offset against metal-purchase trade creditors. Refer notes 9 and 19.*
[2] *Represents foreign currency exchange risk exposure excluding metal purchase trade payables, which have been designated as a hedging instrument in a fair value hedge (refer note 30.2.1). The foreign exchange exposure on metal purchase trade payables has a Rnil effect on the statement of profit or loss after hedge accounting.*
[3] *Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest.*

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.2 Financial risk management continued

30.2.2 Market risk continued

	Year-end RTGS$ exposure		Profit/loss effect[1]	
	2020 RTGS$m	2019 RTGS$m	2020 Rm	2019 Rm
Financial assets				
Trade and other receivables	18	34	—	7
Cash and cash equivalents	—	2	—	—
Financial liabilities				
Trade and other payables	(31)	(16)	1	(3)
Bank overdraft	(450)	—	11	—
	(463)	20	12	4

[1] *Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest.*

Securities price risk

The financial assets at FVOCI (note 6) have exposed the Group to an insignificant equity securities price risk.

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[1]	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Financial assets				
Trade receivables at fair value through profit or loss	408	—	41	—
Financial liabilities				
Trade payables at fair value through profit or loss[2]	(4 716)	(3 504)	—	—
	(4 308)	(3 504)	41	—

[1] *Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.*
[2] *The commodity price exposure has a Rnil effect on the statement of profit or loss after hedge accounting (note 30.2.1).*

Interest rate risk

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

The ZAR convertible bond (carrying amount R2 914 million) has a fair value of approximately R3 077 million. The fair value is categorised within level 3 of the fair value hierarchy. A discounted cash-flow valuation technique was used applying a 9.57% discount rate on the ZAR convertible bond.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.2 Financial risk management continued

30.2.2 Market risk continued

Fixed interest rate exposure:

	2020 Rm	2019 Rm
Financial assets		
Loans carried at amortised cost (note 7.4)	86	87
Financial liabilities		
Borrowings – convertible bonds (note 16)	(2 914)	(5 831)
	(2 828)	(5 744)

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[2]	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Financial assets				
Long-term debt instrument (note 7.3)	—	80	—	1
Trade and other receivables (note 9)[1]	845	974	9	10
Cash and cash equivalents (note 12)	13 042	8 242	130	82
Financial liabilities				
Borrowings – Standard Bank (note 16.1)	(885)	(1 487)	(9)	(15)
Borrowings – Impala Canada term loan (note 16.5)	(3 657)	—	(37)	—
Bank overdraft	(126)	—	(1)	—
	9 219	7 809	92	78

[1] *Comprises advances which have been offset against the related metal-purchase trade creditor. Refer notes 9 and 19.*
[2] *Represents an inflow or outflow of economic resources. Figures are calculated before tax and non-controlling interest thereon.*

Interest rate benchmark reform
Existing financial assets and financial liabilities are subject to Interbank Offered Rate (IBOR) reform, such as London Interbank Offered Rate (LIBOR) and Johannesburg Interbank Average Rate (JIBAR). Implats will be impacted by upcoming reforms in these benchmark rates, particularly in respect of Impala Canada's term loan, Zimplats' credit facilities and Implats' borrowing facilities.

Current guidance proposes specific accounting treatment for financial assets and financial liabilities that are modified as a result of the reform and further proposes that an entity applies changes to the contractual cash flows prospectively by revising the effective interest rate.

30.2.3 Credit risk

Credit risk is 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 29).

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

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

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.2 Financial risk management continued

30.2.3 Credit risk continued

Banks' credit ratings	Exposure 2020 Rm	Exposure 2019 Rm
South African operations		
AA (zaf)	**7 280**	1 839
AA+ (zaf)	**2 400**	5 451
Overseas operations		
AA (zaf)	**2 016**	737
AA-	**1 281**	—
A+	**344**	—
BBB-	**—**	206
No rating	**10**	9
	13 331	8 242
Overdraft facilities' credit rating		
Overseas operation		
AA (zaf)	**(126)**	—
	13 205	8 242

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

Trade and other receivables

The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Trade debtors comprise a limited 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 "in-process metal purchases". Credit risk on advances where sufficient in-process metal creditors serve as collateral is low (note 9).

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 2019					
Number of customers	2	1	5	33	41
Value at year-end (R million)	8	—	15	2 354	2 377
Financial year 2020					
Number of customers	**3**	**2**	**3**	**39**	**47**
Value at year-end (R million)	**482**	**—**	**68**	**2 632**	**3 182**

No customers are in default at year-end (2019: nil).

Credit risk exposure in respect of trade receivables and advances is analysed further in note 9.

Credit risk exposure in respect of employee receivables is limited by taking into account the employee's annual earnings, which serve as security.

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

Financial assets at fair value and financial assets at amortised cost

The Group manages credit exposure related to these investments (aside from those included in cash and cash equivalents) by limiting the amounts invested at any single financial institution and by only dealing with well-established financial institutions of high credit quality standing.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued
30.2 Financial risk management continued
30.2.3 Credit risk continued

Financial institutions' credit ratings	Exposure 2020 Rm	Exposure 2019 Rm
AA (zaf)	–	89
BBB (zaf)	–	92
No rating	99	164
	99	345

Loans

Credit risk exposure is mainly attributed to the Group's employee housing loans. These loans are secured by a second bond over residential properties.

No loans are past due.

30.2.4 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. As part of the Group's cash preservation measures to improve liquidity over the short term as a result of the Covid-19 lockdown, the Group engaged with its lenders and managed to extend the repayment of the Standard Bank Limited – BEE Partners Marula debt to the end of September 2020 (note 16.1) and it secured an accordion option for lenders to participate in a further R2 billion in addition to its current R4 billion committed facility, which is held with a club of three South African banks. The Group has undrawn general banking facilities with various financial institutions as indicated below. Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 12) on the basis of expected cash flows. All covenants on the facilities have been met.

Committed revolving credit facility – Impala Platinum Holdings Limited

Banks' credit ratings	Credit limit facilities 2020 Rm	Credit limit facilities 2019 Rm
AA (zaf)	4 000	4 000

None of the facilities (2019: nil) had been drawn down at year-end. The R4 billion committed revolving credit facility bears interest at the three-month Johannesburg Interbank Acceptance Rate (JIBAR) plus 350 basis points and matures on 30 June 2021.

Revolving credit limit facility (US$25 million) – Impala Canada Limited

Banks' credit ratings	Credit limit facilities 2020 Rm	Credit limit facilities 2019 Rm
AA	261	–
AA-	87	–
A+	87	–
	435	–

This facility had not been drawn down at year-end. It has a two-year maturity which matures on 28 January 2022 with an option to renew for a further year, subject to agreement with the lenders. The facility bears interest at LIBOR plus a margin of between 250 and 300 basis points, subject to the total net debt to EBITDA levels at Impala Canada.

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.2 Financial risk management continued

30.2.4 Liquidity risk continued

Revolving discounting facility (US$34 million) – Zimbabwe Platinum Mines (Private) Limited

Banks' credit ratings	Credit limit facilities 2020 Rm	2019 Rm
AA (zaf)	–	479

This facility is no longer available.

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 2019							
Financial assets							
Loans carried at amortised cost (note 7.4)	87	61	148	10	10	29	99
Trade and other receivables (note 9)	2 761	–	2 761	2 761	–	–	–
Cash and cash equivalents (note 12)	8 242	–	8 242	8 242	–	–	–
Cross currency interest rate swap (note 7.1)	151	197[1]	348	205	205	(62)	–
Financial liabilities							
Borrowings (note 16)	8 562	2 618	11 180	2 115	539	7 813	713
Other financial liabilities (note 17.2)	47	17	64	15	10	30	9
Trade and other payables (note 19)	6 808	–	6 808	6 808	–	–	–
At June 2020							
Financial assets							
Loans carried at amortised cost (note 7.4)	86	81	167	11	11	33	112
Trade and other receivables (note 9)	3 863	–	3 863	3 863	–	–	–
Cash and cash equivalents (note 12)	13 331	–	13 331	13 331	–	–	–
Financial liabilities							
Borrowings (note 16)[2]	7 456	1 104	8 560	2 525	4 604	1 431	–
Other financial liabilities (note 17.2)	51	9	60	20	10	30	–
Trade and other payables (note 19)	7 235	–	7 235	7 235	–	–	–
Bank overdraft	126	–	126	126	–	–	–

[1] *Represents the net cash flow of interest payment and receipts as well as the net swap for future capital.*
[2] *Excludes leases. The maturity analysis for leases is disclosed in note 16.*

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

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT continued

30.3 Accounting policies

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Financial instruments – General accounting policy
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contract. Financial assets and financial liabilities are initially measured at fair value. Transaction costs 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, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Classification
The Group classifies its financial assets in the following categories on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:
- Financial assets at fair value through profit or loss;
- Financial assets at amortised cost; and
- Financial assets at fair value through other comprehensive income.

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. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Investments in debt instruments (notes 7, 9 and 12)
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is currently only one measurement category to which the Group classifies its debt instruments.

Financial asset measured at amortised cost
Assets that are held for collecting contractual cash flows where those cash flows are comprised solely of payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income calculated on the effective interest rate method. Any gain or loss arising on derecognition is presented in other income and expense and foreign exchange gains and losses presented in foreign exchange transaction losses, directly in profit or loss. These assets with maturities greater than 12 months after the reporting date are classified as non-current assets.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss, which include derivatives, are subsequently measured at fair value.

Notes to the consolidated financial statements

for the year ended 30 June 2020

31. RELATED-PARTY TRANSACTIONS

(i) Associates

	2020 Rm	2019 Rm
Two Rivers		
Transactions with related parties:		
Purchases of metal concentrates	**6 229**	5 142
Year-end balances arising from transactions with related parties:		
Payables to associate	**1 783**	1 361
Makgomo Chrome		
Transactions with related parties:		
Tailings fee	**11**	7
Sale of metal concentrates	**11**	7
Friedshelf		
Transactions with related parties:		
Interest accrued	**117**	122
Repayments	**173**	160
Year-end balances arising from transactions with related parties:		
Borrowings – finance leases	**1 097**	1 154

The finance leases have an effective interest rate of 10.2%.

(ii) Joint venture

	2020 Rm	2019 Rm
Mimosa		
Transactions with related parties:		
Refining fees	**187**	317
Interest received	**13**	17
Purchases of metal concentrates	**4 737**	4 876
Year-end balances arising from transactions with related parties:		
Advance to joint venture[1]	**845**	1 004
Payables to joint venture	**992**	1 166

[1] *Advances have been offset against the metal-purchase trade creditor.*

There is no contractual relationship governing the Group's transactions with Mimosa. These are conducted through an intermediary. For accounting purposes, and to demonstrate the economic substance of the transactions, they are disclosed as related-party transactions, as though the Group had transacted directly with Mimosa.

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation

The following tables summarises the fixed and variable remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2020:

Fixed remuneration

Individual	Package R'000	Retirement funds R'000	Other benefits R'000	Total 2020 R'000	Total 2019 R'000
Executive directors					
NJ Muller	10 556	1 601	19	12 176	11 161
M Kerber	5 090	641	10	5 741	4 278
LN Samuel	5 447	685	19	6 151	5 858
Prescribed officers					
J Andrews	4 573	535	12	5 120	4 876
M Munroe	6 347	799	19	7 165	6 462
V Nhlapo	4 143	238	261	4 642	3 908
K Pillay	3 182	401	8	3 591	3 187
GS Potgieter	8 917	239	13	9 169	8 791
S Sibiya	3 114	262	261	3 637	2 270
J Theron	5 213	237	224	5 674	5 341
A Mhembere[1]	617	92	10	719	747
Company secretary					
TT Llale	2 334	226	57	2 617	2 400

[1] *(US$'000).*

Variable remuneration

Individual	Bonus 2019 R'000	Retention R'000	Gains on LTIS and shares sold R'000	Total 2020 R'000	Total 2019 R'000
Executive directors					
NJ Muller	10 365	–	15 792	26 157	4 091
M Kerber	3 033	–	–	3 033	1 350
LN Samuel	4 165	–	1 736	5 901	1 417
Prescribed officers					
J Andrews	2 714	–	–	2 714	841
M Munroe	4 995	2 000	977	7 972	2 298
V Nhlapo	2 234	–	624	2 858	510
K Pillay	1 826	–	54	1 880	44
GS Potgieter	5 955	–	4 454	10 409	2 902
S Sibiya	1 357	–	1 568	2 925	745
J Theron	2 913	–	4 584	7 497	1 119
A Mhembere[1]	449	–	1 152	1 601	535
Company secretary					
TT Llale	1 241	–	1 639	2 880	515

[1] *(US$'000).*

Notes to the consolidated financial statements

for the year ended 30 June 2020

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Non-executive directors' fees in aggregate for the year

	Board R'000	Audit committee R'000	Health, safety, environment and risk committee R'000	Nominations, governance and ethics committee R'000	Social, transformation and remuneration committee R'000	Capital allocation and investment committee R'000	*Ad hoc* meetings R'000	Total R'000
MSV Gantsho	2 150	–	–	–	–	–	–	2 150
PW Davey	865	209	157	157	–	157	57	1 602
D Earp	442	442	–	–	–	157	57	1 098
BT Koshane (RBH)	339	–	–	–	–	–	19	358
AS Macfarlane	442	–	349	–	–	–	57	848
FS Mufamadi	442	–	–	157	–	–	–	599
B Ngonyama	1 400	–	–	–	–	–	–	1 400
MEK Nkeli	442	–	157	–	349	–	38	986
P Speckmann	442	209	–	–	157	–	38	846
ZB Swanepoel	865	–	157	–	–	349	57	1 428

The following table reflects the status of shares and unexercised options held by executive directors, prescribed officers and other senior executives and the gains made by them as a result of past awards during the year ended 30 June 2020:

Name	Balance at 30 June 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[1]	Date exercised	Balance at 30 June 2020	Allocation price R	First vesting date
Directors									
N Muller									
Sign-on	112 537	–	–	–	112 537	1 Apr 2020	–		
LTIP SAR	631 481	–	–	83 598	62 183	16 May 2020	485 700		
							485 700	36.75	21 Nov 2020
LTIP CSP	288 859	–	–	20 094	60 282	16 May 2020	208 483		
							208 483	–	21 Nov 2020
LTIP BSP	85 042	71 780	1 Oct 2019	–	42 500	20 Nov 2019	114 322		
							42 542	–	20 Nov 2020
							35 890	–	1 Oct 2020
							35 890	–	1 Oct 2021
LTIP PSP	236 004	83 385	1 Oct 2019	–	–	–	319 389		
							236 004	–	20 Nov 2021
							83 385	–	1 Oct 2022
Matching shares	–	14 181	4 Mar 2020	–	–	–	14 181		
							14 181	–	
M Kerber									
LTIP SAR	34 211	–	–	–	–	–	34 211	17.92	20 Sep 2021
							34 211		
LTIP CSP	20 095	–	–	–	–	–	20 095		
							20 095	–	20 Sep 2021
LTIP PSP	76 136	28 678	1 Oct 2019	–	–	–	104 814		
							76 136	–	20 Nov 2021
							28 678	–	1 Oct 2022
LTIP BSP	–	21 000	1 Oct 2019	–	–	–	21 000		
							10 500	–	1 Oct 2020
							10 500	–	1 Oct 2021
LN Samuel									
LTIP SAR	87 444	–	–	–	–	–	87 444		
							87 444	36.75	21 Nov 2020
LTIP CSP	56 301	–	–	–	–	–	56 301		
							56 301	–	21 Nov 2020
LTIP BSP	30 215	28 843	1 Oct 2019	–	15 107	20 Nov 2019	43 951		
							15 108	–	20 Nov 2020
							14 421		1 Oct 2020
							14 422		1 Oct 2021
LTIP PSP	94 834	32 333	1 Oct 2019	–	–	–	127 167		
							94 834	–	20 Nov 2021
							32 333	–	1 Oct 2022
Matching shares	–	2 441	4 Mar 2020	–	–	–	2 441		
							2 441	–	

[1] *For associated gains refer to table on page 92.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[1]	Date exercised	Balance at 30 June 2020	Allocation price R	First vesting date
Company secretary									
TT Llale									
Share appreciation scheme	9 050	–	–	1 494	–	–	**7 556**		
							1 224	193.83	1 Nov 2012
							1 540	193.79	12 May 2013
							853	171.76	10 Nov 2013
							3 939	145.48	24 May 2014
LTIP SAR	23 045	–	–	1 761	5 280	9 Nov 2019	**16 004**		
							1 038	81.90	13 Nov 2017
							14 966	80.97	21 Nov 2020
LTIP CSP	31 243	–	–	2 993	8 978	9 Nov 2019	**19 272**		
							19 272	–	21 Nov 2020
LTIP BSP	7 568	8 595	1 Oct 2019	–	3 784	20 Nov 2019	**12 379**		
							3 784	–	20 Nov 2020
							4 297	–	1 Oct 2020
							4 298	–	1 Oct 2021
LTIP PSP	31 990	11 011	1 Oct 2019	–	–	–	**43 001**		
							31 990	–	20 Nov 2021
							11 011	–	1 Oct 2022
Prescribed officers									
J Andrews									
Share appreciation scheme	48 788	–	–	11 230	–	–	**37 558**		
							19 260	193.83	1 Nov 2012
							2 675	193.79	12 May 2013
							13 219	171.76	10 Nov 2013
							2 404	145.48	24 May 2014
LTIP SAR	106 976	–	–	10 647	19 576	9 Nov 2019	**76 753**		
							3 937	81.90	13 Nov 2017
							17 374	35.16	12 Nov 2018
							55 442	80.97	21 Nov 2020
LTIP CSP	78 755	–	–	16 641	26 418	9 Nov 2019	**35 696**		
							35 696	–	21 Nov 2020
LTIP BSP	15 165	18 796	1 Oct 2019	7 582	–	–	**26 379**		
							7 583	–	20 Nov 2020
							9 398	–	1 Oct 2020
							9 398	–	1 Oct 2021
LTIP PSP	63 148	21 530	1 Oct 2019	–	–	–	**84 678**		
							63 148	–	20 Nov 2021
							21 530	–	1 Oct 2022
Matching shares	–	6 753	4 Mar 2020	–	–	–	**6 753**		
							6 753	–	

[1] *For associated gains refer to table on page 92.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[1]	Date exercised	Balance at 30 June 2020	Allocation price R	First vesting date
Prescribed officers continued									
M Munroe									
LTIP SAR	90 770	–	–	–	–	–	**90 770**		
							90 770	29.27	6 Mar 2021
LTIP CSP	54 363	–	–	–	–	–	**54 363**		
							54 363	–	6 Mar 2021
LTIP BSP	17 013	34 590	1 Oct 2019	–	8 506	20 Nov 2019	**43 097**		
							8 507	–	20 Nov 2020
							17 295	–	1 Oct 2020
							17 295	–	1 Oct 2021
LTIP PSP	137 746	38 084	1 Oct 2019	–	–	–	**175 830**		
							106 526	–	20 Nov 2021
							31 220	–	29 Mar 2022
							38 084	–	1 Oct 2022
V Nhlapo									
LTIP SAR	62 129	–	–	–	–	–	**62 129**		
							62 129	80.97	21 Nov 2020
LTIP CSP	40 002	–	–	–	–	–	**40 002**		
							40 002	–	21 Nov 2020
LTIP BSP	10 867	15 473	1 Oct 2019	–	5 434	20 Nov 2019	**20 906**		
							5 433	–	20 Nov 2020
							7 736	–	1 Oct 2020
							7 737	–	1 Oct 2021
LTIP PSP	53 743	18 323	1 Oct 2019	–	–	–	**72 066**		
							53 743	–	20 Nov 2021
							18 323	–	1 Oct 2022
K Pillay									
LTIP SAR	42 394	–	–	–	–	–	**42 394**		
							42 934	80.97	17 May 2021
LTIP CSP	27 294	–	–	–	–	–	**27 294**		
							27 294	–	5 Jun 2021
LTIP BSP	932	12 648	1 Oct 2019	–	466	20 Nov 2019	**13 114**		
							466	–	20 Nov 2020
							6 324	–	1 Oct 2020
							6 324	–	1 Oct 2021
LTIP PSP	41 587	15 394.00	1 Oct 2019	–	–	–	**56 981**		
							41 587	–	20 Nov 2020
							15 394	–	1 Oct 2022

[1] *For associated gains refer to table on page 92.*

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[1]	Date exercised	Balance at 30 June 2020	Allocation price R	First vesting date
Prescribed officers continued									
GS Potgieter									
Share appreciation scheme	98 878	–	–	–	–	–	**98 878**		
							93 783	186.60	1 Jul 2012
							5 095	171.76	10 Nov 2013
LTIP SAR	186 958	–	–	18 441	–	–	**168 517**		
							8 228	81.90	13 Nov 2017
							30 773	35.16	12 Nov 2018
							33 800	54.29	9 Nov 2019
							95 716	36.75	21 Nov 2020
LTIP CSP	99 937	–	–	12 246	26 064	9 Nov 2019	**61 627**		
							61 627	–	21 Nov 2020
LTIP BSP	50 449	41 241	1 Oct 2019	–	25 224	20 Nov 2019	**66 466**		
							25 225	–	20 Nov 2020
							20 620	–	1 Oct 2020
							20 621	–	1 Oct 2021
LTIP PSP	137 060	46 730	1 Oct 2019	–	–	–	**183 790**		
							137 060	–	20 Nov 2021
							46 730	–	1 Oct 2022
Matching shares	–	4 204	4 Mar 2020	–	–	–	**4 204**		
							4 204	–	
S Sibiya									
Share appreciation scheme	13 483	–	–	3 134	–	–	**10 349**		
							1 383	193.83	1 Nov 2012
							885	193.79	12 May 2013
							1 893	171.76	10 Nov 2013
							6 188	145.48	24 May 2014
LTIP SAR	23 743	–	–	2 527	6 328	–	**14 888**		
							14 888	80.97	21 Nov 2020
LTIP CSP	31 738	–	–	5 729	6 838	9 Nov 2019	**19 171**		
							19 171	–	21 Nov 2020
LTIP BSP	12 347	9 399	1 Oct 2019	–	6 173	20 Nov 2019	**15 573**		
							6 174	–	20 Nov 2020
							4 699	–	1 Oct 2020
							4 700	–	1 Oct 2021
LTIP PSP	38 388	15 529	1 Oct 2019	–	–	–	**53 917**		
							38 388	–	20 Nov 2021
							15 529	–	1 Oct 2022
Matching shares	–	1 190	4 Mar 2020	–	–	–	**1 190**		
							1 190	–	

[1] *For associated gains refer to table on page 92.*

Notes to the consolidated financial statements

for the year ended 30 June 2020

31. RELATED-PARTY TRANSACTIONS continued

(iii) Directors' remuneration and key management compensation continued

Name	Balance at 30 June 2019	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year[1]	Date exercised	Balance at 30 June 2020	Allocation price R	First vesting date
Prescribed officers continued									
J Theron									
Share appreciation scheme	49 421	–	–	9 334	–	–	40 087		
							19 236	193.83	1 Nov 2012
							3 848	193.79	12 May 2013
							12 658	171.76	10 Nov 2013
							4 345	145.48	24 May 2014
LTIP SAR	115 873	–	–	11 503	44 572	9 Nov 2019	59 798		
							59 798	36.75	21 Nov 2020
LTIP CSP	62 390	–	–	6 443	17 446	9 Nov 2019	38 501		
							38 501	–	21 Nov 2020
LTIP BSP	16 737	20 173	1 Oct 2019	–	8 369	20 Nov 2019	28 541		
							8 368	–	20 Nov 2020
							10 086	–	1 Oct 2020
							10 087	–	1 Oct 2021
LTIP PSP	68 522	23 362	1 Oct 2019	–	–	–	91 884		
							68 522	–	20 Nov 2021
							23 362	–	1 Oct 2022
Matching shares	–	7 328	4 Mar 2020	–	–	–	7 328		
							7 328	–	4 Mar 2023
A Mhembere									
LTIP SAR	290 488	–	–	27 915	–	–	262 573		
							9 900	81.90	13 Nov 2017
							55 338	35.16	12 Nov 2018
							51 883	54.29	9 Nov 2019
							145 452	36.75	21 Nov 2020
LTIP CSP	152 460	–	–	14 702	44 105	9 Nov 2019	93 653		
							93 653	–	21 Nov 2020
LTIP BSP	153 310	44 558	1 Oct 2019	–	76 655	20 Nov 2019	121 213		
							76 655	–	20 Nov 2020
							22 278	–	1 Oct 2020
							22 279	–	1 Oct 2021
LTIP PSP	263 861	45 267	1 Oct 2019	–	–	–	309 128		
							263 861	–	20 Nov 2021
							45 267	–	1 Oct 2022

[1] *For associated gains refer to table on page 92.*

32. BUSINESS COMBINATION

With effect from 13 December 2019, Implats acquired control of North American Palladium Limited (NAP) through the acquisition of 100% of the outstanding shares for a cash consideration of C$983 million (US$747 million or R10 859 million). The acquisition of NAP, now Impala Canada, will improve the Group's competitive industry position, result in sustained profitability, strengthen financial returns and balances its commodity mix.

As part of the closing process, NAP amalgamated with Implats' wholly owned Canadian subsidiary, 11638050 Canada Inc. and NAP's wholly owned subsidiary Lac des Iles Mines Limited to form Impala Canada Limited (Impala Canada). Impala Canada is now a wholly owned subsidiary of Implats.

Impala Canada is a Canadian-based primary platinum group metals (PGM) producer previously listed on the TSX and the US OTC market. Impala Canada wholly owns and operates the Lac des Iles Mine northwest of Thunder Bay, Ontario, Canada and has an ownership in two Canadian exploration properties, the Sunday Lake Project and Shebandowan Joint Venture.

The Lac des Iles Mine has been in operation since 1993 and is an established PGM producer located in a stable and attractive mining jurisdiction. The operation comprises an underground mine, surface mining activities, and a 13 500 tonnes per day (c. 400 000 tonnes per month) concentrator plant. It benefits from year-round road access and low-cost green power from the provincial grid.

The following table summarises the provisionally recognised fair value of assets acquired and liabilities assumed at the acquisition date:

	Rm
Assets	
Property, plant and equipment	11 067
Inventories	480
Trade and other receivables[1]	982
Cash and cash equivalents	1 428
	13 957
***Less*: Liabilities**	
Rehabilitation provision	289
Deferred tax liabilities	2 092
Borrowings	76
Trade and other payables	583
Income tax payable	47
	3 087
Total fair value of identifiable assets and liabilities assumed	10 870
Bargain purchase on acquisition of NAP[2]	(11)
Total consideration	10 859
Comprising the following:	
Cash	5 857
Borrowings (note 16)	5 002
	10 859
Net cash flow on acquisition of NAP business	
Cash consideration	10 859
Less: Cash and cash equivalent balances acquired	(1 428)
	9 431

[1] *The fair value of trade receivables (R921 million) and other receivables (R61 million) represent the gross contractual amounts receivable all of which were subsequently collected.*
[2] *Included in other income in note 22.*

Acquisition-related costs of R147 million comprising advisory and legal were incurred by Implats. These costs are included in other expenses (note 23).

Notes to the consolidated financial statements

for the year ended 30 June 2020

32. BUSINESS COMBINATION continued

	Rm
Revenue and profit of Impala Canada since the acquisition date included in the consolidated statement of comprehensive income for the reporting period:	
Revenue	3 254
Profit for the year	174
NAP contribution had it been consolidated from 1 July 2019:	
Revenue	6 363
Profit for the year	882

EJ

Mineral reserve valuation

Mineral reserve estimation has been valued through the discounted cash flow methodology after adjusting for fair value adjustments on contributing assets.

The key financial assumptions for the discounted cash flow value are:

- Long-term real price per palladium ounce sold of R21 200
- Long-term real discount rate – a range of 8.5% to 10%.

AP

Business combinations

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

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised directly 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.

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends

The board declared a final cash dividend on 3 September 2020 in respect of the financial year ended 30 June 2020. The final dividend has been declared in terms of the newly approved dividend policy to declare 30% of free cash flow pre-growth capital, subject to the board's discretion.

The dividend of 400 cents per ordinary share or R3 113 million in aggregate is to be paid out of retained earnings, but not recognised as a liability at year-end. The dividend will have no tax consequence for the Group, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 28 September 2020 to shareholders recorded in the register at the close of business, 25 September 2020.

	2020 Rm	2019 Rm
Dividends paid:		
Interim dividend No 92 for 2020 of 125 cents per ordinary share	973	—

BEE loan refinancing

The debt due to Standard Bank in respect of the original Marula BEE transaction was expected to be repaid in June 2020. However, in April this year, the Group requested an extension to the maturity date to 30 September 2020 to provide the Group with additional liquidity in light of the uncertainty around the impact of Covid-19 on the Group's operations but also to allow management time to finalise the refinancing of the original BEE deal. Prior to year-end, the Group had pledged the required funds in settlement of this debt to Standard Bank and consequently, approximately R899 million was reflected as restricted cash at year-end.

In addition, the Group is in the process of concluding a refinancing of the loan with the empowerment partners, which will also include the establishment of an employee share ownership trust. This will be completed prior to the amended repayment date. The transaction, which is a non-adjusting event at 30 June 2020, will be accounted for as a share-based payment transaction and the BEE cost will be determined and expensed at the effective date of the transaction. The non-controlling interest will be recognised when the loan is substantially repaid, at which point the BEE partners' rights to the shares in Marula become unconditional.

Cancellation of treasury shares

Implats has 16 233 994 treasury shares which are held by its subsidiary, Gazelle Platinum Limited. On 26 August 2020, the board adopted a resolution to repurchase the shares from Gazelle and following the repurchase, delist and cancel these shares. The transaction is subject to shareholder approval at the AGM to be held on 14 October 2020. This will be a non-cash transaction and will not have any impact on the Group condensed consolidated financial statements as these shares are reflected as treasury shares in the consolidated annual financial statements of the Company. The new issued capital of the Company will reduce to 782 800 153 following the implementation of the share repurchase agreement.

Odd-lot offer

On 26 October 2020 at a general meeting, shareholders will be requested to approve an odd-lot offer to shareholders with less than 100 ordinary shares as permitted in terms of the JSE Listings Requirements. Analysis of the share register has shown that c.48% of Implats shareholders hold a total of 232 581 shares out of the total 778 186 684 (excluding treasury shares). The board has agreed that an offer should be made to odd-lot holders to repurchase their shares and subsequently, delist and cancel them.

The offer will include a 10% premium to the market price at the time of the offer. This will enable these odd-lot shareholders to realise value in their holding in an efficient manner and will assist the Company in reducing the administrative time and costs associated with the Company's shareholder base given that c.48% of the shareholder base holds less than 1% of Implats' total shares in issue. The issued share capital of the Company will potentially reduce by 232 581 post implementation of the offer.

The directors are not aware of any other subsequent events which materially impact the annual financial statements.

AP

Dividends

Dividends are recognised as a liability on the date on which such dividends are declared. Dividends tax is withheld by the Group on behalf of its shareholders and is applicable to all dividends paid. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid. Cash flows from dividends paid are classified under financing activities in the statement of cash flows.

Company statement of financial position

as at 30 June 2020

	Notes	2020 Rm	2019 Rm
ASSETS			
Non-current assets			
Investments in associates and joint venture	2	**639**	1 083
Investments in subsidiaries	3	**4 263**	1 629
Loans to subsidiaries	3	**5 640**	22 496
Other financial assets	4	**306**	166
		10 848	25 374
Current assets			
Trade and other receivables		**547**	6
Loan to subsidiaries	3	**19 178**	2 108
Current tax receivable		**35**	—
Cash and cash equivalents	5	**9 217**	6 897
		28 977	9 011
Total assets		**39 825**	34 385
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and share-based payment reserve[1]	6	**27 367**	22 557
Retained earnings		**3 570**	3 968
Other components of equity		**7**	11
Total equity		**30 944**	26 536
LIABILITIES			
Non-current liabilities			
Deferred tax	7	**265**	98
Borrowings	8	**2 981**	5 709
Other financial liabilities	9	**—**	1 611
		3 246	7 418
Current liabilities			
Trade and other payables		**33**	26
Current tax payable		**—**	7
Borrowings	8	**5 602**	398
		5 635	431
Total liabilities		**8 881**	7 849
Total equity and liabilities		**39 825**	34 385

[1] *Share capital was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal column renamed in the statement of changes in equity.*

The notes on pages 105 to 116 are an integral part of these financial statements.

Company statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Notes	2020 Rm	2019 Rm
Revenue	10	**1 770**	2 284
Finance cost		**(456)**	(716)
Other income	11	**721**	4
Other expenses	12	**(1 227)**	(3 892)
Profit/(loss) before tax		**808**	(2 320)
Income tax (expense)/credit	13	**(207)**	96
Profit/(loss) for the year		**601**	(2 224)
Other comprehensive loss, comprising items that may not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		**(4)**	–
Total other comprehensive loss		**(4)**	–
Total comprehensive income/(loss)		**597**	(2 224)

The notes on pages 105 to 116 are an integral part of these financial statements.

Company statement of changes of equity

for the year ended 30 June 2020

	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Share capital and share-based payment reserve[1] Rm	Retained earnings Rm	Other components of equity Rm	Total equity Rm
Balance at 30 June 2018	18	20 645	1 894	22 557	6 192)	11	28 760
Total comprehensive loss	—	—	—	—	(2 224)	—	(2 224)
Loss for the year	—	—	—	—	(2 224)	—	(2 224)
Other comprehensive income	—	—	—	—	—	—	—
Balance at 30 June 2019	**18**	**20 645**	**1 894**	**22 557**	**3 968**	**11**	**26 536**
Conversion of US$ bonds (notes 6 and 8)	**—**	**4 810**	**—**	**4 810**	**—**	**—**	**4 810**
Total comprehensive income	**—**	**—**	**—**	**—**	**601**	**(4)**	**597**
Profit for the year	**—**	**—**	**—**	**—**	**601**	**—**	**601**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**(4)**	**(4)**
Dividends paid	**—**	**—**	**—**	**—**	**(999)**	**—**	**(999)**
Balance at 30 June 2020	**18**	**25 455**	**1 894**	**27 367**	**3 570**	**7**	**30 944**

[1] *The total share capital subtotal was renamed to share capital and share-based payment reserve to better reflect the nature of the amounts included in the subtotal.*

The notes on pages 105 to 116 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 June 2020

	Notes	2020 Rm	2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	15	(776)	37
Dividends received	10	1 008	1 422
Finance income		730	526
Finance cost		(304)	(537)
Income tax paid		(81)	(11)
Net cash inflow from operating activities		577	1 437
CASH FLOWS FROM INVESTING ACTIVITIES			
Waterberg shareholder funding		(5)	(19)
Return on investment: Impala Chrome		—	20
Acquisition of North American Palladium		(2 634)	
Loans to subsidiaries		(3 941)	—
Loan repayments from subsidiaries		4 361	6 288
Net cash (outflow)/inflow from investing activities		(2 219)	6 289
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5 435	35
Repayments of borrowings		(42)	(2 279)
Cash received from cross-currency interest rate swap		77	—
Dividends paid		(999)	—
Invitation premium paid on US$ bond conversion		(509)	—
Net cash inflow/(outflow) from financing activities		3 962	(2 244)
Net increase in cash and cash equivalents		2 320	5 482
Cash and cash equivalents at the beginning of the year		6 897	1 415
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		9 217	6 897

The notes on pages 105 to 116 are an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 30 June 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and principal accounting policies are disclosed on pages 17 to 19. The accounting policies are aligned with the consolidated financial statements and are disclosed within each relevant note within the consolidated financial statements. Where accounting policies are different or additional to that as disclosed in the consolidated financial statements, it was disclosed within the notes to the Company financial statements.

AP

Subsidiaries, associated undertakings and joint ventures (notes 2 and 3)
Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the Company financial statements.

2. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

	2020 Rm	2019 Rm
Associates		
Waterberg (note 4 of the Group annual financial statements)	–	444
Two Rivers Platinum (note 4 of the Group annual financial statements)	202	202
Makgomo Chrome (note 4 of the Group annual financial statements)	61	61
Joint venture		
Mimosa (note 4 of the Group annual financial statements)	376	376
Total investments in associates and joint venture	**639**	1 083

Notes to the Company financial statements

for the year ended 30 June 2020

3. INVESTMENTS IN SUBSIDIARIES

(All amounts in rand millions unless otherwise stated)	Issued share capital	% interest		Carrying amount			
				Investment		Loans[3]	
		2020	2019	2020	2019	2020	2019
Company and description							
Impala Holdings Limited	[1]	100	100	–	–	11 346	11 346
Investment holding company							
Impala Platinum Limited	[1]	100	100	–	–	6 410	8 386
Mines, refines and markets PGMs							
Impala Platinum Investments (Pty) Limited	[1]	100	100	–	–	–	–
Impala Platinum Properties (Rustenburg) (Pty) Limited	[1]	100	100	–	–	–	–
Impala Platinum Properties (Johannesburg) (Pty) Limited	[1]	100	100	–	–	–	–
Own properties							
Employee Share Ownership Trust						1 080	1 080
Afplats (Pty) Limited		74	74	15	15	–	–
Owns mineral rights							
Imbasa Platinum (Pty) Limited	[1]	60	60	–	–	–	–
Owns mineral rights							
Inkosi Platinum (Pty) Limited	[1]	49	49	–	–	–	–
Owns mineral rights							
Gazelle Platinum Limited	[1]	100	100	–	–	200	220
Investment holding company							
Impala Platinum Japan Limited[4]	¥10m	100	100	2	2	–	–
Marketing representative							
Impala Platinum Zimbabwe (Pty) Limited	[1]	100	100	73	73	–	233
Investment holding company							
Impala Platinum B.V.[5]	€0.02	100	100	900	900	–	–
Investment holding company							
Zimplats Holdings Limited[2, 6]	US$10.8m	87	87	–	–	–	–
Investment holding company							
Zimbabwe Platinum Mines (Pvt) Limited[7]	US$30.1m	87	87	–	–	–	–
Owns mineral rights and mines PGMs							
Marula Platinum (Pty) Limited	[1]	73	73	607	607	1 222	3 339
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	[1]	65	65	32	32	–	–
Impala Canada Limited[8]	C$212m	100	–	2 634	–	4 560	–
Total				4 263	1 629	24 818	24 604
Total investments at cost						29 081	26 233

[1] *Share capital less than R50 000.*
[2] *Listed on the Australian Securities Exchange.*
[3] *Refer note 3.1 for the terms of repayment.*
[4] *Incorporated in Japan.*
[5] *Incorporated in the Netherlands.*
[6] *Incorporated in Guernsey.*
[7] *Incorporated in Zimbabwe.*
[8] *Incorporated in Canada.*

Notes to the Company financial statements

for the year ended 30 June 2020

3. INVESTMENTS IN SUBSIDIARIES continued

	Notes	2020 Rm	2019 Rm
3.1 Loans to subsidiaries			
Impala Platinum Limited – ZAR convertible bonds	3.1.1	**3 229**	3 213
Impala Platinum Limited – US$ convertible bonds	3.1.2	**3 181**	3 181
Impala Platinum Limited – intra-group loan	3.1.3	**—**	1 992
Impala Canada – intra-group loan	3.1.4	**4 560**	—
Other subsidiaries	3.1.5	**13 848**	16 218
		24 818	24 604
Current		**19 178**	2 108
Non-current		**5 640**	22 496

3.1.1 Impala Platinum Limited – ZAR convertible bonds

The loan to Impala Platinum Limited is in respect of the cash obtained from the ZAR convertible bonds issue. Interest on the loan is charged at 7% with bi-annual interest payments of R104 million ending on 7 June 2022. The capital amount is repayable on demand.

3.1.2 Impala Platinum Limited – US$ convertible bonds

The loan to Impala Platinum Limited is in respect of the cash obtained from the US$ convertible bonds issue. The loan is non-interest bearing and is repayable on demand.

3.1.3 Impala Platinum Limited – intra-group loan

The Company made a loan to Impala Platinum Limited, which was unsecured and bore interest at rates agreed upon from time to time by the parties. There were no fixed terms of repayment. The loan was fully repaid during the current period.

3.1.4 Impala Canada – intra-group loan

The Company made a loan to Impala Canada to acquire all of the outstanding shares of North American Palladium. The loan carries interest at three month LIBOR plus 2.50% and is payable quarterly. The capital amount is repayable on demand.

3.1.5 Loans to other subsidiaries

Loans to other subsidiaries are non-interest bearing and have no fixed terms of repayment.

AP

Impairment of financial assets

The impairment policy for financial assets on the new expected credit loss model (ECL), is consistent with that of the Group as disclosed in note 7.4 of the consolidated Group financial statements.

Loans to subsidiaries

Intra-group loans are measured at amortised cost. They generally do not bear interest, and have no repayment terms. The general ECL model is applied to these instruments. All intra-group loans are considered to be low credit risk as they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The expected credit loss allowance recognised during the period is limited to the probability of default in the next 12 months, on the full carrying amount of the financial asset.

General factors of a significant increase in the credit risk in intra-group loans are a reduced or negative net asset value or a significant decrease on the debtor company's discounted cash flow valuation. When this is the case, the loan is considered to be credit impaired and is immediately evaluated on the lifetime ECL model, which is the result of all possible default events over the expected life of the financial instrument.

At 30 June 2020 the ECL was reassessed, and no impairment provisions were raised.

The write-off policy for intra-group loans is consistent with that of the Group.

4. OTHER FINANCIAL ASSETS

	Notes	2020 Rm	2019 Rm
Financial assets at FVOCI	4.1	306	15
Derivative financial asset	4.2	—	151
		306	166

4.1 Financial assets at FVOCI

The financial assets at FVOCI comprises of shares in Guardrisk, an insurance cell captive of R11 million (2019: R15 million) and the investment in Waterberg for R295 million. The fair value of the Guardrisk shares is equal to the underlying net value of assets in the investment vehicle. The investment in Waterberg was reclassified to financial assets at fair value through other comprehensive income following the Company's loss of significant influence in the current financial period.

4.2 Derivative financial instruments

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

During the current year, the US$ bonds were converted into ordinary shares in Implats, which resulted in the CCIRS being cancelled. Implats received R77 million from Standard Bank and recognised a fair value loss of R74 million in other expenses. Refer notes 7 and 17 of the Group annual financial statements.

AP

Investments in equity instruments

Implats subsequently measures all equity investments at fair value. The Company elected to present changes in the fair value in other comprehensive income (OCI), due to the Companies business model to hold these assets for value appreciation over the long term as well as collecting contractual cash flows.

For these financial assets there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

5. CASH AND CASH EQUIVALENTS

	2020 Rm	2019 Rm
Short-term bank deposits	9 176	6 842
Cash at bank	41	55
	9 217	6 897
Bank balances (US$ million)	1	2

Refer note 12 of the Group annual financial statements for detailed disclosure relating to cash and cash equivalents.

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

	2020 Rm	2019 Rm
Ordinary shares	18	18
Share premium	25 455	20 645
Share-based payment reserve	1 894	1 894
Total share capital	27 367	22 557

The authorised share capital of the Company is 944.01 million (2019: 944.01 million) ordinary shares. The authorised but unissued share capital is 144.97 million (2019: 209.23 million) ordinary shares and remains under the control of the directors. During the current year, the US$ bonds were converted, resulting in 64.26 million ordinary shares issued to bondholders. The number of ordinary shares in issue, post the conversion, increased to 799.04 million.

Notes to the Company financial statements

for the year ended 30 June 2020

7. DEFERRED TAX

	2020 Rm	2019 Rm
The analysis of the deferred tax liabilities presented in the statement of financial position is as follows:		
Deferred tax liability	**(265)**	(98)

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	Recognised in equity Rm	Closing balance Rm
2020				
Equity portion of bonds	**(175)**	**—**	**—**	**(175)**
Fair value of assets and liabilities	**77**	**(167)**	**—**	**(90)**
	(98)	**(167)**	**—**	**(265)**

	Opening balance Rm	Recognised in profit or loss Rm	Recognised in equity Rm	Closing balance Rm
2019				
Equity portion of bonds	(175)	—	—	(175)
Fair value of assets and liabilities	(70)	147	—	77
	(245)	147	—	(98)

Notes to the Company financial statements

for the year ended 30 June 2020

8. BORROWINGS

	Notes	2020 Rm	2019 Rm
Convertible bonds – ZAR	8.1	2 914	2 764
Convertible bonds – US$	8.2	—	3 067
Intra-group borrowing – Impala Platinum Limited	8.3	5 635	199
Intra-group borrowing – Other	8.4	34	77
		8 583	6 107
Current		5 602	398
Non-current		2 981	5 709
Reconciliation			
Beginning of the year		6 107	8 018
Conversion of US$ bonds to equity		(2 996)	—
Proceeds		5 435	35
Interest accrued		378	591
Interest repayment		(226)	(334)
Repayments		(42)	(2 279)
Exchange adjustment		(73)	76
End of the year		8 583	6 107

8.1 Convertible bonds – ZAR

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

8.2 Convertible bonds – US$ (note 9.1)

On 17 July 2019 Implats announced an offer to holders (bondholders) of its US$ 3.25% convertible bonds due 2022 (US$ bonds) to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and conditions of the bonds, to convert their US$ bonds into ordinary shares in Implats.

Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R509 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders that elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in accordance with the terms and conditions of the bond. These shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 034 147.

8.3 Intra-group borrowing – Impala Platinum Limited

The borrowing is interest free, unsecured and has no fixed term of repayment.

8.4 Intra-group borrowing – Other

The borrowings are from subsidiaries and interest is charged at the Company's investment rate which varied between 3.7% and 6.7% (June 2019: 6.4% and 6.7%) per annum. The loan is unsecured and has no fixed term of repayment.

Notes to the Company financial statements

for the year ended 30 June 2020

9. OTHER FINANCIAL LIABILITIES

	Note	2020 Rm	2019 Rm
Derivative financial instrument			
Conversion option – US$ convertible bond	9.1	–	1 611

9.1 Conversion option – US$ convertible bond (note 8.2)

Following the conversion of the US$ bonds to Implats shares, the conversion option was revalued at its fair value of R1 814 million (2019: R1 611 million), resulting in a R203 million (2019: R1 560 million) loss which is reflected in other expenses. The conversion option was transferred to share premium.

	2020	2019
The main inputs into the binomial model fair value calculation are as follows:		
Exercise price (US$)	–	3.89
Share price on valuation date (US$)	–	4.95
Volatility (%)	–	32 72
Risk-free US$ interest rate (%)	–	1.72

10. REVENUE

	2020 Rm	2019 Rm
Interest received – cash and cash equivalents	440	258
Interest received – loans to subsidiaries	306	571
Dividends received	1 008	1 422
Guarantee fees	10	29
Management fee	6	4
	1 770	2 284

The Company's main sources of revenue are further disaggregated as follows:

	2020 Rm	2019 Rm
Dividends received		
Impala B.V.	315	556
Impala Platinum Zimbabwe Proprietary Limited	60	400
Mimosa Investment Limited	44	153
Two Rivers Platinum Proprietary Limited	566	241
Impala Chrome Proprietary Limited	17	45
Other	6	27
	1 008	1 422
Finance income		
Impala Platinum Limited	223	571
Impala Canada	83	—
	306	571

AP

Revenue

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

Notes to the Company financial statements
for the year ended 30 June 2020

11. OTHER INCOME

	2020 Rm	2019 Rm
Net foreign exchange transaction gains	449	—
Reversal of impairment of financial assets	268	—
Other	4	4
	721	4

12. OTHER EXPENSES

	2020 Rm	2019 Rm
Invitation premium paid on US$ bond conversion	509	—
Derivative financial instruments – fair value movements		
– Conversion option – US$ convertible bond (note 8.2)	203	1 560
– Cross Currency Interest Rate Swap (note 4.2)	74	72
Loss on reclassification of Waterberg Investment	154	—
Corporate costs	111	52
Acquisition related costs – North American Palladium	147	—
Service fee	7	5
Other	22	49
Impairment of investment in Afplats	—	1 632
Impairment of financial assets	—	448
Net foreign exchange transaction losses	—	74
	1 227	3 892

13. INCOME TAX EXPENSE/(CREDIT)

	2020 Rm	2019 Rm
Current tax		
South African company tax	29	52
Prior year adjustment	2	(1)
Deferred tax		
Temporary differences	167	(161)
Prior year adjustment	—	14
Withholding tax	9	—
Income tax expense/(credit)	207	(96)
The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate of 28% for South African companies:		
Normal tax for companies on profit/(loss) before tax	226	(650)
Adjusted for:		
Disallowable expenditure	206	456
Exempt dividend income	(282)	(398)
Prior year adjustment	2	13
Deferred tax not recognised (impairment and other)	(32)	482
Taxable capital gain	81	1
Early settlement of bonds	6	—
Income tax expense/(credit)	207	(96)
Effective tax rate (%)	26	4

Notes to the Company financial statements

for the year ended 30 June 2020

14. CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities

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

Guarantees

The Company has issued guarantees to the below parties, in respect of liabilities held by companies in the Group. These liabilities are included in the consolidated financial statements (refer note 16).

	2020 Rm	2019 Rm
Standard Bank – Marula BEE parties	885	888
Standard Bank – Zimplats Pvt Ltd	—	599
Various institutions[1]	3 657	—
Total guarantees	**4 542**	1 487

[1] *The guarantees to various institutions relate to the Impala Canada term loan and revolving credit facility. The Company, Impala Holdings Limited and Impala Platinum Limited stands guarantee for the term loan and revolving credit facility.*

15. CASH (USED IN)/GENERATED FROM OPERATIONS

	2020 Rm	2019 Rm
Profit/(loss) before tax	808	(2 320)
Adjustment for:		
Foreign currency adjustments	(692)	76
Fair value adjustments on derivative financial instruments	278	1 632
Loss on reclassification of Waterberg investment	154	—
Reversal of prior impairment on loan	(273)	—
Impairment of investment in Afplats	—	1 632
Impairment and write-off of financial assets	—	488
Finance cost	456	591
Finance income	(746)	(571)
Dividend received (note 10)	(1 008)	(1 422)
Invitation premium paid on US$ bond conversion	509	—
	(514)	106
Changes in working capital:		
Increase in trade and other receivables	(269)	(67)
Increase/(decrease) in trade and other payables	7	(2)
Cash (used in)/generated from operations	**(776)**	37

Notes to the Company financial statements

for the year ended 30 June 2020

16. RELATED-PARTY TRANSACTIONS

	2020 Rm	2019 Rm
Associates and joint venture (note 2)		
Two Rivers		
Transactions with related parties:		
Dividend received	566	241
Makgomo Chrome		
Transactions with related parties:		
Dividend received	6	27
Mimosa		
Transactions with related parties:		
Dividend received	44	153
Subsidiaries (notes 3 and 8)		
Impala		
Transactions with related parties:		
Loan repayments	(1 992)	(5 817)
Proceeds from borrowings	5 435	35
Interest income accrued	223	571
Interest paid	(207)	(526)
Balances arising from transactions with related parties:		
Loan	6 410	8 386
Borrowings	5 635	199
ESOT		
Balance arising from transactions with related parties:		
Loans	1 080	1 080
Impala Holdings Limited		
Balances arising from transactions with related parties:		
Loans	11 346	11 346
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Loan repayments	(2 116)	(353)
Balances arising from transactions with related parties:		
Loan	1 223	3 339
Impala Refining Services Limited		
Transactions with related parties:		
Loan repayments	–	(764)

Notes to the Company financial statements

for the year ended 30 June 2020

16. RELATED-PARTY TRANSACTIONS continued

	2020 Rm	2019 Rm
Gazelle Platinum Limited		
Balances arising from transactions with related parties:		
Loans	200	220
Impala Platinum Zimbabwe		
Balances arising from transactions with related parties:		
Loan	–	233
Transactions with related parties:		
Dividend received	60	400
Impala B.V.		
Transactions with related parties:		
Dividend received	315	556
Impala Chrome		
Transactions with related parties:		
Dividend received	17	45
Balances arising from transactions with related parties:		
Borrowings	11	35
Afplats Proprietary Limited		
Balance arising from transactions with related parties:		
Borrowings	23	42
Imbasa Platinum Proprietary Limited		
Transactions with related parties:		
Impairment	–	47
Inkosi Platinum Proprietary Limited		
Transactions with related parties:		
Impairment	–	133
Impala Canada Limited		
Transactions with related parties:		
Interest received	83	–
Balances arising from transactions with related parties:		
Loans	4 560	–

Directors' remuneration and key management compensation

The fixed and variable remuneration as well as the status of shares and unexercised options of the executive directors, prescribed officers and other senior executives is disclosed in note 31 of the Group annual financial statements.

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Dividends

The board declared a final cash dividend on 3 September 2020 in respect of the financial year ended 30 June 2020. The final dividend has been declared in terms of the newly approved dividend policy to declare 30% of free cash flow pre-growth capital, subject to the board's discretion.

The dividend of 400 cents per ordinary share or R3 196 million in aggregate is to be paid out of retained earnings, but not recognised as a liability at year-end. The dividend will have no tax consequence for the Company, but will be subject to 20% withholding tax for shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax.

The dividend is payable on Monday, 28 September 2020 to shareholders recorded in the register at the close of business, 25 September 2020.

	2020 Rm	2019 Rm
Dividends paid:		
Interim dividend No 92 for 2020 of 125 cents per ordinary share	999	–

Other events occurring after the reporting period

Other events occuring after the reporting period is disclosed in note 33 of the Group annual financial statements.

Notes to the Company financial statements

for the year ended 30 June 2020

18. FINANCIAL RISK MANAGEMENT

The Company manages its risk on a Group-wide basis. Refer note 31 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:

	2020 Rm	2019 Rm
Financial assets		
At amortised cost		
Loans to subsidiaries (note 3.1)	**20 258**	24 185
Financial liabilities		
Borrowings	**(2 914)**	(5 831)
	17 344	18 354

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 14).

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 cash distributions, loans from subsidiaries, as well as from its borrowing facilities.

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 14.

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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