transparent

IMPLATS
Distinctly Platinum

Annual financial statements 2013

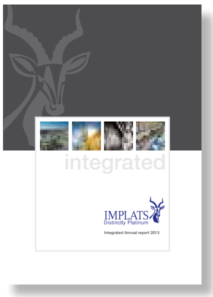
Implats is a world leader in the production of PGMs and associated base metals.

Implats has operations on the PGM-bearing orebodies of the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe and contributes approximately 25% of global platinum output.

Implats has a listing on the JSE in South Africa (IMP) and a Level 1 American Depositary Receipt programme (IMPUY) in the United States of America.

Welcome to our 2013 financial report...

Additional information is provided in the following reports, all of which are available at **www.implats.co.za**



integrated

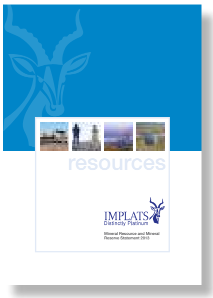
Integrated annual report

This was prepared in line with the recommendations of the South African Code of Corporate Practice and Conduct (King III), and draws on the guidance provided in the Discussion Paper, *Towards Integrated Reporting*, issued by the International Integrated Reporting Council (IIRC).

sustainable

Sustainable development report

This has been developed in line with the recommendations of the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), and with consideration to the UN Global Compact.



resourceful

Mineral resource and mineral reserve statement

This conforms to the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC) and the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC), and has been signed off by the competent persons, as defined by these codes.

Table of contents

To view the Implats Integrated Annual Report online, please visit our website at:
www.implats.co.za

Scope of this report

This report contains the consolidated financial statements for Impala Platinum Holdings Limited and the separate annual financial statements of Impala Platinum Holdings Limited for the year ended 30 June 2013.

These annual financial statements were prepared according to International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act 2008 (the Act), the Listings Requirements of the JSE and the recommendations of King III.

Audit committee report

for the year ended 30 June 2013

Background

The committee is pleased to present its report for the financial year ended 30 June 2013. The committee's operation is guided by a formal detailed charter and an updated, revised version of the charter was approved by the board in November 2012.

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

Objective and scope

The overall high-level objectives of the committee are:

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

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

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings, as appropriate
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided did not impair their independence
- Reviewed and recommended for adoption by the board the financial information that is publicly disclosed, which for the year included:
  - The interim results for the six months ended 31 December 2012
  - The annual results for the year ended 30 June 2013
- Considered the effectiveness of internal audit, approved the three-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan.

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

Membership

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

Mr HC Cameron – chairman
Ms AA Maule
Ms B Ngonyama

In addition, the chief executive officer, the chief financial officer, head of group internal audit, and the external auditors are permanent invitees to the meeting.

External audit

The committee has satisfied itself, through enquiry, that the auditor of the Company is independent, as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2013 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 24 to the annual financial statements.

The independence of the external auditor is regularly reviewed and a full independent evaluation of the external auditors was carried out in this financial year. Further, the approval of all non-audit related services are governed by an appropriate approval framework.

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

As stated above, the committee has reviewed the performance of the external auditors and will nominate, for approval at the annual general meeting, PricewaterhouseCoopers Inc. as the external auditor for the 2014 financial year, with Mr JP van Staden as the designated auditor. In terms of the rotation requirements of the Act, 2014 will be his final year as designated auditor of the Company. The committee confirms that the auditor and designated auditor are accredited by the JSE.

Chief financial officer review – Ms Brenda Berlin

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

Annual financial statements

The annual financial statements have been prepared using appropriate accounting policies, which conform to IFRS. The committee has therefore recommended the approval of the annual financial statements to the board. The board has subsequently approved the annual financial statements.

Internal financial control (Statement on effectiveness of internal controls)

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

Mr HC Cameron
Chairman of the audit committee

29 August 2013

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 IFRS and incorporate full and responsible disclosure in line with the accounting policies of the Group which are supported by prudent judgements and estimates.

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

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

Based on the results of a formal documented review of the Company's system of internal controls and risk management, covering both the adequacy in design and effectiveness in implementation performed by the internal audit function during the year 2013, 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 and
- the assessment by the audit committee and the risk committee.

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 therefore been prepared on a going-concern basis and 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 22 to 111, have been approved by the board of directors and are signed on its behalf by:

KDK Mokhele
Chairman

TP Goodlace
Chief executive officer

29 August 2013

Certificate by Company secretary

In terms of section 88(2)(e) of the 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.

A Parboosing
Company secretary

29 August 2013

Independent auditors' report

To the shareholders of Impala Platinum Holdings Limited

We have audited the consolidated and separate financial statements of Impala Platinum Holdings Limited set out on pages 22 to 111, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Impala Platinum Holdings Limited as at 30 June 2013, and its consolidated and separate financial performance and its 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the directors' report, the audit committee's report and the Company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Jean-Pierre van Staden
Registered Auditor

2 Eglin Road, Sunninghill, 2157
Johannesburg

29 August 2013

Directors' report

Profile

Business of the Company

Impala Platinum Holdings Limited (Implats/Company/Group) is principally in the business of producing and supplying platinum group metals (PGMs) to industrial economies. The Company's holdings in various mining, refining and exploration activities as at 30 June 2013 are described below:

Company	Short name	Effective interest %	Activity
Impala Platinum Limited	Impala	100	PGM mining, processing and refining
Impala Refining Services Limited	IRS	100	Purchase and/or toll refining of concentrate and/or smelter matte. Processing of concentrate and matte by the smelting, refining and sale of resultant PGMs and base metals, and toll refining
Afplats Proprietary Limited	Afplats	74	PGM mining (project phase)
Marula Platinum Proprietary Limited	Marula	73	PGM mining
Zimplats Holdings Limited	Zimplats	86.9	Investment holding company
Mimosa Investments Limited	Mimosa	50	Investment holding company
Two Rivers Platinum Proprietary Limited	Two Rivers	45	PGM mining
Makgomo Chrome Proprietary Limited	Makgomo Chrome	50	Purchase of chrome in tailings. Processing and sale of the chrome concentrate
Impala Chrome Proprietary Limited	Impala Chrome	70	Purchase of chrome in tailings. Processing and sale of the chrome concentrate

Capital

Authorised and issued share capital

The authorised share capital of the Company as at 30 June 2013 was R21 100 200, divided into 844 008 000 ordinary shares of 2.5 cents each.

During the year under review, 219 864 (2012: 280 392) shares from the authorised but unissued share capital, were issued to the Share Incentive Trust to enable the Implats Share Incentive Scheme (ISIS) to meet its commitments during the year. The issued share capital of the Company has therefore increased by the same number. As at 30 June 2013, the issued share capital was 632 214 276 ordinary shares of 2.5 cents each (2012: 631 994 412 ordinary shares of 2.5 cents each).

Treasury shares

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

Convertible bonds

On 21 February 2013, it was announced that Implats had issued 5.0% rand convertible bonds due February 2018 in a nominal amount of R2 672 million and 1.0% US$ convertible bonds due February 2018 in a nominal amount of US$200 million.

On 7 May 2013, shareholders of Implats granted directors specific authority to allot and issue up to a maximum of 30 000 000 Implats ordinary shares for the purpose of the potential conversion of the convertible bonds.

Share-based compensation

Details of the different share-based compensation schemes and participation therein are set out in note 1, 3 and 39 of the consolidated financial statements.

The Group no longer offers any further options under the Implats Share Incentive Scheme (ISIS) which was managed through the Implats Share Incentive Trust. The trustee of the trust is Ms NDB Orleyn. In addition, no further notional shares have been issued under the Implats Share Appreciation Bonus Plan (ISABP), which replaced the ISIS, as a new Long-Term Incentive Plan (LTIP) (note 1, 3 and 39) was approved by shareholders and implemented during the first half of the financial year under review.

The Morokotso Trust administers the Employee Share Ownership Programme (ESOP). All South African operations' A, B and C-level employees, who joined the Company before 4 July 2008, are beneficiaries of the ESOP.

Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 30 June 2013 was as follows:

	Number of shareholders	Number of shares ('000)	%
Public	44 345	439 692	69.5
Non-public	7	192 522	30.5
Directors	2	60	–
Trustees of share scheme	2	9 081	1.4
Share Incentive Trust	1	216	–
Morokotso Trust	1	8 965	1.4
Royal Bafokeng Holdings Proprietary Limited*	1	83 115	13.2
Public Investment Corporation Limited	1	84 032	13.3
Treasury shares	1	16 234	2.6
Total	44 352	632 214	100.0

** Has the right to appoint two directors.*

The following shareholders beneficially hold 5% or more of the issued share capital:

Shareholders	Number of shares ('000)	%
Royal Bafokeng Holdings Proprietary Limited	83 115	13.2
Public Investment Corporation Limited	84 032	13.3

Black economic empowerment (BEE) ownership

The Group has fully met the equity ownership objectives of the Mineral and Petroleum Resources Development Act as it recognises that the transformation of the equity ownership of the Company is a key strategic goal. Our BEE partners are drawn from a wide range of groups, from the significant stake held by the Royal Bafokeng Nation to smaller BEE companies and community groups. The Morokotso Trust, an employee share ownership plan established in 2006, has delivered value to some 24 000 employees in South Africa with 40% of the shares having vested in July 2011. The remaining 60% will continue to be held by the trust on behalf of our employees until the termination date in 2016.

Investments

Zimplats Holdings Limited (Zimplats)

During the period under review, the Company owned 86.9% (2012: 86.9%) of Zimplats, which in turn holds 100% of Zimbabwe Platinum Mines (Pvt) Limited (Zimplats Pvt) – an operating company in Zimbabwe.

In January 2013, the Company and Zimplats signed a non-binding termsheet with the Government of Zimbabwe in terms of which it was agreed, among other things, that Zimplats would sell 51% of Zimplats Pvt to the Government of Zimbabwe, local communities and employees. The Company has subsequently been informed that the Government of Zimbabwe wishes to review the termsheet and discussions in this regard are ongoing.

Mimosa Investments Limited (Mimosa)

The Company holds a 50% (2012: 50%) shareholding in Mimosa with the balance being held by Aquarius Platinum Limited (Aquarius). Mimosa Mining Company (Pvt) Limited (Mimosa Pvt), the operating company, is a wholly owned subsidiary of Mimosa.

In December 2012, the Company, Aquarius and Mimosa signed a non-binding termsheet with the Government of Zimbabwe in terms of which it was agreed, among other things, that Mimosa would sell 51% of Mimosa Pvt to the Government of Zimbabwe, local communities and employees. As with Zimplats, the Company has subsequently been informed that the Government of Zimbabwe wishes to review the termsheet and discussions in this regard are ongoing.

Two Rivers Platinum Proprietary Limited (Two Rivers)

The Company owns a 45% (2012: 45%) interest in Two Rivers with the balance held by African Rainbow Minerals Limited. Upon receipt of all regulatory approvals, Implats will acquire a further 4% interest in Two Rivers in exchange for vending into Two Rivers portions 4, 5 and 6 of the farm Kalkfontein, as well as the area covered by the Tweefontein prospecting rights.

Directors' report continued

Marula Platinum Proprietary Limited (Marula)
The Company owns a 73% (2012: 73%) interest in Marula.

A 9% equity stake in Marula is held by each of the following BEE entities:
- ▷ Tubatse Platinum Proprietary Limited
- ▷ Mmakau Mining Proprietary Limited
- ▷ Marula Community Trust

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

Afplats Proprietary Limited (Afplats)
The Company owns a 74% (2012: 74%) interest in Afplats, which is establishing a platinum mine – the Leeuwkop project. This project has been subdivided into six phases, of which only phase 1 has been approved by the Afplats and Implats boards.

Makgomo Chrome Proprietary Limited (Makgomo Chrome)
The Company owns a 50% (2012: 50%) stake in Makgomo Chrome, a company established pursuant to Implats' Local Economic Development (LED) strategy for the Marula community. The balance of the issued shares is held by the communities in the Marula area of operations. Twenty percent of Implats' shareholding is held through Marula and all dividends received by Marula are used to fund community development projects.

Impala Chrome Proprietary Limited (Impala Chrome)
The Company holds 70% of the shares in issue and Chrome Traders Processing Proprietary Limited (Chrome Traders) holds the remaining 30%. The Implats board has approved that 30% of the Company's shareholding in Impala Chrome be earmarked for sale to local BEE entities or communities.

Financial affairs

Results for the year
The results for the year are fully dealt with in the consolidated financial statements. Refer to pages 22 to 111.

Dividends
An interim dividend (No 90) of 35 cents per share was declared on 14 February 2013, and a final dividend (No 91) of 60 cents per share was declared on 29 August 2013, payable on 23 September 2013, giving a total of 95 cents per share (2012: 195 cents per share). These dividends amounted to R578 million for the year (2012: R1.2 billion).

Capital expenditure
Capital expenditure for the year amounted to R6.4 billion (2012: R8.1 billion).

Capital expenditure of approximately R5.5 billion is planned for the 2014 financial year, of which R2 billion relates to 20, 16 and 17 shafts at Impala (the triple build-up). Proceeds from the convertible bond will be utilised to fund the triple build-up spend.

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

Going concern
The consolidated financial statements have been prepared using the appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

Associated and subsidiary companies
Information regarding the Company's associated and subsidiary companies is given in note 15 of the separate financial statements of the Company.

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

Directorate
On 18 January 2012 Mr DH Brown resigned as chief executive officer (CEO) and executive director with effect from 30 June 2012. Mr TP Goodlace was appointed as CEO and executive director with effect from 1 July 2012.

After 22 years of serving the Company in different capacities, Mr JM McMahon announced that he would not offer himself for re-election after he retired by rotation at the annual general meeting (AGM) held on 24 October 2012. The board of directors, following a recommendation from the nominations and governance committee, approved and appointed Mr AS Macfarlane as an independent non-executive director of the Company with effect from 1 December 2012.

In line with the strategy of the board of maintaining a balance of skills and knowledge on the board, Mr PW Davey was appointed to the board on 1 July 2013. The board also approved the appointment of Ms A Kekana as an alternate director to Mr OM Pooe with effect from 7 June 2013, and a SENS announcement was released in this regard on 6 June 2013.

Subsequent to this SENS announcement, the Company received communication from Royal Bafokeng Holdings (RBH) that their nominated representatives will be:
Ms A Kekana – to be appointed as full director
Mr OM Pooe – to resign as a full director and be re-appointed as alternate to Ms Kekana
Mr BT Nagle – to be appointed as full director
Mr TV Mokgatlha – to resign as RBH nominee from the board.

The nominations and governance committee accepted the resignations and appointments, as detailed above. The board approved the appointments.

Finally, Mr TV Mokgatlha was asked to remain on the board of the Company as an independent non-executive director, following his resignation as a shareholder nominee.

The effective date of all appointments was 8 August 2013.

In accordance with the memorandum of incorporation (MOI) of the Company and Schedule 10 of the JSE Listings Requirements, at least one-third of non-executive directors must retire by rotation and, if recommended by the nominations and governance committee, must stand for re-election by shareholders. The MOI and the Act also state that all directors who were appointed by the board to fill vacancies on the board must stand for re-election by shareholders. Accordingly, the following directors will retire at the AGM and, upon the recommendation of the nominations and governance committee, have offered themselves for re-election:
- Mr AS Macfarlane
- Mr PW Davey
- Mr OM Pooe
- Mr HC Cameron
- Dr MSV Gantsho
- Ms A Kekana
- Mr BT Nagle
- Mr TV Mokgatlha

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

	Direct		Indirect	
	2013	2012	**2013**	2012
Beneficial				
Directors	**60 300**	91 196	**780**	780
DH Brown (resigned 30 June 2012)*	**60 000**	90 896	**–**	–
JM McMahon (retired 24 October 2012)	**300**	300	**780**	780
Senior management	**246 559**	240 590	**–**	–

** DH Brown sold 30 896 shares after he resigned.*

There has been a reduction in the shares held by Mr DH Brown. The movement in this shareholding happened after Mr Brown had resigned from the board and as an employee of the Company.

Directors' report continued

Directors' remuneration
Details of the remuneration of executive directors, non-executive directors and senior management are set out in the remuneration report on pages 11 to 21.

Directors' interests
The directors of the Company are required to manage their own financial interests and to ensure that there is no conflict between their interests and the interests of the Company. During the financial year under review and up to the date of this report, the Company did not enter into contracts in which any director had a material interest.

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

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

Increase in directors' remuneration
Authority was granted to pay directors' fees as proposed.

Approval of the memorandum of incorporation (MOI)
At the AGM of the Company held in October 2012, shareholders approved the new MOI (formerly the memorandum and articles of association) which is harmonised with the Act and the JSE Listings Requirements.

Specific authority to issue shares
At a meeting held on 7 May 2013, shareholders passed a special resolution authorising the Implats directors to allot and issue up to a maximum of 30 000 000 ordinary shares for the purpose of the potential conversion of the convertible bond.

Financial, administrative and technical advisers
In terms of a service agreement, Impala acted as financial, administrative and technical advisers to Implats during the year on a fee basis. Mr PA Dunne and Ms B Berlin had an interest in this contract to the extent that they were directors of Impala and of the Company but they do not beneficially own any shares in Impala. During the year under review, Ms Berlin resigned as a director of Impala.

Company secretary
Ms A Parboosing 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 SF Naude acted as Public Officer to companies in the Group for the year under review.

Remuneration report

Introduction

The board of Implats is ultimately responsible for the Group's remuneration philosophy and the application thereof and is materially guided in this regard by the remuneration committee (Remcom). The board and Remcom continue to understand and embrace the importance of our people to the continued sustainability and growth of the Company and as such, remuneration policies are designed to motivate and retain high-performing employees and to reward them for their individual contribution to the Group's overall performance.

Philosophy

The Company's overall remuneration philosophy is designed to ensure that employees are fairly rewarded for their contribution to the Group's operating and financial performance in line with its corporate objectives and strategy. This design ensures that the interests of all stakeholders are aligned in respect of conditions of remuneration for all employees across the Group in an evolving regulatory and statutory environment.

The remuneration philosophy, as approved by shareholders and the Company, endeavours to match the market in terms of the broad talent pool, but will lead the market in areas of critical appointments, talented individuals, equity candidates and top performers.

The Company's overall remuneration policy aims are to:

- Implement a remuneration philosophy that is clear and transparent and which reinforces the Group's strategic positioning
- Promote and ensure compliance with an evolving regulatory environment, with a specific emphasis on the long-term sustainability of the Group
- Ensure alignment of the interests of the Company's board and management with that of our stakeholders
- Attract and retain talent at all levels
- Encourage employee behaviour that is goal-orientated and consistent with the Group's vision and values
- Set reward levels that are consistent with emerging governance frameworks on executive and non-executive compensation, by conducting regular benchmarking exercises against internal and external comparatives.

Remuneration committee

The Remcom chairman reports formally to the board on the proceedings of the Remcom after each meeting and attends the annual general meeting of Implats to respond to any questions from shareholders regarding the Remcom's areas of responsibility.

The committee utilised the services of PricewaterhouseCoopers Inc. (PwC) and Vasdex Associates (Pty) Limited in different capacities during the past financial year to benchmark guaranteed and variable remuneration against external comparatives and to advise on remuneration policy.

During the year under review, the Remcom took the decision to effect market-related salary adjustments as well as pay adjustments for lower level employees in critical categories to align with our closest competitors in the platinum industry to ensure both internal and external equity.

The current cost constraints being experienced in the industry and at Implats have necessitated the decision to forego annual increases due to middle and senior management employees on 1 October 2013. In a like fashion, no increases will be granted to non-executive directors remuneration.

The chairman of the committee has been empowered to engage directly with stakeholders on all matters affecting remuneration, which will then be taken into account by the committee in the revision and development of the Company's remuneration policy and principles.

Components of remuneration

The following remuneration components for all employees have been adopted:

- Fixed remuneration (comprising basic salary, benefits and allowances)
- Variable remuneration (comprising short and long-term incentives).

Remuneration report continued

Fixed remuneration
Fixed remuneration is defined in terms of a total guaranteed package, which is negotiated to include a basic salary, accommodation and travel allowance, retirement savings, death, disability and health care insurance contributions. Guaranteed packages are market related and are based on the complexity of the role and the employee's personal performance and contribution to the Group's overall performance. Contributions towards travel, retirement, death, disability and health care benefits are included in the total guaranteed package and are applicable to all employees according to the rules of the relevant schemes and Company procedures.

All permanent employees, including executive directors, are required to join one of the approved retirement funds.

The Company offers participation in several nominated medical aid schemes where the choice of scheme vests with the employee. Death benefit insurance is provided for all employees and personal accident insurance is provided for D-upper and E-level employees who are expected to travel regularly in line with their specific role and deployment in the Group. As a result of past practice, the Company has a limited liability in terms of post-retirement medical benefits. This practice was ceased in 2006 and the employees entitled to this benefit were ring-fenced.

Salary increases for management employees (D-level and above) are effected on 1 October annually, and are determined by increases in general cost of living (inflation), individual performance, market conditions, Company performance and collective wage settlements. Salary increases for union-represented employees (A, B and C-level) are effected annually in line with collective agreements concluded with recognised trade unions.

Variable remuneration
The variable pay dispensation varies between employees in different roles and positions in the organisation. This differentiation is based on the principle that higher levels of variable pay will be awarded to employees who are required to put a greater proportion of pay at risk, and to assume greater levels of responsibility in relation to the achievement of organisational goals.

Short-term incentives
Production bonus for operational A, B, C and D-level employees vary based on their roles and positions, but generally constitute a combination of production, mining quality, cost and safety elements.

For the 2013 financial year, executive performance targets were split between corporate performance and individual performance.

Fifty percent of the on-target incentive is based on corporate performance consisting of cost and volume of production targets, referred to collectively as the "value added" target (weighted 40%), safety targets (weighted 25%) and key business drivers (weighted 35%). The remaining 50% of the on-target incentive is based on the individual key performance areas of each senior manager, based on his or her individual balanced scorecard of targets.

In terms of the Executive Incentive Scheme, the bonus structure differs at different grade levels – the on-target bonus amounting to 100% of basic package in the case of the chief executive officer, 60% in the case of executive directors and 50% in the case of E-level executives. Bonuses are graduated from a "threshold" having an assessed probability of 90% achievement, followed by an "on-target" level which has a probability rating of 80%, and above this, a "stretch" level which has a probability of 50%. Bonuses are capped at 200% of the on-target bonus for each individual element, and collectively capped at 150% of basic salary for each individual.

The executive short-term incentive scheme was reviewed to include a drive towards safety, health, environment and communities (SHEC) performance, and the drive for delivery on volume, value, quality, cost, capital and cash flow (VVQ3C) targets set in the business plan. The new scheme for 2014 addresses the need to implement leading safety indicators, reinforce the performance management programme and alignment with strategic plans and risk registers and improved governance and consistency of approach throughout the Group.

The performance targets will be set annually by the Remcom for all executive directors, who in turn will set the performance targets for their subordinates and ensure the cascading of target setting for performance to senior managers (E-level and above).

An equal weighting of 40% of on target performance is assigned to SHEC and VVQ3C respectively with the remaining 20% for personal projects or key performance indicators.

The bonus structure differs at different grade levels – the on-target bonus amounting to 35% of total reward in the case of the chief executive officer, 25% in the case of executive directors and 16% in the case of senior executives and executives.

In order to support the business plan objectives through sustained and focused performance metrics, the time frame and thus the frequency of payment for certain "core production" roles have been shortened. This will address the need to continually motivate some managers on targets specific to their production areas.

Long-term incentives
It is essential for the Group to retain critical skills over the longer term and to motivate and incentivise employees in a way that also aligns the interest of senior managers with those of shareholders. This is principally done through long-term incentive plans. To comply with King III corporate governance principles and remuneration best practice a new Long-Term Incentive Plan (LTIP) was approved by shareholders at the annual general meeting on 24 October 2012.

Implats Share Incentive Scheme (ISIS)
The final award made in 2004 in terms of ISIS lapses in 2014.

Implats Share Appreciation Bonus Plan (ISABP)
Adopted in 2005, the ISABP is a cash-settled share appreciation rights plan. Participants receive once-off allocations under the ISABP, expressed as a multiple of their salary which is topped-up as awards vest. The rights vest in equal tranches from year two through year five and lapse 10 years after the grant date. The introduction of the new LTIP in November 2012 replaced this scheme.

Long-term Incentive Plan 2012 (LTIP)
The LTIP that was introduced in 2012, comprises both a Conditional Share Plan (CSP) and a Share Appreciation Rights Plan (SAR). In terms of the SAR, conditional rights are awarded to participants to receive shares in Implats 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 will apply, 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 only become shareholders following the exercise of the SARs.

In terms of the CSP, full 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. For the shares to vest, participants must remain employed by a company in the Group and vesting of the shares is subject to the achievement of closely defined performance vesting conditions over the performance period.

The first awards were made in November 2012, and the performance vesting conditions will effectively apply from the commencement of the 2013 financial year. The plan is designed such that the number of awards in the 2014 financial year and those made annually thereafter are determined on the basis that the expected value thereof at the award date, using an approved share option pricing formula, will ensure an appropriate balance between the different components of the more broadly defined total remuneration package of the respective participants. The performance conditions and annual allocation for D- and E-level employees are set by the Remcom in accordance with the rules of the proposed scheme.

Remuneration report continued

Performance vesting criteria:

- ▷ The performance vesting condition applicable to CSP awards are based on total shareholder return (TSR) relative to a peer group of South African platinum producing companies (the peer group). The TSR is measured as the compound annual growth rate (CAGR) in TSR for Implats and the peer group over the three-year performance period. The peer group companies and Implats are ranked based on their respective CAGR in TSR. This ranking determines the vesting percentage as follows:

Position of Implats relative to peer group	Percentage of CSP that vest
Lowest three	0%
Fourth	50%
Third	60%
Second	75%
First	100%

To determine the number of conditional shares to be issued to each participant, the expected value of each Implats share is calculated with reference to the listed market price on the date of granting the award less the fair value of expected dividends to be paid over the vesting period. The actual rand value that the Company wishes to deliver to each participant in terms of CSP will then be divided by such expected value to determine the number of conditional shares to be issued.

- ▷ Rights awarded in terms of the SAR vest based on the following performance targets, all equal in weighting:

Absolute growth in TSR of CPI + 2% over three years
*EBITDA margin over revenue over three years relative to the peer group
Fatality Frequency Rate over three years relative to the peer group

* *Earnings before interest, tax, depreciation and amortisation.*

To determine the number of share appreciation rights to be issued to each participant, the expected value of each share appreciation right is calculated using a stochastic model approved by the audit committee from time to time. Similarly, the actual rand value that the Company wishes to deliver to each participant in terms of SAR is then divided by such expected value to determine the number of share appreciation rights to be issued.

The Remcom has the discretion, on each grant date, to adjust the number of conditional shares and/or share appreciation rights determined in accordance with the above two paragraphs should it believe that the probability of achieving all the performance conditions is less than 100% thus affecting the number of awards that are likely to vest. Alternatively, the Remcom may vary the performance conditions set each year.

The Morokotso Trust

The Morokotso Trust was founded in 2006 and administers the Employee Share Ownership Programme (ESOP). All South African operations' A, B and C-level employees, who joined the Company before 4 July 2008, are beneficiaries of the ESOP.

Qualifying employees were each allocated 568 or 399 Implats shares depending on joining date, by the Morokotso Trust at an initial purchase price of R159.18 per share. The trust holds these shares on behalf of employees for a period of 10 years, with a 40% scheduled pay-out after five years (2011) and a 60% pay-out scheduled after 10 years (2016). Twenty-three thousand, four-hundred and forty-eight (23 448) beneficiaries benefited from the sale of 40% of their shares in July 2011, receiving an average amount of R3 500 per beneficiary. This release of shares when the Implats share price was relatively low had a de-motivating effect at an operational level as employees had much higher expectations.

The shares were acquired by the trust funded by an interest-bearing loan from the Company. Dividends accruing on the shares during the holding period are set off against interest owing.

Retention plans

The Company operates a retention bonus scheme in terms of which 20% of basic salary is awarded but payment deferred. Eligibility to this scheme is confined to senior executives, line managers and senior professional staff. Every year, one third of the award is paid over to the employee, provided that he or she remains employed to the end of that period.

Impala also operates a Group hard currency procedure that applies to executive directors and senior executives (Level 24 and above) on a voluntary basis with the aim to attract and retain senior executive skills.

Package structure

In the case of senior executives the Remcom endeavours to secure that they are given incentives on a scale that secures an appropriate balance between fixed and variable forms of remuneration. The policies approved in relation to this for the 2013 financial year were as follows:

Package structure	CEO	Executive directors	Senior executives	Executives	Managers
Guaranteed package	35%	45%	50%	55%	60%
STI at target	35%	25%	25%	25%	25%
EV of LTI	30%	30%	25%	20%	15%

STI: Short-term incentives
EV: Expected value
LTI: Long-term incentives

Executive remuneration for the past financial year

Fixed remuneration

The following table summarises the fixed remuneration of the executive directors, prescribed officers and other senior executives of the Company for the year ended 30 June 2013:

Individual	Package (R'000)	Retirement funds (R'000)	Other benefits (R'000)	**Total 2013 (R'000)**	Total 2012 (R'000)
Executive directors					
TP Goodlace	6 420	1 037	92	**7 549**	–
DH Brown (to 30/9/2012)	1 605	168	33	**1 806**	7 049
PA Dunne	3 867	486	13	**4 366**	4 136
B Berlin	3 766	395	94	**4 255**	4 001
Prescribed officers					
PD Finney	2 608	417	137	**3 162**	2 767
G Potgieter	3 813	480	113	**4 406**	4 094
A Mhembere**	614*	–	19*	**633***	471*
Company secretary					
A Parboosing	1 308	137	86	**1 531**	1 384
Senior executives	13 643	1 452	748	**15 843**	14 598

Notes

– The senior executives account for seven employees.
– Other benefits include medical and travelling.
** (US$'000).*
***2013 fixed remuneration inclusive all payments by Zimplats Pvt only.*

Remuneration report continued

Variable remuneration

Individual	Bonus (R'000)	Retention (R'000)	Gains on LTIs# (R'000)	**Total 2013 (R'000)**	Total 2012 (R'000)
Executive directors					
TP Goodlace	–	–	–	**–**	–
DH Brown (to 30/9/2012)	14 424**	572	–	**14 996**	6 089
PA Dunne	–	1 270	246	**1 516**	2 923
B Berlin	–	1 428	–	**1 428**	1 277
Prescribed officers					
PD Finney	512	556	1 478	**2 546**	978
G Potgieter	855	840	–	**1 695**	1 175
A Mhembere	188*	–	–	**188***	166*
Company secretary					
A Parboosing	186	241	–	**427**	691
Senior executives	1 600	2 797	105	**4 502**	7 248

– *The senior executives account for seven employees.*
– *Retention includes employee retention scheme and hard currency payments.*
– *The bonus shown is not the bonus for the financial year in review, but the payment made during the financial year.*
* *(US$'000).*
** *Includes severance payment.*
# *Long-term incentives.*

The bonus payment reflected in the table for 2013 accounts for an achievement of 26.46% in 2012 (5.54% corporate bonus and 20.92% individual bonus) compared to an estimate of 37.2% in 2013 (7.8% corporate bonus and 29.4% individual bonus) for the year under review payable during 2014. No bonus payments were made to executive directors in 2013.

The CEO, TP Goodlace, has, for the second year running, elected not to take any increase nor participate in any long- or short-term incentive schemes of the Company. His decision is primarily driven by low PGM commodity prices and low levels of profitability. The CEO's net pay after tax for 2013 is R3.649 million.

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

Name	Board (R)	Audit committee (R)	Remu-neration committee (R)	HSE* committee (R)	Nominations and governance committee (R)	Social, ethics and trans-formation committee (R)	Risk committee (R)	Total (R)
KDK Mokhele	1 820 000	–	–	–	–	–	–	**1 820 000**
HC Cameron	333 680	276 502	–	–	–	109 110	69 380	**788 672**
MSV Gantsho	333 680	–	242 630	–	109 110	–	–	**685 420**
AA Maule	333 680	157 700	–	–	–	–	242 630	**734 010**
JM McMahon	105 182	105 182	–	76 481	–	–	34 393	**321 238**
AS Macfarlane	194 949	–	–	141 754	–	–	–	**336 703**
TV Mokgatlha	333 680	–	109 110	–	–	109 110	–	**551 900**
B Ngonyama	333 680	157 700	–	–	–	–	–	**491 380**
NDB Orleyn	333 680	–	109 110	–	109 110	242 630	–	**794 530**
OM Pooe	333 680	–	–	109 110	–	–	–	**442 790**

* *Health, safety and environment.*

The following table reflects the status of unexercised options held by executive directors and the gains made by them as a result of past awards during the year ended 30 June 2013:

Name	Balance at 30 June 2012	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	**Balance at 30 June 2013**	Allocation price	First vesting date
Directors									
PA Dunne									
Share appreciation scheme	**155 238**	**–**		**–**	**5 328**	14-Dec-12	**149 910**		
							1 446	167.19	27-Nov-08
							9 316	233.74	24-May-09
							232	242.19	20-Nov-09
							5 353	116.76	18-Nov-10
							12 365	162.88	1-May-11
							20 490	171.39	4-Nov-09
							26 453	209.09	13-May-12
							36 549	193.83	1-Nov-12
							3 914	193.79	12-May-13
							20 839	171.76	10-Nov-13
							12 953	145.48	24-May-14
LTIP SAR	–	33 231	14-Nov-12	–	–		**33 231**	146.89	14-Nov-15
LTIP CSP	–	11 136	14-Nov-12	–	–		**11 136**	–	14-Nov-15
B Berlin									
Share appreciation scheme	**167 985**	**–**		**–**	**–**		**167 985**		
							2 648	56.87	13-May-07
							5 672	149.42	11-May-08
							20 180	167.19	27-Nov-08
							7 277	242.19	20-Nov-09
							3 031	333.90	30-May-10
							18 870	162.88	1-May-11
							15 251	171.39	4-Nov-11
							631	209.09	13-May-12
							11 749	193.83	1-Nov-12
							53 954	193.79	12-May-13
							21 502	171.76	10-Nov-13
							7 220	145.48	24-May-14
LTIP SAR	–	32 250	14-Nov-12	–	–		**32 250**	146.89	14-Nov-15
LTIP CSP	–	10 807	14-Nov-12	–	–		**10 807**	–	14-Nov-15

Remuneration report continued

Name	Balance at 30 June 2012	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	**Balance at 30 June 2013**	Allocation price	First vesting date
Secretary									
A Parboosing									
Share appreciation scheme	**25 248**	**–**		**–**	**–**		**25 248**		
							7 432	242.19	1-Nov-09
							711	333.90	30-May-10
							1 017	116.76	18-Nov-10
							4 537	162.88	1-May-11
							2 623	171.39	4-Nov-11
							2 775	209.09	13-May-12
							4 573	193.83	1-Nov-12
							1 580	193.79	12-May-13
LTIP SAR	–	4 168	14-Nov-12	–	–		**4 168**	146.89	14-Nov-15
LTIP CSP	–	3 492	14-Nov-12	–	–		**3 492**	–	14-Nov-15
Prescribed officers									
PD Finney									
Share appreciation scheme	**114 124**	**–**		**–**	**16 896**		**97 228**		
					11 360	13-Dec-12	**10 000**	56.87	13-May-07
					5 536	28-Dec-12	**1 761**	167.19	27-Nov-08
							7 540	233.74	24-May-09
							2 977	333.90	30-May-10
							2 774	116.76	18-Nov-10
							2 898	162.88	1-May-11
							12 266	171.39	4-Nov-11
							7 696	209.09	13-May-12
							18 528	193.83	1-Nov-12
							5 376	193.79	12-May-13
							12 282	171.76	10-Nov-13
							13 130	145.48	24-May-14
LTIP SAR	–	18 889	14-Nov-12	–	–		**18 889**	146.89	14-Nov-15
LTIP CSP	–	7 912	14-Nov-12	–	–		**7 912**	–	14-Nov-15
A Mhembere									
Share options	**16 620**						**16 620**	53.79	25-Jun-06
LTIP SAR	–	34 633	14-Nov-12	–	–		**34 633**	146.89	14-Nov-15
LTIP CSP	–	14 507	14-Nov-12	–	–		**14 507**	–	14-Nov-15
GS Potgieter									
Share appreciation scheme	**98 878**	**–**		**–**	**–**		**98 878**		
							93 783	186.60	1-Jul-12
							5 095	171.76	10-Nov-13
LTIP SAR	–	26 194	14-Nov-12	–	–		**26 194**	146.89	14-Nov-15
LTIP CSP	–	10 972	14-Nov-12	–	–		**10 972**	–	14-Nov-15

Name	Balance at 30 June 2012	Allocated during the year	Date of allocation	Forfeited during the year	Exercised during the year	Date exercised	**Balance at 30 June 2013**	Allocation price	First vesting date
Total – Senior executives:									
Share options	**30 544**	**–**		**–**	**4 352**	Various	**26 192**		
							1 696	64.48	27-Aug-05
							15 448	68.03	22-Sep-06
							9 048	63.39	22-Apr-06
Share appreciation scheme	**571 082**	**–**		**–**	**–**	Various	**571 082**		
							38 544	56.87	13-May-07
							1 568	103.24	1-Dec-07
							31 544	149.42	11-May-08
							34 078	167.19	27-Nov-08
							17 189	233.74	24-May-09
							13 708	223.22	1-Aug-09
							4 543	242.19	20-Nov-09
							8 118	333.90	30-May-10
							73 239	116.76	18-Nov-10
							52 261	162.88	1-May-11
							44 670	171.39	4-Nov-11
							11 884	209.09	13-May-12
							39 252	195.66	1-Mar-12
							94 174	193.83	1-Nov-12
							19 410	193.79	12-May-13
							60 227	171.76	10-Nov-13
							26 673	145.48	24-May-14
LTIP SAR	–	98 351	14-Nov-12	–	–		**98 351**	146.89	14-Nov-15
LTIP CSP	–	41 196	14-Nov-12	–	–		**41 196**	–	14-Nov-15
	601 626	**139 547**			**4 352**		**736 821**		

Remuneration report continued

Special contractual arrangements

No fixed term employment contracts are in place for executive directors.

The periods of notice applying to senior executives is six months on either side in the case of the CEO and three months on either side in the case of other executive directors.

The senior management members appointed to the executive committee (EXCOM) also have a three-month period of notice of termination, with one month for all other managers.

Outgoing CEO: Mr DH Brown

On 30 June 2012, Mr DH Brown stepped down as CEO of the Group, but remained in service with the Company until 30 September 2012. Mr Brown received a final consideration in accordance with his separation and restraint of trade agreements. The payment included a performance incentive for the 2012/2013 financial years, which was paid in 2013.

Non-executive directors' remuneration

Fee structures for remuneration of board and sub-committee members are recommended to the board by the Remcom and are reviewed annually. The review addresses market comparisons of fees and Company performance.

Non-executive fee structure comprises of an annual fee for attending and contributing at board meetings.

In terms of the MOI of the Company, fees payable to non-executive directors for their services as directors are determined by the shareholders in a general meeting. No annual fee increase is proposed for 2014 and the fee will remain unchanged from the 2013 levels:

With effect from	**1 July 2013 (R)**	1 July 2012 (R)	**Indicative net pay (R)
Board of directors			
Chairperson	**1 820 000**	1 820 000	1 092 000
Member	**333 680**	333 680	200 208
Audit committee			
Chairperson	**333 680**	333 680	200 208
Member	**157 700**	157 700	94 620
Remuneration committee			
Chairperson	**242 630**	242 630	145 578
Member	**109 110**	109 110	65 466
Nominations and governance committee			
Chairperson*	**N/A**	N/A	N/A
Member	**109 110**	109 110	65 466
Health, safety and environmental committee			
Chairperson	**242 630**	242 630	145 578
Member	**109 110**	109 110	65 466
Risk committee			
Chairperson	**242 630**	242 630	145 578
Member	**109 110**	109 110	65 466
Social, ethics and transformation committee			
Chairperson	**242 630**	242 630	145 578
Member	**109 110**	109 110	65 466

* *The chairperson of the nominations and governance committee is also the chairperson of the board and does not receive additional fees for this committee.*
***Indicative net pay calculated using a 40% tax rate.*

Consolidated statement of financial position
as at 30 June 2013

	Notes	2013 Rm	2012 Rm
Assets			
Non-current assets			
Property, plant and equipment	5	**45 969**	40 169
Exploration and evaluation assets	6	**4 294**	4 294
Intangible assets	7	**–**	1 018
Investment in associates	8	**1 136**	1 021
Deferred tax	9	**118**	–
Available-for-sale financial assets	10	**49**	32
Held-to-maturity financial assets	11	**32**	49
Loans	12	**287**	1 227
Prepayments	13	**10 855**	11 129
		62 740	58 939
Current assets			
Inventories	14	**8 684**	7 081
Trade and other receivables	15	**3 459**	4 305
Loans	12	**21**	538
Prepayments	13	**507**	571
Cash and cash equivalents	16	**5 308**	1 193
		17 979	13 688
Total assets		**80 719**	72 627
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	17	**15 493**	15 187
Retained earnings		**35 387**	34 949
Other components of equity		**1 157**	32
		52 037	50 168
Non-controlling interest		**2 579**	2 307
Total equity		**54 616**	52 475
Liabilities			
Non-current liabilities			
Deferred tax	9	**10 917**	9 625
Borrowings	18	**7 259**	2 882
Liabilities	19	**689**	812
Provisions	20	**791**	757
		19 656	14 076
Current liabilities			
Trade and other payables	21	**4 544**	4 858
Current tax payable	22	**508**	176
Borrowings	18	**252**	121
Liabilities	19	**332**	315
Bank overdraft	16	**811**	606
		6 447	6 076
Total liabilities		**26 103**	20 152
Total equity and liabilities		**80 719**	72 627

The notes on pages 27 to 102 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Revenue	4	**30 032**	27 593
Cost of sales	24	**(24 980)**	(21 337)
Gross profit		**5 052**	6 256
Other operating (expenses)/income	25	**(1 912)**	111
Royalty expense	26	**(764)**	(664)
Profit from operations		**2 376**	5 703
Finance income	27	**223**	314
Finance cost	28	**(453)**	(305)
Net foreign exchange transaction gains		**207**	520
Other income/(expense)	29	**35**	(99)
Share of profit of associates		**163**	117
Profit before tax		**2 551**	6 250
Income tax expense	30	**(1 476)**	(1 951)
Profit for the year		**1 075**	4 299
Other comprehensive income, comprising items subsequently reclassified to profit or loss:			
Available-for-sale financial assets	10	**12**	(3)
Deferred tax thereon	9	**–**	–
Exchange differences on translating foreign operations		**1 818**	1 356
Deferred tax thereon	9	**(509)**	(379)
Other comprehensive income, comprising of items not subsequently reclassified to profit or loss:			
Actuarial loss on post-employment medical benefit	19	**(6)**	(4)
Deferred tax thereon	9	**2**	1
Total comprehensive income		**2 392**	5 270
Profit attributable to:			
Owners of the Company		**1 022**	4 180
Non-controlling interest		**53**	119
		1 075	4 299
Total comprehensive income attributable to:			
Owners of the Company		**2 143**	5 010
Non-controlling interest		**249**	260
		2 392	5 270
Earnings per share (cents per share)			
Basic	31	**168**	690
Diluted	31	**168**	689

The notes on pages 27 to 102 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2013

	Number of shares issued (million)*	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm
Balance at 30 June 2012	**606.57**	**16**	**13 099**	**2 072**
Shares issued				
Implats Share Incentive Scheme (note 17)	**0.18**	**–**	**12**	**–**
Employee Share Ownership Programme (note 39)	**0.16**	**–**	**24**	**–**
Convertible bonds	**–**	**–**	**228**	**–**
Share-based compensation	**–**	**–**	**–**	**–**
Long-term Incentive Plan	**–**	**–**	**–**	**42**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**–**
Transaction with non-controlling shareholders	**–**	**–**	**–**	**–**
Dividends (note 32)	**–**	**–**	**–**	**–**
Balance at 30 June 2013	**606.91**	**16**	**13 363**	**2 114**
Balance at 30 June 2011	600.99	15	12 223	1 990
Shares issued				
Implats Share Incentive Scheme (note 17)	0.13	–	8	–
Employee Share Ownership Programme (note 39)	5.45	1	868	82
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Dividends (note 32)	–	–	–	–
Balance at 30 June 2012	606.57	16	13 099	2 072

* *The table above excludes the treasury shares, Morokotso Trust (ESOP) and the Implats share incentive scheme as these special purpose entities are consolidated. Refer notes 17 and 31.*

The notes on pages 27 to 102 are an integral part of these consolidated financial statements.

	Total share capital Rm	Retained earnings Rm	Fair value reserve Rm	Foreign currency translation reserve Rm	Total other components of equity Rm	Attributable to: Owners of the Company Rm	Non-controlling interest Rm	Total equity Rm
	15 187	**34 949**	**(12)**	**44**	**32**	**50 168**	**2 307**	**52 475**
	12	**–**	**–**	**–**	**–**	**12**	**–**	**12**
	24	**–**	**–**	**–**	**–**	**24**	**–**	**24**
	228	**–**	**–**	**–**	**–**	**228**	**–**	**228**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	42	**–**	**–**	**–**	**–**	**42**	**–**	**42**
	–	**1 022**	**–**	**–**	**–**	**1 022**	**53**	**1 075**
	–	**(4)**	**12**	**1 113**	**1 125**	**1 121**	**196**	**1 317**
	–	**–**	**–**	**–**	**–**	**–**	**23**	**23**
	–	**(580)**	**–**	**–**	**–**	**(580)**	**–**	**(580)**
	15 493	**35 387**	**–**	**1 157**	**1 157**	**52 037**	**2 579**	**54 616**
	14 228	34 136	(9)	(792)	(801)	47 563	2 047	**49 610**
	8	–	–	–	–	8	–	**8**
	951	–	–	–	–	951	–	**951**
	–	4 180	–	–	–	4 180	119	**4 299**
	–	(3)	(3)	836	833	830	141	**971**
	–	(3 364)	–	–	–	(3 364)	–	**(3 364)**
	15 187	34 949	(12)	44	32	50 168	2 307	**52 475**

Consolidated statement of cash flows

for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Cash flows from operating activities			
Profit before tax		**2 551**	6 250
Adjustments to profit before tax	33	**5 164**	1 499
Cash from changes in working capital	33	**(487)**	(1 133)
Exploration costs	29	**(47)**	(63)
Finance cost		**(150)**	(150)
Income tax paid	22	**(1 093)**	(1 425)
Net cash from operating activities		**5 938**	4 978
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6 360)**	(7 284)
Proceeds from sale of property, plant and equipment		**102**	52
Purchase of investment in subsidiary	40	**(57)**	–
Purchase of investment in associate	8	**–**	(5)
Payment received from associate on shareholders' loan		**49**	22
Proceeds from sale of held-to-maturity investment	11	**21**	–
Loans granted	12	**(7)**	(120)
Loan repayments received		**30**	509
Prepayment made	13	**–**	(233)
Prepayments refunded		**–**	11
Finance income		**218**	281
Dividends received	8	**6**	9
Net cash used in investing activities		**(5 998)**	(6 758)
Cash flows from financing activities			
Issue of ordinary shares		**36**	877
Repayments of borrowings		**(172)**	(241)
Proceeds from borrowings		**4 638**	464
Dividends paid to Company's shareholders	32	**(580)**	(3 364)
Net cash used in financing activities		**3 922**	(2 264)
Net increase/(decrease) in cash and cash equivalents		**3 862**	(4 044)
Cash and cash equivalents at beginning of year	16	**587**	4 542
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**48**	89
Cash and cash equivalents at end of year*	16	**4 497**	587

** Net of bank overdraft.*

The notes on pages 27 to 102 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2013

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. Accounting policies that refer to "consolidated or Group", apply equally to the Company financial statements where relevant.

1.1 Basis of preparation

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 Financial Standards Council, requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited.

Basis of measurement

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 with a binomial option model.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management and the board to exercise their judgement in the process of applying the Group's accounting policies. 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 note 3.

The principal accounting policies used by the Group are consistent with those of the previous year, unless otherwise stated.

Functional and presentation currency

These consolidated financial statements are presented in South African rand, which is the Company's functional currency. All financial information is presented in rand million, unless otherwise stated.

1.2 Changes in accounting policies

The following standards, amendments to standards and interpretation have been early adopted in prior years:

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact (✓)/No impact (✗)
IAS 1 *Presentation of Financial Statements*	Amendment	1 July 2012	The amendment requires items presented in other comprehensive income being grouped into those that will subsequently not be reclassified to profit or loss and those that will. This amendment required disclosure in the statement of comprehensive income indicating that all items will subsequently be reclassified to profit or loss.	✓
IAS 12 *Income Taxes*	Amendment	1 January 2012	The amendment provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 *Investment Property*.	✗

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.2 Changes in accounting policies continued

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact (✓)/No impact (✗)
IAS 19 *Employee Benefits*	Amendment	1 January 2013	The amendment eliminates the option to defer the recognition of actuarial gains and losses, streamlines the presentation of changes in assets and liabilities arising from defined benefit plans including the requirement that re-measurements be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans (note 19).	✓
IAS 32 *Financial Instruments: Presentation*	Amendment	1 January 2014	The amendment addresses inconsistencies identified in applying some of the offsetting criteria for offsetting financial assets and financial liabilities by clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	✗
IAS 34 *Interim Financial Reporting (effective 1 January 2013).*	Amendment	1 January 2013	Consequential amendment from IFRS 13 requiring additional disclosure for Financial Instruments in the Interim Financial Report.	✓
IFRS 7 *Financial Instruments: Disclosures*	Amendment	1 January 2013	The amendment requires disclosure to include information regarding the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities.	✗
IFRS 13 *Fair Value Measurement*	New standard	1 January 2013	The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.	✗
Improvements to IFRS: *2009 – 2011 cycle*		1 January 2013	Annual improvements project is a collection of amendments issued under the annual improvements process, which is designed to make necessary, but non-urgent, amendments to IFRS.	✗
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	New interpretation	1 January 2013	The interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine.	✗

1. Summary of significant accounting policies continued

1.2 Changes in accounting policies continued

There were no standards, amendments to standards and interpretations that have become effective or that have been early adopted.

The following standards, amendments to standards and interpretations are not effective yet and have not been early adopted:

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact (✓)/No impact (✗)
IAS 27 *Separate Financial Statements*	New standard (Incl. amendments)	1 January 2013	This amendment contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate financial statements. The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. A subsequent amendment allows an "investment entity" not to consolidate a subsidiary in accordance with the consolidation provisions but instead to measure its investment in the investee at fair value through profit or loss.	✗
IAS 28 *Investments in Associates and Joint Ventures*	Amendment	1 January 2013	The amended standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard is expected to result in the 50% investment in Mimosa Investments Limited to be equity accounted, instead of being proportionate consolidated.	✓
IAS 36 *Impairment of Assets*	Amendment	1 January 2014	The amendment align the disclosure requirements in IAS 36 with that of IFRS 13 *Fair Value Measurement*. The amended standard requires disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	✓
IAS 39 *Financial Instruments: Recognition and Measurement*	Amendment	1 January 2014	The amendment clarifies whether an entity is required to discontinue hedge accounting for hedging relationships in which a derivative has been designated as a hedging instrument in accordance with IAS 39 in a circumstance in which that derivative is novated to a central counterparty following the introduction of a new law or regulation.	✗

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.2 Changes in accounting policies continued

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact (✓)/No impact (✗)
IFRS 9 *Financial Instruments*	New standard	1 January 2015	This standard addresses classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. The standard also removes the requirement to separate embedded derivatives from financial asset hosts. This new standard will impact the classification and measurement of financial assets.	✓
IFRS 9 *Financial Instruments*	New standard	1 January 2015	The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, *Financial Instruments: Recognition and Measurement*, without change, except for financial liabilities that are designated at fair value through profit or loss. The amendment introduces new requirements that address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the statement of comprehensive income, rather than within profit or loss.	✗
IFRS 10 *Consolidated Financial Statements*	New standard (Incl. amendments)	1 January 2013	IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities and supersedes IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. The standard provides additional guidance to assist in determination of control where this is difficult to assess. A subsequent amendment allows an "investment entity" not to consolidate a subsidiary in accordance with the consolidation provisions but instead to measure its investment in the investee at fair value through profit or loss.	✓

1. Summary of significant accounting policies continued

1.2 Changes in accounting policies continued

Standards Amendments Interpretations	Nature of change	Effective date	Salient features of the change and impact	Impact (✓)/No impact (✗)
IFRS 11 *Joint Arrangements*	New standard	1 January 2013	IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31 *Interests in Joint Venture*. IFRS 11 classifies joint arrangements into joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The focus is no longer on the legal structure. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The standard is expected to result in the 50% investment in Mimosa Investments Limited being equity accounted, instead of being proportionately consolidated.	✓
IFRS 12 *Disclosure of Interest in Other Entities*	New standard (Incl. amendments)	1 January 2013	IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special-purpose vehicles and other off-balance sheet vehicles. The new standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risk and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The impact will be additional disclosure. A subsequent amendment requires additional disclosure relating to "investment entities".	✓
IFRIC 21 *Levies*	New interpretation	1 January 2014	The interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.	✗

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.3 Consolidation

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

Subsidiaries

Subsidiary undertakings are those companies (including special purpose entities) in which the Group, directly or indirectly, has an interest of more than one half of the voting rights, has power to exercise control over the operations or otherwise has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Income and expenses of subsidiaries acquired or disposed are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases.

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 accounted for as an expense. 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 recorded as goodwill (refer note 1.8). Any shortfall is recognised in profit or loss.

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

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

Special purpose entities (SPEs) are those undertakings that are created to satisfy specific business needs of the Group, which has the right to the majority of the benefits of the SPE and/or is exposed to a majority of the risks inherent to the activities thereof.

SPEs are consolidated when the substance of the relationship indicates that the SPE is controlled by the Group.

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.

Associates

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

The equity method of accounting is used to account for the acquisition of associates 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. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment.

1. Summary of significant accounting policies continued

1.3 Consolidation continued

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual total comprehensive income, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

1.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. For South African operations the functional currency is South African rand and for Zimbabwean operations it is US$. The consolidated financial statements are presented in South African rand, which is the functional and presentation currency of Impala Platinum Holdings Limited.

Group companies

Total comprehensive income of foreign subsidiaries, associates and joint ventures are 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. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Assets and liabilities are translated at rates ruling at the reporting date. The exchange differences arising on translation of assets and liabilities of foreign subsidiaries and joint ventures are recognised in other comprehensive income and accumulated in equity. On disposal of the foreign entity such translation differences are recognised as a gain or loss on sale.

Transactions and balances

Foreign currency transactions are accounted for at the rates of exchange ruling at the date of the transaction. 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, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in foreign currency translation reserves as other comprehensive income.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and less any accumulated impairment losses. Preproduction expenditure, 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 income earned while the item is not yet capable of operating as intended reduces the capitalised amount. Interest on general or specific borrowings to finance the establishment or expansion of mining assets, is capitalised during the construction phase.

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 assets and changes in the liability resulting from changes in the estimates are accounted for as follows:

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

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 are expensed to profit or loss during the financial period in which they are incurred.

Assets are not depreciated while the residual value equals or exceeds the carrying value of the asset. Depreciation is calculated on the carrying amount less residual value of the assets or components of the assets where applicable. Depreciation methods and depreciation rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns. Residual values and useful lives are reviewed annually. The depreciation calculation is adjusted prospectively for changes in the residual value and useful lives.

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 or retirement/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.

Other assets consist mainly of information technology equipment and mobile equipment.

Shafts, mining development and infrastructure

Individual mining assets are depreciated using the units-of-production method based on their respective estimated economically recoverable proved and probable mineral reserves.

Metallurgical and refining assets

Metallurgical and refining assets are depreciated using the units-of-production method based on the expected estimated economically recoverable proved and probable mineral reserves to be concentrated or refined by that asset.

Land, buildings and general infrastructure (including housing and mineral rights)

Assets in this category, excluding land which is not depreciated, are depreciated over life-of-mine using the units-of-production method and the economically recoverable proved and probable mineral reserves.

Other assets

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

Asset type	Estimated useful life
▷ Information technology	3 years
▷ Mobile equipment	5 and 10 years
▷ Other assets	1 to 5 years

1. Summary of significant accounting policies continued

1.6 Exploration for and evaluation of mineral resources

The Group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realised, ie probable. In evaluating if expenditures meet this criterion to be capitalised, the directors utilise several different sources of information depending on the level of exploration. While the criteria for concluding that expenditure should be capitalised is always the "probability" of future benefits, the information that the directors use to make that determination depends on the level of exploration.

Exploration and evaluation expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable.

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

The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures.

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

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. Subsequently it is stated at cost less impairment provision. Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to assets under construction. No amortisation is charged during the exploration and evaluation phase.

For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of operating mines that are located in the same geographical region. Where the assets are not associated with a specific cash-generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

1.7 Prepaid royalty

Prepaid royalty is recorded initially at cost and subsequently at cost less accumulated expenses. The royalty is expensed using the units-of-production method based on the estimated economically recoverable proved and probable mineral reserves of the area to which the royalty relates.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.8 Goodwill

Goodwill arises on the date of acquisition of a business and represents 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. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed exceeds 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, the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination. Goodwill is carried at cost less accumulated impairment losses, if any. Gains or losses on the disposal of a cash-generating unit includes the carrying amount of goodwill allocated to the cash-generating unit sold.

1.9 Impairment of assets

Non-financial assets

Assets that have an indefinite useful life which are not subject to depreciation are tested for impairment, at least annually, on the same date and at the end of each reporting period when an indicator of impairment exists. Assets that are subject to depreciation are reviewed for impairment at the end of each reporting period whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is not possible to estimate the recoverable amount of an individual asset (the asset's value in use cannot be estimated to be close to its fair value less cost to sell and the asset does not generate cash inflows that are largely independent of those from other assets), the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets are considered to be impaired when the higher of the asset's fair value less cost to sell and its value-in-use is less than the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

The recoverability of long-term mining assets is based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. It is therefore possible that changes can occur which may affect the recoverability of the mining assets. The recoverable amounts of non-mining assets are generally determined by reference to market values. Where the recoverable amount is less than the carrying amount, the impairment is charged against profit or loss to reduce the carrying amount to the recoverable amount of the asset. The revised carrying amounts are depreciated over the remaining lives of such affected assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment previously recognised will be reversed when changes in circumstances, that have an impact on estimates, occur after the impairment was recognised. The reversal of an impairment will be limited to the lower of the newly calculated recoverable amount or the book value that would have existed if the impairment was not recognised. The reversal of an impairment is recognised in profit or loss.

Goodwill

Goodwill is tested for impairment annually, at least, and at the end of each reporting period when an indicator of impairment exists. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash generating unit to which goodwill has been allocated is based on fair value less cost to sell or value-in-use derived from reserve and resource ounce valuation. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and may not be reversed.

1. Summary of significant accounting policies continued

1.9 Impairment of assets continued

Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired:

- In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost, is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost less previously recognised impairment loss and the current fair value is recognised as an impairment loss. Any fair value loss previously recognised in other comprehensive income is reclassified from fair value reserve in equity to profit or loss.
- A provision for impairment of loans, receivables and advances is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default on or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the trade receivable and advances is reduced through the use of a provision account, and the amount of the loss is recognised as an operating expense. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income and expenses.

1.10 Leases

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

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

The property, plant and equipment acquired under finance leasing contracts is depreciated in terms of the Group accounting policy limited to the lease contract term if there is no reasonable certainty that ownership will be obtained by the end of the lease term (refer note 1.5).

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

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.11 Inventories

Metal inventories

Platinum, palladium and rhodium are treated as main products and other platinum group and base metals produced as by-products. Metals mined by the Group, including in-process metal contained in ore, concentrate and matte produced by the smelter and precious metal concentrate in the base and precious metal refineries, are valued at the lower of average cost of normal production and net realisable value. Quantities of in-process metals are based on latest available assays. The average cost of normal production is taken as total costs incurred on mining and refining, including depreciation, less net revenue from the sale of by-products, allocated to main products based on normal units produced. Any abnormal production cost are expensed immediately and not deferred in the cost of closing metal inventories. Refined by-products are valued at net realisable value. Stocks of metals purchased or recycled by the Group are valued at the lower of cost or net realisable value.

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 values. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

1.12 Financial instruments

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

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

1.12.1 Financial assets

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

Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and derivatives are classified as financial assets at fair value through profit or loss and are included in current assets. These investments are measured at fair value. Movements in fair value are recognised in profit or loss.

Loans and receivables

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

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

1. Summary of significant accounting policies continued

1.12 Financial instruments continued

1.12.1 Financial assets continued

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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

If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

1.12.2 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Derivatives at fair value through profit or loss

The Group's risk management policy on hedging is not prescriptive regarding the available financial instruments to be used, but financial limits and exposures are set by the board. Hedge accounting is generally not applied. Changes in the fair value of any derivative instruments, including those that are not used as hedging instruments and those that do not qualify for hedge accounting, are recognised in profit or loss immediately, within other income and expenses. The fair value of the conversion option of the US$ bond is determined using the binomial option model and the assumptions used the determine the fair value are detailed in note 3.

Forward sales, forward purchases and metal options are entered into from time to time to preserve and enhance future cash flow streams. Forward exchange contracts are from time to time entered into to hedge anticipated future transactions.

Hedging activities

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets and liabilities (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.12 Financial instruments continued

1.12.2 Derivative financial instruments and hedging activities continued

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within other income or expenses.

Amounts accumulated in other comprehensive income are recycled in profit or loss in the periods when the hedged item affects profit or loss. When the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which hedge accounting is applied, then the associated gains or losses that were recognised directly in other comprehensive income are included in the initial cost or other carrying amount of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to other income or other expenses.

1.12.3 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

Equity instruments

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

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

Compound instruments

The component parts of compound instruments (such as the convertible ZAR bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will 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 an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rates for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. When the liability is extinguished by means of converting to equity instruments, the carrying amount of the liability is reclassified to equity as share premium.

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

1. Summary of significant accounting policies continued

1.12 Financial instruments continued

1.12.4 Financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

1.12.5 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income or expense is recognised on an effective interest basis for debt instruments or financial liabilities other than those financial assets or financial liabilities classified as at fair value through profit or loss.

1.13 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The listed market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price at reporting date.

The fair value of forward metal purchases and sales is determined using forward metal market prices at the reporting date.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying amounts of current financial assets and current liabilities approximate their fair values.

1.14 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.

Notes to the consolidated financial statements continued
for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.15 Environmental rehabilitation obligations

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

Decommissioning costs

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

Changes in the measurement of the liability, apart from unwinding the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset (refer note 1.5).

Restoration costs

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

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

Ongoing rehabilitation cost

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

Pollution Control, Rehabilitation and Closure Trust Fund

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

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

1.16 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.

Defined contribution retirement plans

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

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

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

1. Summary of significant accounting policies continued

1.16 Employee benefits continued

Post-employment medical benefit plan

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

Termination benefits

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

Bonus plans

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.

Share-based payments

Cash-settled share-based payments

Share Appreciation Rights Scheme (SARS)

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

Employee Share Ownership Programme (ESOP)

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

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

The fair value of employee services received in exchange for cash-settled share-based payments is recognised as an expense. A liability equal to the portion of the services received is determined and recognised at each reporting date.

The binomial option model is used to determine the fair value (excluding non-market vesting conditions) and the assumptions are detailed in note 3.

Equity-settled share option incentive scheme

Implats Share Incentive Scheme (ISIS)

This Group share option plan provided for the granting of options to key employees. These employees are able to purchase shares in the holding company at a price equal to the average market price of the five trading days preceding the date upon which the remuneration committee approved the granting of the options. There are 207 449 vested share options outstanding in terms of the plan which lapses in September 2014. All costs of the plan have already been expensed over the vesting periods of the options. The shares, currently held as treasury shares by the Group, will be accounted for within equity when the option is exercised by the employee. Grants under this scheme ceased in September 2004.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.16 Employee benefits continued

Share-based payments continued

Equity-settled share option incentive scheme continued

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

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

The performance vesting conditions applicable to these awards are based on total shareholder return percentage relative to a peer group of South African platinum producing companies (the peer group). The total shareholder return percentage will be measured as growth in share price plus dividends received (TSR) over the three year performance period relative to the share price on award date.

The ranking determines the vesting percentage. The proposed vesting scale relative to peer group, is as follows:

- If the ranking of Implats is in the lowest three – no shares will vest
- If the ranking is fourth – 50% will vest
- If the ranking is third – 75% will vest
- If the ranking is second – 90% will vest
- If the ranking is first – 100% will vest.

The fair value, on grant date, of the employee services received in exchange for the grant of the CSP is recognised as an expense on a straight-line basis over the vesting period, with a corresponding increase in equity. The fair value is determined by the share price on valuation date, adjusted for the present value of expected dividends during the vesting period. Assumptions used to determine the fair value are detailed in note 3. At each reporting date, the total amount to be expensed is determined by the number of options that are expected to become exercisable, taking into account non-market vesting conditions.

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

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

These rights are weighted as follows and subject to the following performance conditions:

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

The fair value, on grant date, of the employee services received in exchange for the grant of the SAR is recognised as an expense on a straight-line basis over the vesting period, with a corresponding increase in equity. The fair value is determined by using the binomial option model and assumptions used to determine the fair value are detailed in note 3. At each reporting date, the total amount to be expensed is determined by the number of options that are expected to become exercisable, taking into account non-market vesting conditions.

1. Summary of significant accounting policies continued

1.17 Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The principal temporary differences arise from depreciation on property, plant and equipment, provisions, post-retirement medical benefits, tax losses carried forward and fair value adjustments on assets acquired from business combinations.

1.18 Revenue recognition

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

Sales of metals mined and metals purchased

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

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

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

Toll income

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

Interest income

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

Dividend income

Dividend income is recognised at the accrual date when the shareholders' right to receive payment is established.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

1. Summary of significant accounting policies continued

1.19 Segment reporting

An operating segment is a component of an entity:

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

The Group is an integrated PGM and associated base metal producer. The operating segments are:

- Mining segment consisting of primary PGM producers, including the marketing of metals produced by the Group
- Toll refiner for third-party material (Impala Refining Services)
- Chrome processing
- Other.

1.20 Dividend distribution

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

1.21 BEE transactions

This accounting policy relates to transactions where the Group grants or sells equity instruments to people in context of empowerment in terms of the Broad-Based Black Empowerment Act No 53 of 2003. The difference between the fair value and the selling price of the equity instruments granted or sold is accounted for as a share-based compensation expense. Refer note 1.16 for discussion of share-based payments.

The fair value of the equity instruments for non-listed entities is determined using the main assumptions as described in note 3 "Critical accounting estimates and judgements" for impairment of assets.

1.22 Share-based payment transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payment transactions, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2. Financial risk management

2.1 Financial risk factors

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 co-operation with the Group's operating units. The risk committee approves 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.

2.1.1 Market risk

Foreign exchange risk

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

To manage foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities, the Group, from time to time, uses forward exchange contracts within board-approved limits. The Group entered into a Cross Currency Interest Rate Swap (CCIRS) amounting to US$200 million to hedge certain aspects of the foreign exchange risk on the US$ convertible bonds, being: exchange rate risk on the dollar interest payments is hedged and the risk of a future cash settlement of the bonds at a rand dollar exchange rate weaker than R9.24/US$ is hedged. Excluding the foreign exchange effect of dollar interest rate change, a 10% movement in the exchange rate will result in a R198 million effect in profit/loss, which offsets the borrowing exposure in the sensitivity analysis below.

Sensitivity analysis

Foreign exchange risk sensitivity analysis presents the effect of a 10% change in the year-end exchange rate on financial instruments denominated in foreign currency in profit or loss.

	Year-end US$ exposure		Profit/loss effect	
	2013 US$m	2012 US$m	**2013 Rm**	2012 Rm
Financial assets				
Loans	**–**	172	**–**	±140
Trade and other receivables	**98**	196	**±97**	±160
Cash and cash equivalents	**75**	98	**±74**	±80
Financial liabilities				
Borrowings	**(183)**	–	**±181**	–
Trade and other payables	**(133)**	(186)	**±131**	±152
	(143)	280	**±141**	±228

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

Securities price risk

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

These investments were acquired as strategic investments and were not actively managed with reference only to securities price risk.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.1 Market risk continued

Sensitivity analysis

The calculation of a 20% change in the share price of available-for-sale investments would have resulted in a R10 million movement in other comprehensive income in 2013 (2012: R6 million).

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	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm
Financial assets				
Trade and other receivables	**–**	24	**–**	±2
Financial liabilities				
Trade and other payables	**(1 339)**	(1 519)	**±134**	±152
	(1 339)	(1 495)	**±134**	±150

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

Fair value interest rate risk

The Group is exposed to insignificant fair value interest rate risk in respect of fixed rate financial assets and liabilities.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in respect of its floating 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.

Exposure of the Group's borrowings to interest rate changes is analysed further in note 18.

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.1 *Market risk* continued

Sensitivity analysis

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

	Floating interest rate exposure		Profit/loss effect	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm
Financial assets				
Held-to-maturity financial assets (note 11)	**32**	49	**±0**	±0
Loans (note 12)	**–**	1 418	**±0**	±14
Trade and other receivables (note 15)	**315**	465	**±3**	±5
Cash and cash equivalents (note 16)	**5 308**	1 193	**±53**	±12
Financial liabilities				
Borrowings (note 18)	**(1 946)**	(1 582)	**±19**	±16
Bank overdraft (note 16)	**(811)**	(606)	**±8**	±6
	2 898	937	**±29**	±9

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

2.1.2 *Credit risk*

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

The maximum exposure to the credit risk is represented by the carrying value of all the financial assets and the maximum amount the Group could have to pay if the guarantees are called on (note 34).

The potential concentration of credit risk could arise in cash and cash equivalents, trade receivables, loans, advances and other financial assets.

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.

	Exposure	
Credit rating	**2013 Rm**	2012 Rm
South African operations		
AAA (zaf)	**1 000**	–
AA (zaf)	**3 000**	954
AA- (zaf)		121
A+ (zaf)	**1 000**	9
Overseas operations		
AA (zaf)	**308**	109
	5 308	1 193

Credit risk on cash and cash equivalents is further analysed in note 16.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.2 Credit risk continued

Trade receivables and advances

The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Trade debtors comprise a number of customers, dispersed across different geographical areas. Credit evaluations are performed on the financial condition of these and other receivables from time to time. Trade receivables are presented in the statement of financial position net of any provision for impairment.

Advances are made to customers based on toll refining “in-process metal”. Credit risk on advances where sufficient in-process metal serves as collateral is low (notes 11 and 15).

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 2013					
Number of customers	**2**	**2**	**1**	**64**	**69**
Number of defaults	**–**	**–**	**–**	**–**	**–**
Value at year-end (R million)	**18**	**–**	**–**	**1 190**	**1 208**
Financial year 2012					
Number of customers	2	–	2	67	71
Number of defaults	–	–	–	–	–
Value at year-end (R million)	–	–	45	1 738	1 783

Credit risk exposure in respect of trade receivables and advances is analysed further in note 15.

Other financial assets

Credit risk relating to other financial assets consists of:

- Loan to the Reserve Bank of Zimbabwe is unsecured with no fixed terms of repayment
- Employee housing loans are secured by a second bond over residential properties.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to derivative instruments. The counterparties to these contracts are major financial institutions and metal customers. The Group continually monitors its positions and the credit ratings of its counterparties and limits the amount of contracts it enters into with one party.

Management assesses the recoverability of loans on an individual basis at the end of each reporting period. Based on management’s assessment, R1 297 million (2012: R378 million) impairment provision for loans and trade receivables was considered necessary (note 12 and 15).

No other financial assets are past due.

Employee receivables

Employee receivables consist mainly of vehicle loans for which the vehicles serve as collateral. The collateral held is sufficient to cover these employee receivables which is limited by taking the employee’s annual earnings into account.

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

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has undrawn general banking facilities with various financial institutions as indicated below. Of these facilities, R3.6 billion (2012: R3.5 billion) were committed facilities at year-end.

Credit limit facilities – South African banks

	Credit limit facilities	
Credit rating	**2013 Rm**	2012 Rm
AA (zaf)	**2 350**	3 037
AAA (zaf)	**500**	–
AA+ (zaf)	**–**	500
A+ (zaf)	**500**	500
	3 350	4 037

R788 million (2012: R606 million) of these facilities had been drawn down at year-end. These facilities are renewed annually.

Credit limit facilities – Foreign banks

	Credit limit facilities	
Credit rating	**2013 Rm**	2012 Rm
AA (zaf)	**237**	122

R23 million (2012: R122 million) of these facilities had been drawn down at year-end. These facilities are renewed annually.

Management regularly monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 16) on the basis of expected cash flows.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.3 Liquidity risk continued

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

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

	Total carrying amount Rm	Time value of money Rm	Total 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 2013							
Financial assets							
Loans (note 12)	**308**	**51**	**359**	**22**	**5**	**264**	**68**
Trade and other receivables (note 15)	**2 259**	**–**	**2 259**	**2 259**	**–**	**–**	**–**
Cash and cash equivalents (note 16)	**5 308**	**–**	**5 308**	**5 308**	**–**	**–**	**–**
Financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings (note 18)	**7 511**	**3 374**	**10 885**	**443**	**713**	**6 673**	**3 056**
Bank overdraft (note 16)	**811**	**–**	**811**	**811**	**–**	**–**	**–**
Liabilities (note 19)	**200**	**99**	**299**	**135**	**95**	**69**	**–**
Trade and other payables (note 21)	**3 430**	**–**	**3 430**	**3 430**	**–**	**–**	**–**
Financial guarantee contracts (note 34)	**–**	**–**	**152**	**152**	**–**	**–**	**–**
At June 2012							
Financial assets							
Loans (note 12)	1 764	398	2 162	601	125	682	754
Trade and other receivables (note 15)	3 284	–	3 284	3 284	–	–	–
Cash and cash equivalents (note 16)	1 193	–	1 193	1 193	–	–	–
Financial liabilities							
Borrowings (note 18)	3 003	2 149	5 152	483	474	902	3 293
Bank overdraft (note 16)	606	–	606	606	–	–	–
Liabilities (note 19)	177	47	224	87	55	82	–
Trade and other payables (note 21)	3 957	–	3 957	3 957	–	–	–
Financial guarantee contracts (note 34)	–	–	193	193	–	–	–

2. Financial risk management continued

2.1 Financial risk factors continued

2.1.4 Sovereign risk

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.

2.2 Capital risk management

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

In order to maintain or improve the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or repurchase shares.

The Group monitors capital on a basis of the gearing ratio.

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3. Critical accounting estimates and judgements

Use of estimates

The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results may differ from these estimates.

The significant areas requiring the use of management estimates and assumptions which have a significant risk resulting in a material adjustment to the carrying amount of assets and liabilities within the financial statements are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Carrying value of property, plant and equipment (note 5)

Various units-of-production (UOP) depreciation methodologies are available to management, eg centares mined, tonnes mined, tonnes milled or ounces produced. Management elected to depreciate all mining and processing assets using the centares mined methodology.

For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result from changes in any of the factors or assumptions used in estimating mineral reserves. Changes in mineral reserves will similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The Group reviews and tests the carrying value of assets at each reporting period when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment (note 1.9).

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

3. Critical accounting estimates and judgements continued

3.1 Carrying value of property, plant and equipment (note 5) continued

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the recoverable amount of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future metal prices, discount rates, foreign currency exchange rates, estimates of cost to establish reserves and future relevant capital expenditure.

The key financial assumptions used in the impairment calculations are:

- ▷ Long-term real revenue per platinum ounce sold of R28 718 (2012: R25 096) and
- ▷ Long-term real discount rate – a range of 6% to 14% (2012: 6.0% to 13.0%) for the various operations in the Group.

3.2 Production start date (note 5)

The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- ▷ The level of capital expenditure compared to the construction cost estimates
- ▷ Completion of a reasonable period of testing of the mine plant and equipment
- ▷ Ability to produce metal in saleable form (within specifications)
- ▷ Ability to sustain ongoing production of metal.

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

3.3 Income taxes (notes 22 and 30)

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 recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.4 Metal in process and product inventories (note 14)

Costs that are incurred in or benefit the production process are accumulated as stockpiles, metal in process and product inventories. Net realisable value tests are performed, at least, on each reporting date and represent the estimated future sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of metal actually recovered (metallurgical balancing), the nature of the 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.

3.5 Recoverability of trade and other receivables (note 15)

Due to 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, which serves as collateral for the advances.

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 that serves as collateral, could decrease below the carrying amount of the advance.

3. Critical accounting estimates and judgements continued

3.5 Recoverability of trade and other receivables (note 15) continued

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

Items considered by management include the ability of the customer to continue to deliver metals to the Group, the estimated levels of future deliveries and the estimated movements in PGM prices. Recent levels of deliveries and short-term price forecasts are used in management's assumptions. If customer deliveries or actual PGM prices differ significantly from estimates, there is a possibility of an impairment.

3.6 Mineral reserves

The estimation of reserves impact the depreciation of property, plant and equipment, the recoverable amount of property, plant and equipment, the timing of rehabilitation expenditure and purchase price allocation.

Factors impacting the determination of proved and probable reserves are:

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

3.7 Goodwill impairment test (note 7)

Goodwill was allocated to the Group's cash-generating units (CGUs) identified in accordance with business operations (Afplats and Imbasa and Inkosi). In the process of performing the annual goodwill impairment test, management updated its range of *in situ* UG2 4E ounce valuations based on recent transactions and taking into account the current economic outlook for the mining industry. This resulted in decreased *in situ* UG2 4E ounce valuations compared to the prior year.

The recoverable amount was based on the fair value less cost to sell derived from the reserve and resource ounce valuation and resulted in the entire goodwill being impaired.

The following critical assumptions and judgements were used:

- The Afplats reserve and resource ounce valuation was based on the UG2 4E ounces. These ounces were valued using a range of US$5 and US$24 per ounce (2012: US$8 and US$50 per ounce).
- The Imbasa and the Inkosi resource ounce valuation was also based on the UG2 4E ounces. These ounces were valued using a range of US$3 and US$8 per ounce (2012: US$8 and US$15 per ounce).

Any decrease in the UG2 4E ounces value would result in further impairment of property, plant and equipment. A 10% decrease in the UG2 4E ounces value used would result in an additional R523 million impairment of property, plant and equipment, comprising R391 million for Afplats and R132 million for Imbasa and Inkosi.

3.8 Derivative financial instrument – US$ conversion option (note 7)

The fair value of the conversion option of the US$ bond was calculated using the binomial option model. The main inputs into this model are as follows:

	2013	2012
Option conversion value (US$)	**24.13**	–
Share price on valuation date (US$)	**9.41**	–
Volatility	**31.4**	–
Risk-free US$ interest rate (%)	**1.39**	–

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

3. Critical accounting estimates and judgements continued

3.9 Liabilities (note 19)

Post-retirement medical benefits (note 19(i))

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 2013, actuarial parameters used by independent valuators assumed 6.6% (2012: 5.9%) as the long-term medical inflation rate and an 8% (2012: 8.0%) risk-free interest rate corresponding to the yields on long-dated high-quality bonds.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to employees. 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 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. Cash-settled share-based payments are valued on the reporting date and recognised over the vesting period.

The fair value of share-based payments is calculated using the binomial option model for non-vested shares. Vested cash-settled shares are valued at their intrinsic value.

The average inputs into this model are as follows:

Cash-settled

	Employee Share Ownership Programme (ESOP)		Share appreciation right scheme (SARS)	
	2013	2012	**2013**	2012
Weighted average option value (rand)[1]	**9.33**	24.62	**14.88**	22.40
Weighted average share price on valuation date (rand)[2]	**93.00**	135.25	**93.00**	135.25
Weighted average exercise price (rand)[3 & 5]	**159.18**	159.18	**175.60**	175.66
Volatility[4]	**34.35**	31.62	**34.35**	31.62
Dividend yield (%)	**1.02**	4.10	**1.02**	4.10
Risk-free interest rate (%)	**7.10**	6.64	**7.10**	6.64

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

Equity-settled

	Long-term Incentive Plan – (SAR)		Long-term Incentive Plan – (CSP)	
	2013	2012	**2013**	2012
Weighted average option value (rand)[1]	**44.25**	–	**131.90**	–
Weighted average share price on valuation date (rand)[2]	**142.67**	–	**142.44**	–
Weighted average exercise price (rand)[3 & 5]	**146.55**	–	**Nil**	–
Volatility[4]	**32.63**	–	**N/A**	–
Dividend yield (%)	**1.26**	–	**N/A**	–
Risk-free interest rate (%)	**5.95**	–	**5.94**	–

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

3. Critical accounting estimates and judgements continued

3.10 Provisions (note 20)

Environmental rehabilitation obligations

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

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

Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

South African operations

The discount rate is the long-term risk-free rate as indicated by the government bonds which ranged between 7.7% and 8.6% (2012: 7.5% and 8.5%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 1.8% (2012: 1.6%).

Zimbabwe operations

The discount rate used was 7.3% (2012: 10%) at the time of calculation. The net present value of current rehabilitation estimates is based on the assumption of a long-term real discount rate of 3.8% (2012: 5%).

3.11 Zimbabwe Indigenisation

On 14 December 2012 Implats announced that its 50% held joint venture Mimosa had concluded a non-binding termsheet in respect of a proposed indigenisation implementation plan (IIP) with the Government of Zimbabwe (as represented by the Minister of Youth Development, Indigenisation and Empowerment). On 11 January 2013, Implats further announced that its 87% held subsidiary, Zimplats, had similarly concluded a non-binding termsheet in respect of a proposed IIP. The respective termsheets referred to above stipulate the key terms, subject to certain conditions precedent, for the sale by Mimosa and Zimplats of an aggregate 51% equity ownership of Mimosa Pvt and Zimbabwe Pvt, respectively to select indigenous entities. The effective date of these transactions will be the date on which the conditions precedent are fulfilled. The Company has subsequently been informed that the Government of Zimbabwe wishes to review the termsheets and discussions in this regard are ongoing.

Based on the circumstances existing at year-end, the Group has reviewed its investment in the Zimbabwean operations for impairment and no indication of impairment existed. These operations are still under the control and the joint control of the Group at the date of this report. The definitive transaction agreements have not yet been negotiated and concluded, but could critically affect the accounting treatment of these investments in future.

3.12 Contingencies (note 34)

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

3.13 Foreign currency translation

The following exchange rates were used:

Year-end rate:	R9.88 (2012: R8.17)
Annual average rate:	R8.82 (2012: R7.74)

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information

Operating segments – June 2013

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
Segment profit					
Revenue from:					
Platinum	9 624	2 321	825	661	–
Palladium	2 399	854	384	217	–
Rhodium	940	133	115	35	–
Nickel	600	411	24	199	–
Other metal sales	1 025	440	56	178	–
Treatment income	–	–	–	–	–
Revenue	14 588	4 159	1 404	1 290	–
On-mine operations	(9 329)	(1 434)	(1 249)	(554)	–
Processing operations	(1 959)	(627)	(161)	(156)	–
Refining operations	(542)	–	–	–	–
Treatment charge	–	–	(4)	(84)	–
Depreciation	(1 666)	(433)	(207)	(110)	(2)
Metals purchased	–	–	–	–	–
Change in inventories	1 309	4	–	4	–
Other operating cost of sales	(304)	(218)	1	(76)	–
Chrome operation	–	–	–	–	–
Cost of sales	(12 491)	(2 708)	(1 620)	(976)	(2)
Gross profit/(loss)	2 097	1 451	(216)	314	(2)
Other operating (expenses)/income	134	(66)	6	(88)	(1 018)
Royalty expense	(326)	(303)	(44)	(90)	–
Profit/(loss) from operations	1 905	1 082	(254)	136	(1 020)
Other	56	(109)	(127)	(8)	–
Profit from metals purchased	218	–	–	–	–
Sale of metal purchased	14 522	–	–	–	–
Cost of metal purchased	(14 304)	–	–	–	–
Change in inventories	–	–	–	–	–
Share of profit of associates	–	–	–	–	–
Profit/(loss) before tax	2 179	973	(381)	128	(1 020)
Income tax expense	(472)	(424)	84	(78)	(5)
Profit/(loss) for the year	1 707	549	(297)	50	(1 025)
External revenue*	29 110	–	–	272	–

* *External revenue excludes intergroup sales.*

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Inter segment adjustment Rm	Total Rm
13 431	8 481	–	–	(3 697)	18 215
3 854	2 675	–	–	(1 404)	5 125
1 223	794	–	–	(251)	1 766
1 234	1 164	–	–	(276)	2 122
1 699	1 136	181	–	(570)	2 446
–	446	–	–	(88)	358
21 441	14 696	181	–	(6 286)	30 032
(12 566)	–	–	–	–	(12 566)
(2 903)	(297)	–	–	–	(3 200)
(542)	(399)	–	–	–	(941)
(88)	–	–	–	88	–
(2 418)	–	(6)	–	–	(2 424)
–	(12 749)	–	–	6 178	(6 571)
1 317	183	–	–	(7)	1 493
(597)	(37)	–	–	–	(634)
–	–	(137)	–	–	(137)
(17 797)	(13 299)	(143)	–	6 259	(24 980)
3 644	1 397	38	–	(27)	5 052
(1 032)	(1 118)	–	–	238	(1 912)
(763)	–	(1)	–	–	(764)
1 849	279	37	–	211	2 376
(188)	69	(1)	132	–	12
218	–	–	–	(218)	–
14 522	–	–	–	(14 522)	–
(14 304)	–	–	–	14 304	–
–	–	–	–	–	–
–	–	–	163	–	163
1 879	348	36	295	(7)	2 551
(895)	(525)	(11)	(44)	(1)	(1 476)
984	(177)	25	251	(8)	1 075
29 382	469	181	–	–	30 032

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information continued

Operating segments – June 2013 continued

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
Segment assets and liabilities					
Non-current segment assets	40 046	10 046	2 942	1 718	6 662
Property, plant and equipment	29 185	9 842	2 942	1 559	2 368
Exploration and evaluation assets	–	–	–	–	4 294
Investment in associates	–	–	–	–	–
Available-for-sale financial assets	19	–	–	30	–
Held-to-maturity financial assets	32	–	–	–	–
Loans	39	135	–	113	–
Prepayments	10 771	69	–	15	–
Deferred tax	–	–	–	1	–
Current segment assets	12 185	925	173	627	15
Inventories	4 604	582	28	228	–
Trade and other receivables	2 474	115	140	94	14
Loans	21	–	–	–	–
Prepayments	272	165	5	64	1
Cash and cash equivalents	4 814	63	–	241	–
Total assets	52 231	10 971	3 115	2 345	6 677
Non-current segment liabilities	9 160	2 762	1 479	577	1 460
Deferred tax liability	6 741	1 564	494	538	1 460
Borrowings	1 214	1 037	922	–	–
Liabilities	645	7	9	16	–
Provisions	560	154	54	23	–
Current segment liabilities	2 810	1 109	353	121	25
Trade and other payables	1 705	607	319	75	25
Current tax payable	2	417	–	–	–
Short-term borrowings	112	2	24	32	–
Bank overdraft	788	23	–	–	–
Short-term liabilities	203	60	10	14	–
Total liabilities	11 970	3 871	1 832	698	1 485
Segmental cash flow					
Net increase/(decrease) in cash and cash equivalents	(1 360)	254	(235)	211	(214)
Net cash from/(used in) operating activities	2 892	1 463	(100)	388	–
Net cash (used in)/from investing activities	(4 148)	(1 429)	(124)	(137)	(214)
Net cash (used in)/from financing activities	(104)	220	(11)	(40)	–
Capital expenditure	4 390	1 449	125	133	215

Total mining segment Rm	Impala Refining Services Rm	Chrome processing Rm	Other Rm	Total Rm
61 414	117	73	1 136	62 740
45 896	–	73	–	45 969
4 294	–	–	–	4 294
–	–	–	1 136	1 136
49	–	–	–	49
32	–	–	–	32
287	–	–	–	287
10 855	–	–	–	10 855
1	117	–	–	118
13 925	3 642	86	326	17 979
5 442	3 241	1	–	8 684
2 837	386	72	164	3 459
21	–	–	–	21
507	–	–	–	507
5 118	15	13	162	5 308
75 339	3 759	159	1 462	80 719
15 438	–	1	4 217	19 656
10 797	–	1	119	10 917
3 173	–	–	4 086	7 259
677	–	–	12	689
791	–	–	–	791
4 418	1 680	52	297	6 447
2 731	1 596	49	168	4 544
419	84	3	2	508
170	–	–	82	252
811	–	–	–	811
287	–	–	45	332
19 856	1 680	53	4 514	26 103
(1 344)	1 159	(45)	4 092	3 862
4 643	1 109	12	174	5 938
(6 052)	50	(57)	61	(5 998)
65	–	–	3 857	3 922
6 312	–	79	–	6 391

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information continued

Operating segments – June 2012

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
Segment profit					
Revenue from:					
Platinum	8 666	2 026	702	603	–
Palladium	1 461	674	298	196	–
Rhodium	1 093	145	122	43	–
Nickel	704	410	24	201	–
Other metal sales	1 085	410	51	158	–
Treatment income	–	–	–	–	–
Revenue	13 009	3 665	1 197	1 201	–
On-mine operations	(7 733)	(1 089)	(984)	(407)	–
Processing operations	(1 782)	(494)	(155)	(121)	–
Refining operations	(505)	–	–	–	–
Treatment charge	–	–	(3)	(67)	–
Depreciation	(1 141)	(329)	(158)	(79)	(1)
Metals purchased	–	–	–	–	–
Change in inventories	1 124	31	–	(9)	–
Other operating cost of sales	(83)	(195)	23	(69)	–
Cost of sales	(10 120)	(2 076)	(1 277)	(752)	(1)
Gross profit/(loss)	2 889	1 589	(80)	449	(1)
Other operating (expenses)/income	(33)	(114)	1	(44)	–
Royalty expense	(299)	(262)	(37)	(66)	–
Profit/(loss) from operations	2 557	1 213	(116)	339	(1)
Other	289	(52)	(121)	–	2
Profit from metals purchased	5	–	–	–	–
Sale of metal purchased	14 020	–	–	–	–
Cost of metal purchased	(14 011)	–	–	–	–
Change in inventories	(4)	–	–	–	–
Share of profit of associates	–	–	–	–	–
Profit/(loss) before tax	2 851	1 161	(237)	339	1
Income tax expense	(924)	(282)	48	(137)	(10)
Profit/(loss) for the year	1 927	879	(189)	202	(9)
External revenue*	27 029	–	–	267	–

** External revenue excludes intergroup sales.*

Total mining segment Rm	Impala Refining Services Rm	Other Rm	Inter segment adjustment Rm	Total Rm
11 997	7 982	–	(3 017)	16 962
2 629	2 464	–	(1 103)	3 990
1 403	1 113	–	(280)	2 236
1 339	1 236	–	(488)	2 087
1 704	1 023	–	(590)	2 137
–	251	–	(70)	181
19 072	14 069	–	(5 548)	27 593
(10 213)	–	–	–	(10 213)
(2 552)	(225)	–	–	(2 777)
(505)	(378)	–	–	(883)
(70)	–	–	70	–
(1 708)	–	–	–	(1 708)
–	(12 342)	–	5 487	(6 855)
1 146	248	–	66	1 460
(324)	(37)	–	–	(361)
(14 226)	(12 734)	–	5 623	(21 337)
4 846	1 335	–	75	6 256
(190)	299	–	–	109
(664)	–	–	–	(664)
3 992	1 634	–	75	5 701
118	321	(7)	–	432
5	–	–	(5)	–
14 020	–	–	(14 020)	–
(14 011)	–	–	14 011	–
(4)	–	–	4	–
–	–	117	–	117
4 115	1 955	110	70	6 250
(1 305)	(624)	(9)	(13)	(1 951)
2 810	1 331	101	57	4 299
27 296	297	–	–	27 593

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information continued

Operating segments – June 2012 continued

	Mining segment				
	Impala Rm	Zimplats Rm	Marula Rm	Mimosa Rm	Afplats Rm
Segment assets and liabilities					
Non-current segment assets	37 586	7 487	3 025	1 472	7 467
Property, plant and equipment	26 503	7 195	3 025	1 291	2 155
Exploration and evaluation assets	–	–	–	–	4 294
Intangible assets	–	–	–	–	1 018
Investment in associates	–	–	–	–	–
Available-for-sale financial assets	17	–	–	15	–
Held-to-maturity financial assets	49	–	–	–	–
Loans	39	167	–	140	–
Prepayments	10 978	125	–	26	–
Current segment assets	7 563	907	243	507	47
Inventories	3 291	468	30	248	–
Trade and other receivables	3 210	92	209	106	45
Loans	16	–	–	1	–
Prepayments	267	251	4	49	–
Cash and cash equivalents	779	96	–	103	2
Total assets	45 149	8 394	3 268	1 979	7 514
Non-current segment liabilities	8 941	1 843	1 563	397	1 460
Deferred tax liability	6 309	1 053	578	371	1 460
Borrowings	1 324	638	920	–	–
Liabilities	751	35	8	–	–
Provisions	557	117	57	26	–
Current segment liabilities	2 919	717	361	133	49
Trade and other payables	2 075	540	319	66	49
Current tax payable	2	119	–	4	–
Borrowings	11	16	31	63	–
Bank overdraft	606	–	–	–	–
Liabilities	225	42	11	–	–
Total liabilities	11 860	2 560	1 924	530	1 509
Segmental cash flow					
Net increase/(decrease) in cash and cash equivalents	(2 296)	(333)	(144)	(45)	(352)
Net cash from/(used in) operating activities	1 948	1 771	(3)	178	(88)
Net cash (used in)/from investing activities	(4 135)	(2 299)	(136)	(283)	(264)
Net cash (used in)/from financing activities	(109)	195	(5)	60	–
Capital expenditure	5 269	2 137	223	248	265

Total mining segment Rm	Impala Refining Services Rm	Other Rm	Total Rm
57 037	881	1 021	58 939
40 169	–	–	40 169
4 294	–	–	4 294
1 018	–	–	1 018
–	–	1 021	1 021
32	–	–	32
49	–	–	49
346	881	–	1 227
11 129	–	–	11 129
9 267	4 091	330	13 688
4 037	3 044	–	7 081
3 662	526	117	4 305
17	521	–	538
571	–	–	571
980	–	213	1 193
66 304	4 972	1 351	72 627
14 204	(147)	19	14 076
9 771	(147)	1	9 625
2 882	–	–	2 882
794	–	18	812
757	–	–	757
4 179	1 723	174	6 076
3 049	1 680	129	4 858
125	43	8	176
121	–	–	121
606	–	–	606
278	–	37	315
18 383	1 576	193	20 152
(3 170)	1 559	(2 433)	(4 044)
3 806	1 236	(64)	4 978
(7 117)	323	36	(6 758)
141	–	(2 405)	(2 264)
8 142	–	–	8 142

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information continued

Notes to operating segment analysis

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

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

Operating segments have consistently applied the consolidated basis of accounting and there are no differences in measurement applied.

Capital expenditure comprises additions to property, plant and equipment (note 5), including additions resulting from acquisitions through business combinations.

Sales to the two largest customers in the Impala mining segment comprised 13% each (2012: 10% and 12%) of total sales.

Revenue

Metals mined

Reflects the mine-to-market sales primarily from the Impala mining operations.

Metals purchased

Revenue from metals purchased is recognised within two separate legal entities:

- For Impala this incorporates sales of metals purchased principally from Impala Refining Services.
- For Impala Refining Services this includes sales from purchases of metals from third party refining customers. The majority of sales are to Impala.

Treatment income

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

Inter-company

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

Segment operating expenses

Gross cost

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

Inter-segment adjustments

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

Inter-segment transfers

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

	2013 Rm	2012 Rm
4. Segment information continued		
Analysis of revenue by destination		
Main products		
Asia	**10 788**	9 548
North America	**4 713**	4 447
Europe	**6 146**	5 765
South Africa	**3 456**	3 428
	25 103	23 188
By products		
South Africa	**2 800**	2 506
Asia	**1 175**	1 120
Europe	**372**	365
North America	**222**	233
	4 569	4 224
Treatment income		
South Africa	**291**	117
North America	**69**	64
	360	181
	30 032	27 593
Analysis of revenue by category		
Sales of goods		
Precious metals		
Platinum	**18 215**	16 962
Palladium	**5 125**	3 990
Rhodium	**1 766**	2 236
Ruthenium	**169**	227
Iridium	**438**	467
Gold	**970**	813
Silver	**21**	25
	26 704	24 720
Base metals		
Nickel	**2 122**	2 087
Copper	**488**	400
Cobalt	**28**	34
Chrome	**330**	171
	2 968	2 692
Revenue from services		
Toll refining	**360**	181
	30 032	27 593

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

4. Segment information continued

	Revenue		Capital expenditure		Non-current assets	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Other segment information						
South Africa	**24 581**	22 727	**4 730**	5 756	**49 840**	48 959
Zimbabwe	**5 451**	4 866	**1 582**	2 386	**11 764**	8 959
Investment in associates	**–**	–	**–**	–	**1 136**	1 021
	30 032	27 593	**6 312**	8 142	**62 740**	58 939

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

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

5. Property, plant and equipment

	Shafts, mining development and infra-structure Rm	Metal-lurgical and refining plants Rm	Land and buildings Rm	Assets under construc-tion Rm	Other assets Rm	Total Rm
Cost						
Balance at 30 June 2012	**22 607**	**10 709**	**3 961**	**11 789**	**2 684**	**51 750**
Additions	**2 672**	**1 453**	**125**	**1 715**	**283**	**6 248**
Additions through business combination	**–**	**79**	**–**	**–**	**–**	**79**
Interest capitalised (note 28)	**–**	**–**	**–**	**64**	**–**	**64**
Transfer from assets under construction	**33**	**120**	**102**	**(275)**	**20**	**–**
Disposals	**(24)**	**(12)**	**(18)**	**–**	**(60)**	**(114)**
Exchange adjustment	**527**	**809**	**259**	**483**	**286**	**2 364**
Balance at 30 June 2013	**25 815**	**13 158**	**4 429**	**13 776**	**3 213**	**60 391**
Balance at 30 June 2011	19 614	9 445	3 260	8 360	2 074	42 753
Additions	2 632	491	1 031	3 491	459	8 104
Interest capitalised (note 28)	–	–	–	38	–	38
Transfer from assets under construction	2	276	66	(364)	20	–
Disposals	–	–	(573)	–	(45)	(618)
Exchange adjustment	359	497	177	264	176	1 473
Balance at 30 June 2012	22 607	10 709	3 961	11 789	2 684	51 750

5. **Property, plant and equipment** continued

	Shafts, mining development 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						
Balance at 30 June 2012	**6 496**	**3 055**	**223**	**–**	**1 807**	**11 581**
Charge for the year (note 24)	**1 250**	**644**	**124**	**–**	**406**	**2 424**
Disposals	**(11)**	**(10)**		**–**	**(45)**	**(66)**
Exchange adjustment	**132**	**148**	**32**	**–**	**171**	**483**
Balance at 30 June 2013	**7 867**	**3 837**	**379**	**–**	**2 339**	**14 422**
Balance at 30 June 2011	5 651	2 421	118	–	1 426	9 616
Charge for the year (note 24)	761	541	89	–	317	1 708
Disposals	–	–	–	–	(39)	(39)
Exchange adjustment	84	93	16	–	103	296
Balance at 30 June 2012	6 496	3 055	223	–	1 807	11 581
Carrying value at 30 June 2013	**17 948**	**9 321**	**4 050**	**13 776**	**874**	**45 969**
Carrying value at 30 June 2012	16 111	7 654	3 738	11 789	877	40 169

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
5. Property, plant and equipment continued		
Assets under construction consist mainly of (carrying value):		
Impala (16, 17 and 20 shafts)	**8 757**	7 122
Afplats (Leeuwkop)	**2 364**	2 154
Zimplats (Ngezi phase 1 and underground mine project)	**2 487**	2 255
Other assets consist mainly of (carrying value):		
Mobile equipment	**703**	731
Information technology	**121**	124
Other	**50**	22
	874	877
Commitments in respect of property, plant and equipment:		
Commitments contracted for	**2 793**	4 279
Approved expenditure not yet contracted	**17 307**	18 997
	20 100	23 276
Less than one year	**5 261**	6 812
Between one and five years	**14 839**	14 387
More than five years	**–**	2 077
	20 100	23 276

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

Included in property, plant and equipment are assets with a carrying amount of R1 225 million (2012: R1 303 million) arising from finance leases capitalised. (Refer note 18 (vii)).

	2013 Rm	2012 Rm
6. Exploration and evaluation assets		
Cost	**4 318**	4 318
Accumulated impairment	**(24)**	(24)
Carrying value	**4 294**	4 294
7. Intangible assets		
Goodwill at cost less impairment		
Beginning of the year	**1 018**	1 018
Impaired during the year	**(1 018)**	–
End of the year	**–**	1 018

The goodwill originated from the deferred taxation provided on the excess of the fair value of the assets over the carrying amount of Afplats, Imbasa and Inkosi.

	2013 Rm	2012 Rm
A summary of the goodwill allocation is as follows:		
Leeuwkop project	**–**	179
Evaluation and exploration projects	**–**	839
	–	1 018

During the current financial year goodwill was impaired (note 3).

	2013 Rm	2012 Rm
8. Investment in associates		
Summary – Balances		
Two Rivers	**1 072**	958
Makgomo Chrome	**64**	63
Friedshelf 1226 & 1169	**–**	–
Total investment in associates	**1 136**	1 021
Summary – Movement		
Beginning of the year	**1 021**	904
Amount invested	**–**	5
Share of profit	**170**	143
Interest accrued	**2**	4
Payments received	**(51)**	(26)
Dividends received	**(6)**	(9)
End of the year	**1 136**	1 021
(i) Two Rivers		
Investment		
Beginning of the year	**909**	776
Share of profit	**163**	133
End of the year	**1 072**	909
Loan		
Beginning of the year	**49**	71
Interest accrued (notes 27 and 35)	**2**	4
Payments received	**(51)**	(26)
End of the year	**–**	49
Total	**1 072**	958

Shares beneficially owned in the company involved in the business of mining and producing PGM concentrate.

The variable rate shareholder's loan is unsecured and bore interest at 6.0% (2012: 6.5%) per annum and was repaid during the year (note 35).

Implats provided a guarantee to Nedbank Limited for its share of the borrowings by Two Rivers. At 30 June 2013, the exposure under the guarantee to Nedbank Limited amounted to R nil million (2012: R41 million) (notes 34 and 35).

	2013	2012
Shareholding		
Number of ordinary shares	**270**	270
Effective holding (%)	**45**	45

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
8. Investment in associates continued		
Summarised financial information as at 30 June and for the year then ended:		
Capital and reserves	**2 382**	2 021
Non-current liabilities	**853**	1 111
Current liabilities	**752**	544
	3 987	3 676
Non-current assets	**2 751**	2 711
Current assets	**1 236**	965
	3 987	3 676
Revenue	**2 867**	2 336
Profit for the year	**361**	296

The results of Two Rivers are based on audited financial statements.

There were no unrecognised losses in the associate for which the Group had not accounted.

Unrealised profit on sales from Two Rivers to IRS was eliminated in the share of profit recognised above.

(ii) Makgomo Chrome

	2013 Rm	2012 Rm
Investment		
Beginning of the year	**63**	57
Amount invested	**–**	5
Share of profit	**7**	10
Dividend received	**(6)**	(9)
End of the year	**64**	63

Shares beneficially owned in a company involved in the business of extracting and selling of chrome.

	2013	2012
Shareholding		
Ordinary shares	**500**	500
Effective holding (%)	**50**	50
Summarised financial information as at 30 June and for the year then ended:		
Capital and reserves	**68**	66
Non-current liabilities	**8**	7
Current liabilities	**3**	2
	79	75
Non-current assets	**46**	49
Current assets	**33**	26
	79	75
Revenue	**35**	34
Profit for the year	**14**	20

The results of Makgomo Chrome are based on audited financial statements.

There were no unrecognised losses in the associate for which the Group had not accounted.

This investment is a venture between Implats, Marula and Marula Community to beneficiate chrome from Marula tailings.

	2013 Rm	2012 Rm
8. Investment in associates continued		
(iii) Friedshelf 1126 & 1169		
Investment		
Amount invested	**–**	–
End of the year	**–**	–
Shares beneficially owned in the property company involved in leasing residential property.		
Shareholding		
Number of ordinary shares	**25**	25
Effective holding (%)	**25**	25
Summarised financial information as at 30 June and for the year then ended		
Capital and reserves	**(58)**	(36)
Non-current liabilities	**1 175**	938
Current liabilities	**102**	599
	1 219	1 501
Non-current assets	**1 102**	894
Current assets	**117**	607
	1 219	1 501
Revenue	**96**	33
Loss for the year	**22**	36

The results of the associate are based on reviewed financial statements.

The Group's share of losses in the associate during the year were R6 million (2012: R8 million) which were not accounted for during the year.

Impala has provided a guarantee on behalf of Friedshelf to Rand Merchant Bank for future minimum lease payments due by Marula. At 30 June 2013, the exposure under the guarantee amounted to R152 million (2012: R152 million) (notes 34 and 35).

	2013 Rm	2012 Rm
9. Deferred tax		
The analysis of the net deferred tax asset by subsidiaries is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	**(116)**	–
Deferred tax assets to be recovered after 12 months	**(2)**	–
	(118)	–

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
9. Deferred tax continued		
The analysis of the net deferred tax liability by subsidiaries is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	**(206)**	(289)
Deferred tax assets to be recovered after 12 months	**(565)**	(556)
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	**617**	627
Deferred tax liabilities to be settled after 12 months	**11 071**	9 843
	10 917	9 625
Net-deferred tax	**10 799**	9 625

There are unrecognised temporary differences of R2 086 million in the Group relating to unredeemed capex of R284 million (2012: R409 million) and capital losses of R1 802 million (2012: R nil).

Provisions are not recognised for the income tax effect that may arise on the remittance of currently unremitted earnings by subsidiaries, associates and incorporated joint ventures. Unremitted earnings at the end of the year that would be subject to dividend withholding tax amounted to R9 293 million (2012: R7 206 million). The tax effect, if remitted, is R1 394 million (2012: R1 080 million).

Deferred income taxes are calculated at the prevailing tax rates of the different fiscal authorities where the asset or liability originates.

The aggregate amount for deferred tax liabilities relating to subsidiaries, associates and interest in a joint venture is R10 680 million (2012: R9 620 million).

	2013 Rm	2012 Rm
The movement on the deferred income tax account is as follows:		
Beginning of the year	**9 625**	8 337
Income tax expense (note 30)	**540**	848
Prior year adjustment (note 30)	**(209)**	(104)
Unrealised profit in inventories purchased from an associate	**(2)**	(10)
Other comprehensive income	**507**	378
Recognised directly into equity	**91**	–
Exchange adjustment	**247**	176
End of the year	**10 799**	9 625
Deferred tax assets and liabilities are attributable to the following items:		
Deferred tax assets (year-end balances)		
Movements year on year recognised in profit or loss:		
Rehabilitation and post-retirement medical provisions	**(96)**	(80)
Lease liabilities	**(89)**	(64)
Share-based compensation	**(54)**	(67)
Leave pay	**(188)**	(158)
Unrealised profit in metal inventories	**(94)**	(98)
Assessed losses	**(55)**	(122)
Fair value of assets and liabilities	**(234)**	(215)
Other	**(68)**	(41)
	(878)	(845)

		2013 Rm	2012 Rm
9.	**Deferred tax** continued		
	Deferred tax liabilities (year-end balances)		
	Movements year on year recognised in profit or loss:		
	Property, plant and equipment	**8 678**	8 032
	Revaluation of mining assets acquired	**1 727**	1 736
	Royalty prepayment	**352**	295
	Fair value of assets and liabilities	**29**	–
	Other	**34**	150
	Movements year on year recognised in other comprehensive income:		
	Translation differences of foreign subsidiaries	**766**	257
	Movements year on year recognised in equity:		
	Initial recognition of the equity component of ZAR convertible bonds	**91**	–
		11 677	10 470
	Net deferred tax balance	**10 799**	9 625
10.	**Available-for-sale financial assets**		
	Investment in listed shares		
	Beginning of the year	**32**	15
	Amount invested	**–**	15
	Fair value adjustment	**12**	(3)
	Exchange adjustment	**5**	5
	End of the year	**49**	32
	The Group holds various shares listed on the Zimbabwean and Johannesburg stock exchanges. The fair value of these shares as at the close of business is the stock exchange quoted prices at closing exchange rate.		
	US$ denominated available-for-sale financial assets (US$ million)	**3**	2
	Refer note 38 for fair value hierarchy disclosure.		
11.	**Held-to-maturity financial assets**		
	Investment in interest-bearing instruments		
	Beginning of the year	**49**	61
	Matured	**(21)**	(15)
	Interest accrued (notes 20 and 27)	**4**	3
	End of the year	**32**	49

The investment is held through the Impala Pollution, Rehabilitation and Closure Trust Fund. The fund is an irrevocable trust under the Group's control.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
12. Loans		
Summary		
Employee housing	**44**	39
Advances	**–**	1 402
Reserve Bank of Zimbabwe (RBZ)	**248**	308
Contractors	**16**	16
	308	1 765
Short-term portion	**(21)**	(538)
Long-term portion	**287**	1 227
Summary – Movement		
Beginning of the year	**1 765**	2 469
Loans granted during the year	**7**	123
Interest accrued (note 27)	**37**	76
Impairment (note 33)	**(1 149)**	(378)
Repayment received	**(364)**	(963)
Exchange adjustment	**12**	438
End of the year	**308**	1 765
(i) Shanduka Resources		
Beginning of the year	**–**	176
Interest accrued	**–**	3
Repayment received	**–**	(179)
End of the year	**–**	–

The loan was repaid in September 2011. The loan bore interest at JIBAR plus 200 basis points in 2012. The capital portion of the loan was secured by a guarantee from Lonmin Plc.

During 2012 the effective fair value interest rate for the loans was 9.8%.

	2013 Rm	2012 Rm
(ii) Employee housing		
Beginning of the year	**39**	31
Loans granted	**4**	7
Interest accrued	**6**	5
Repayment received	**(5)**	(4)
End of the year	**44**	39
Short-term portion	**(5)**	(1)
Long-term portion	**39**	38

These loans relate to the home ownership scheme whereby non-interest-bearing loans are provided to qualifying employees of Impala and Marula. These loans are interest free and repayable over 20 years from grant date. The average remaining repayment period is between 18 and 19 years. The effective interest rate is 9% (2012: 9.8%). These loans are secured by a second bond over residential properties.

	2013 Rm	2012 Rm
12. Loans continued		
(iii) Advances		
Beginning of the year	**1 402**	1 923
Loans granted	**–**	80
Interest accrued	**29**	68
Repayments received	**(339)**	(775)
Impairment	**(1 053)**	(266)
Exchange adjustment	**(39)**	372
End of the year	**–**	1 402
Short-term portion	**–**	(521)
Long-term portion	**–**	881

After renegotiating the repayment terms on various loans due by a toll refining customer during the previous financial year, deliveries from the customer ceased and, in addition, the customer has been in default since October 2012 on the scheduled repayments as well as refining fees due. The toll refining contract that expired at the end of the financial year was not renewed.

The Group lodged a legal claim in Pennsylvania for the full amount due. Given the uncertainty surrounding the financial strength of the customer and given the factors listed above, it was deemed appropriate to impair the full carrying value of the loans.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
12. Loans continued		
(iv) Reserve Bank of Zimbabwe (RBZ)		
Beginning of the year	**308**	339
Impairment	**(111)**	(97)
Exchange adjustment	**51**	66
End of the year	**248**	308

The loan to the RBZ emanates from the dollarisation of the Zimbabwean economy which resulted in the stay of the agreed repayment of the loan in Zimbabwean dollars. The RBZ has acknowledged the amount due and recommended to the government of Zimbabwe to assume the debt. No fixed terms of repayment or interest payable has been set by the government of Zimbabwe. Given the circumstances, provision has been made for the long-term real value of the outstanding amount.

	2013 Rm	2012 Rm
(v) Contractors		
Beginning of the year	**16**	–
Loans granted	**3**	36
Interest accrued	**2**	–
Reversal of impairment/(impairment)	**15**	(15)
Repayment received	**(20)**	(5)
End of the year	**16**	16
Short-term portion	**(16)**	(16)
Long-term portion	**–**	–

These loans are repayable within the next 12 months and bear interest at 7% (2012: 7%) per annum. None of the loans are past due and the provision for impairment raised in the previous year was reversed as it is expected that the loans will be recovered in full.

	2013 Rm	2012 Rm
13. Prepayments		
Summary – Balances		
Royalties	**10 969**	11 168
Zesa Holdings – Electricity prepayment	**184**	268
Operating expenditure	**209**	264
End of the year	**11 362**	11 700
Short-term portion	**(507)**	(571)
Long-term portion	**10 855**	11 129
Summary – Movement		
Beginning of the year	**11 700**	11 705
Prepayments made	**–**	229
Interest accrued	**12**	–
Prepayment refunded	**(12)**	(11)
Recoverable expenditure on infrastructure	**1**	(18)
Expensed	**(380)**	(231)
Exchange adjustment	**41**	26
End of the year	**11 362**	11 700

	2013 Rm	2012 Rm
13. Prepayments continued		
(i) Royalties		
Beginning of the year	**11 168**	11 358
Expensed (notes 26 and 33)	**(199)**	(190)
End of the year	**10 969**	11 168
Short-term portion	**(198)**	(190)
Long-term portion	**10 771**	10 978

In March 2007, the Group finalised a deal with the Royal Bafokeng Nation (RBN). In terms of this transaction Impala agreed to pay the RBN all future royalties due to them, thus effectively discharging any further obligation to pay royalties. In turn the RBN purchased shares through Royal Bafokeng Impala Investment Company and Royal Bafokeng Tholo Investment Holding Company, giving them a 13.2% holding in the Company.

	2013 Rm	2012 Rm
(ii) Zesa Holdings – Electricity prepayment		
Beginning of the year	**268**	78
Prepayment made	**–**	233
Interest accrued	**12**	–
Prepayment refunded	**(12)**	(15)
Recoverable expenditure on infrastructure	**–**	(18)
Expensed	**(126)**	(36)
Exchange adjustment	**42**	26
End of the year	**184**	268
Short-term portion	**(100)**	(117)
Long-term portion	**84**	151

The prepayment relates to an advance to Zesa, which will be redeemed in power units over a three-year period terminating in May 2015 and the unrecovered portion of funds used to construct the Selous 330KV substation for the national power utility (Zesa).

	2013 Rm	2012 Rm
14. Inventories		
Refined metal	**3 477**	3 048
Main products – at cost	**1 548**	2 292
Main products – at net realisable value	**1 680**	580
By-products – at cost	**13**	
By-products – at net realisable value	**236**	176
In-process metal	**4 383**	3 270
At cost	**1 406**	3 034
At net realisable value	**2 977**	236
Metal inventories	**7 860**	6 318
Stores and materials inventories	**824**	763
	8 684	7 081

Refined main products at a cost of R2 012 million (2012: R796 million) were carried at net realisable value of R1 680 million (2012: R580 million). In-process metal of main products at a cost of R3 423 million (2012: R334 million) were carried at net realisable value amounting to R2 977 million (2012: R236 million).

Included in refined metal is metal on lease to third parties of 36 000 ounces ruthenium (2012: 80 700 ounces platinum, 99 850 ounces palladium, 18 175 ounces rhodium and 35 000 ounces ruthenium.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

		2013 Rm	2012 Rm
15.	**Trade and other receivables**		
	Trade receivables	**972**	1 512
	Advances	**523**	465
	Other receivables	**311**	269
	Sale and leaseback of properties	**133**	794
	Employee receivables	**230**	220
	Derivative financial instrument – Cross Currency Interest Rate Swap	**90**	–
	Derivative financial instruments – Metal contracts (note 21)*	**–**	24
	South African Revenue Service (value added taxation)	**755**	678
	Current tax receivable (notes 22 and 33)**	**445**	343
		3 459	4 305
	Advances to customers are secured by toll refining in-process metal held as collateral against these advances. The value of this metal is higher than the advances.		
	The uncovered foreign currency denominated balances, included above, were as follows:		
	Trade and other receivables (US$ million)	**94**	242
	The credit exposures of trade receivables and advances by country are as follows:		
	North America	**50**	251
	South Africa	**839**	646
	Asia	**117**	290
	Europe	**235**	533
	Zimbabwe	**254**	257
		1 495	1 977
	Further to the impairment of outstanding loans to a toll-refining customer (note 12(iii)), the current receivable of R148 million (2012: R nil) comprising toll income and fees was impaired as well		

** At 30 June 2013, the Group had no forward purchase and sale contracts of metal (2012: 11 861 ounces platinum, 4 107 ounces palladium and 156 ounces of rhodium.) These contracts were entered into back to back for a period of five months to hedge commodity price movements.*
*** Included in the movement for the year are payments of R102 million (2012: R146 million).*

		2013 Rm	2012 Rm
16.	**Cash and cash equivalents**		
	Short-term bank deposits	**5 196**	483
	Cash at bank	**112**	710
		5 308	1 193
	Bank overdraft	**(811)**	(606)
		4 497	587
	The weighted average effective interest rate on short-term bank deposits was 4.8% (2012: 5.9%) and these deposits have a maximum maturity of 60 days (2012: 60 days).		
	The net exposure to foreign currency denominated balances as at 30 June was as follows:		
	Bank balances (US$ million)	**103**	122

		2013 Rm	2012 Rm
16.	**Cash and cash equivalents** continued		
	The exposures by country are as follows:		
	South Africa	**4 193**	487
	Europe	**46**	91
	Zimbabwe	**63**	5
	Mauritius	**195**	–
	Asia	**–**	4
		4 497	587
	The following cash and cash equivalents are restricted for use by the Group by virtue of their nature and not timing:		
	Absa deposit account for guarantees	**1**	1
	Insurance cell captive	**143**	153
	Impala Pollution, Rehabilitation and Closure Trust Fund	**138**	112
	Morokotso Trust	**14**	15
		296	281
	The carrying amount of the cash and cash equivalents approximates its fair value.		

17. Share capital

Share capital and share premium

The authorised share capital of the holding Company is R21 million (2012: R21 million) consisting of 844 008 000 (2012: 844 008 000) ordinary shares with a par value of 2.5 cents each.

During the year, 188 211 (2012: 126 226) treasury shares held by the ISIS were sold, resulting in R12 million (2012: R8 million) being recognised within the statement of changes of equity as share premium. 207 449 (2012: 175 795) treasury shares to the value of R13 million (2012: R11 million) remain in the ISIS trust, and are expected to be sold before October 2014, when the share options lapse in terms of the rules of the scheme.

Refer note 31 and Consolidated statement of changes in equity for additional information.

		2013 Rm	2012 Rm
18.	**Borrowings**		
	Summary – Balances		
	Standard Bank Limited – BEE Partners Marula	**876**	882
	Standard Bank Limited – Zimplats Loan 2	**1 037**	637
	Stanbic	**33**	63
	Convertible bonds – ZAR	**2 365**	–
	Convertible bonds – US$	**1 803**	–
	Finance leases	**1 397**	1 421
		7 511	3 003
	Short-term portion	**(252)**	(121)
	Long-term portion	**7 259**	2 882

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
18. Borrowings continued		
Summary – Movement		
Beginning of the year	**3 003**	1 842
Proceeds	**4 146**	464
Leases capitalised (note 5)	**(20)**	769
Interest accrued (note 28)	**344**	210
Repayments	**(314)**	(372)
Exchange adjustments	**352**	90
End of the year	**7 511**	3 003
The effective interest rates for all borrowings for the year were as follows:		
Bank loans ZAR	**8**	7
Bank loans US$	**5**	7
(i) Standard Bank Limited – BEE Partners Marula		
Beginning of the year	**882**	885
Interest accrued	**58**	60
Repayments	**(64)**	(63)
End of the year	**876**	882
Short-term portion	**(18)**	(31)
Long-term portion	**858**	851

▷ Loans were obtained by BEE partners for purchasing 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 carry interest at the Johannesburg Interbank Acceptance Rate (JIBAR) plus 130 (2012: 130) basis points. Revolving credit facilities amounting to R108 million (2012: R114 million) are included and carry interest at JIBAR plus 145 (2012: 145) basis points. The loans are payable in 2020.

	2013 Rm	2012 Rm
(ii) Standard Bank Limited – Zimplats Loan 1		
Beginning of the year	**–**	102
Interest accrued	**–**	4
Repayments	**–**	(121)
Exchange adjustments	**–**	15
End of the year	**–**	–

▷ US$ denominated loan bore interest at London Interbank Offering Rate (LIBOR) plus 700 basis points in 2012. The loan was secured by cessions over cash, debtors and revenue of Zimplats Pvt. The loan was repaid by December 2012.

	2013 Rm	2012 Rm
(iii) Standard Bank Limited – Zimplats Loan 2		
Beginning of the year	**637**	244
Proceeds	**238**	403
Interest accrued	**57**	38
Repayments	**(57)**	(116)
Exchange adjustments	**162**	68
End of the year	**1 037**	637
Short-term portion	**–**	–
Long-term portion	**1 037**	637

▷ US$ denominated revolving credit facility of R1 037 million (US$105 million) bears interest at LIBOR plus 700 basis points (2012: 700 basis points). The loan repayments commence in January 2015 with final maturity in December 2017. At the end of the period the US$ balance amounted to US$105 million (2012: US$78 million).

	2013 Rm	2012 Rm
18. Borrowings continued		
(iv) Stanbic		
Beginning of the year	**63**	–
Proceeds	**–**	61
Repayments	**(41)**	(1)
Exchange adjustments	**11**	3
End of the year	**33**	63
Short-term portion	**33**	63
Long-term portion	**–**	–

▷ US$ denominated loan bears interest at 5% (2012: 5%). At the end of the period the US$ balance amounted to $3.3 million (2012: US$7.9 million), has no fixed repayment terms and is renewable within the next 12 months.

	2013 Rm	2012 Rm
(v) Convertible bonds – ZAR		
Beginning of the year	**–**	–
Proceeds	**2 300**	–
Interest accrued	**65**	–
End of the year	**2 365**	–
Short-term portion	**(65)**	–
Long-term portion	**2 300**	–

▷ The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion is R319 million (before tax). Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 8.5% (2012: nil).

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
18. Borrowings continued		
(vi) Convertible bonds – US$		
Beginning of the year	**–**	–
Proceeds	**1 608**	–
Interest accrued	**17**	–
Exchange adjustments	**178**	–
End of the year	**1 803**	–
Short-term portion	**(17)**	–
Long-term portion	**1 786**	–

▷ The US$ denominated bonds have a par value of US$200 million and carry a coupon of 1% (US$2 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of US$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 3.1% (2012: nil).

	2013 Rm	2012 Rm
(vii) Finance leases		
Beginning of the year	**1 421**	611
Leases capitalised (note 5)	**(20)**	769
Interest accrued	**147**	108
Repayments	**(152)**	(71)
Exchange adjustments	**1**	4
End of the year	**1 397**	1 421
Short-term portion	**(119)**	(27)
Long-term portion	**1 278**	1 394
US$ denominated leases (US$ million)	**–**	2

	2013			2012		
	Minimum lease payments Rm	**Interest Rm**	**Principal Rm**	Minimum lease payments Rm	Interest Rm	Principal Rm
Lease liabilities						
Less than one year	**157**	**145**	**12**	173	148	27
Between one and five years	**648**	**568**	**80**	641	583	58
More than five years	**2 038**	**733**	**1 305**	2 213	876	1 336
	2 843	**1 446**	**1 397**	3 027	1 607	1 421

The interest rates applicable are 10.0% (2012: 10.5%) for Zimbabwean US$ denominated leases and 10.5% (2012: 10.0%) for ZAR denominated leases.

	2013 Rm	2012 Rm
19. Liabilities		
Summary		
Post-employment medical benefits	**62**	58
Share appreciation rights liability	**254**	405
Future commitments	**200**	177
Deferred profit on sale and leaseback of houses	**401**	428
Employee retention scheme	**104**	59
	1 021	1 127
Short-term portion	**(332)**	(315)
Long-term portion	**689**	812
Summary – Movement		
Beginning of the year	**1 127**	1 319
Expense	**(47)**	(276)
Actuarial loss	**6**	4
Vesting of ESOP	**–**	(83)
Profit on sale of houses	**3**	200
Interest accrued (note 28)	**27**	20
Payments made	**(112)**	(68)
Exchange adjustments	**17**	11
End of the year	**1 021**	1 127
(i) Post-employment medical benefits		
Beginning of the year	**58**	52
Employee benefit expense (note 23)	**3**	2
Finance cost	**4**	4
Actuarial loss	**6**	4
Benefits paid	**(9)**	(4)
End of the year	**62**	58
Short-term portion	**(3)**	–
Long-term portion	**59**	58

The Company provides post-retirement medical scheme subsidies to qualifying employees and retirees. Post-employment medical benefits are an unfunded liability. A 1% increase in the medical inflation rate results in a R6.1 million (2012: R6.0 million) increase in the provision and a decrease of 1% results in a decrease in the provision of R5.2 million (2012: R5.1 million). Subsidies of R3.3 million (2012: R4.9 million) is expected to be paid in the next financial year.

Active employees have an average age of 51 (2012: 50) years and an average remaining service period of 13 (2012: 12) years. Retirees have an average age of 72 (2012: 72) years.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
19. Liabilities continued		
(ii) Share appreciation rights liability		
Beginning of the year	**405**	882
Share-based compensation income (note 23)	**(140)**	(373)
Vesting of ESOP	**–**	(83)
Paid to employees	**(16)**	(29)
Exchange adjustment	**5**	8
End of the year	**254**	405
Short-term portion	**(154)**	(196)
Long-term portion	**100**	209

The total intrinsic value was R nil (2012: R63 million) as determined by the year-end share price of R93 (2012: R135).

The input parameters were the same as for the calculation of the share option scheme (note 3).

Refer note 39 for share-based compensation disclosure.

The cash-settled share appreciation rights include the Employee Share Option Participation Scheme (ESOP) and the Share Appreciation Rights Scheme (SARS).

	2013 Rm	2012 Rm
(iii) Provision for future commitments		
Beginning of the year	**177**	132
Community development expense (note 29)	**38**	63
Interest accrued	**14**	14
Payments for the year	**(41)**	(35)
Exchange adjustment	**12**	3
End of the year	**200**	177
Short-term portion	**(107)**	(69)
Long-term portion	**93**	108

Future commitments consist of:

- ▷ Fees payable to the Bakwena Bamagopa as a result of an agreement with the acquisition of Afplats Plc amounts to R57 million (2012: R55 million)
- ▷ Future payments to the Impala Bafokeng local economic development trust as a result of the Impala-Bafokeng empowerment transaction amounts to R75 million (2012: R77 million)
- ▷ Future payments to the Zimbabwean local economic development trusts as a result of the indigenisation commitments in Zimbabwe amount to R68 million (2012: R45 million).

		2013 Rm	2012 Rm
19.	**Liabilities** continued		
	(iv) Deferred profit on sale and leaseback of houses		
	Beginning of the year	**428**	253
	Profit on sale of houses	**3**	200
	Amortised to profit or loss	**(30)**	(25)
	End of the year	**401**	428
	Short-term portion	**(33)**	(30)
	Long-term portion	**368**	398
	The profit on the sale of the asset, which is the subject of a sale and leaseback arrangement, will be amortised over the life of the lease which is 14 years (2012: 15 years) (note 35).		
	(v) Employee retention scheme		
	Beginning of the year	**59**	–
	Expenses	**82**	57
	Interest accrued	**9**	2
	Payments for the year	**(46)**	–
	End of the year	**104**	59
	Short-term portion	**(35)**	(20)
	Long-term portion	**69**	39

The scheme is a retention bonus scheme based on salary and deferred payment as a result of continued employment.

(vi) Pension and provident plans

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

At the end of the financial year the following funds were in existence:
Impala Platinum Refineries Provident Fund
Impala Workers Provident Fund
Implats Pension Fund
Mine Employees Pension Fund (industry fund)
Mining Industry Pension Fund Zimbabwe (industry fund)
National Social Security Scheme Zimbabwe (industry fund)[1]
Old Mutual – Zimasco Pension Fund
Sentinel Pension Fund (industry fund)

[1] *This is the only defined benefit plan. Information for the Zimbabwean multi-employer defined benefit plan is not readily available or cannot be obtained and therefore the assets or liabilities of the funds are not accounted for in the statement of financial position. The number of employees who contribute to these funds represents approximately 8% (2012: 8%) of employees in the Group. The Group accounts in substance for this multi-employer benefit plan as a defined contribution plan (note 1.16).*

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
20. Provisions		
Provision for future rehabilitation		
Beginning of the year	**757**	614
Change in estimate – Rehabilitation asset	**(28)**	70
Change in estimate – Profit and loss (note 25)	**(32)**	(1)
Interest accrued (note 28)	**71**	57
Utilised during the year	**(6)**	(7)
Exchange adjustment	**29**	24
End of the year	**791**	757

Current cost rehabilitation estimate is R1 215 million (2012: R1 108 million).

Cash flows relating to rehabilitation costs will occur at the end of the life of the individual items to be rehabilitated.

The movement of the investment in the Impala Pollution, Rehabilitation and Closure Trust Fund, is as follows:

	2013 Rm	2012 Rm
Beginning of year	**179**	167
Interest accrued (notes 11 and 27)	**8**	9
Fair value adjustment	**2**	3
End of the year	**189**	179

Guarantees, an insurance policy and the funds in the Impala Pollution, Rehabilitation and Closure Trust Fund are available to the various Departments of Mineral Resources to satisfy the requirements of the Mineral and Petroleum Resources Development Act with respect to environmental rehabilitation (note 34). Refer to note 3 for assumptions used in calculating the provision.

		2013 Rm	2012 Rm
21.	**Trade and other payables**		
	Trade payables	**3 298**	3 832
	Leave liability[1]	**723**	592
	Royalties payable	**42**	52
	South African Revenue Service (value added tax)	**349**	257
	Derivative financial instruments – US$ bond conversion option	**30**	–
	Derivative financial instruments – Metal contracts (note 15)*	**–**	24
	Other payables	**102**	101
		4 544	4 858
	The uncovered foreign currency denominated balances as at 30 June were as follows:		
	Trade and other payables (US$ million)	**202**	260

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

* *At 30 June 2013, the Group had no forward purchase and sale contracts of metal (2012: 11 861 ounces of platinum, 19 090 ounces of palladium). These contracts were entered into back to back for a period of five months to hedge commodity price movements.*

		2013 Rm	2012 Rm
22.	**Current tax payable**		
	Beginning of the year	**176**	226
	Income tax expense (note 30)	**1 145**	1 207
	Payments made during the year*	**(991)**	(1 279)
	Interest and penalties	**124**	–
	Exchange adjustment	**54**	22
	End of the year	**508**	176

* *Excluding payment of R102 million (2012: R146 million) on current tax receivable (note 15).*

		2013 Rm	2012 Rm
23.	**Employee benefit expense**		
	Employment costs		
	Wages and salaries	**7 976**	6 793
	Post-employment medical benefits (note 19 (i))	**3**	2
	Pension-costs defined contribution plans	**653**	518
	Share-based compensation (note 24)	**(98)**	(373)
	– Cash settled (notes 19 (ii) and 24)	**(140)**	(373)
	– Equity settled (note 33)	**42**	–
		8 534	6 940

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
24. Cost of sales		
Included in cost of sales		
On-mine operations	**12 566**	10 213
Wages and salaries	**7 301**	5 811
Materials and consumables	**4 453**	3 697
Utilities	**812**	705
Concentrating and smelting operations	**3 200**	2 777
Wages and salaries	**655**	561
Materials and consumables	**1 614**	1 375
Utilities	**931**	841
Refining operations	**941**	883
Wages and salaries	**413**	390
Materials and consumables	**414**	392
Utilities	**114**	101
Other costs	**732**	734
Corporate costs	**397**	415
Selling and promotional expenses	**335**	319
Share-based compensation (note 23)	**(98)**	(373)
Chrome operation	**137**	–
Depreciation of operating assets (notes 5 and 33)	**2 424**	1 708
Metals purchased	**6 571**	6 855
Change in metal inventories	**(1 493)**	(1 460)
	24 980	21 337
The following disclosure items are included in cost of sales:		
Audit remuneration	**17**	14
Other services	**6**	2
Audit services	**11**	12
Repairs and maintenance expenditure on property, plant and equipment	**1 340**	1 119
Operating lease rentals	**38**	49

Corporate costs and selling and promotional expenses amounting to R377 million and R319 million respectively, previously classified as other operating expenses, were reclassified to cost of sales. This was done to better reflect the nature of these items.

	2013 Rm	2012 Rm
25. Other operating expenses/(income)		
Other operating expenses/(income) comprise the following principal categories:		
Profit on disposal of property, plant and equipment	**(86)**	(40)
Rehabilitation provision – change in estimate (note 20)	**(32)**	(1)
Impairment (notes 7, 12 (iii), (iv), 15 and 33)	**2 330**	378
Trade payables – commodity price adjustment	**(331)**	(511)
Community development expense (note 19 (iii))	**38**	63
Other	**(7)**	–
	1 912	(111)

During the year, items amounting to R111 million in the previous year, previously classified as other income was reclassified to other operating expenses. This was done to better reflect the nature of these items.

		2013 Rm	2012 Rm
26.	**Royalty expense**		
	Stakeholder royalties	**121**	78
	State royalties	**444**	396
	Amortisation of royalty prepayment (notes 13 (i) and 33)	**199**	190
		764	664
27.	**Finance income**		
	Cash and cash equivalents	**73**	121
	Associate loan (note 8 (i))	**2**	4
	Loans (note 12)	**37**	76
	Held-to-maturity financial assets (notes 11 and 20)	**4**	3
	Trade and other receivables	**73**	40
		189	244
	Metal lease fees	**34**	70
		223	314
28.	**Finance cost**		
	Borrowings (note 18)	**344**	210
	Liabilities (note 19)	**27**	20
	Provisions (note 20)	**71**	57
	Trade and other	**75**	56
	Finance costs	**517**	343
	Less: Borrowing cost capitalised (note 5)[1]	**(64)**	(38)
		453	305
	[1] *The average rate calculated for the capitalisation was 5% (2012: 5%).*		
29.	**Other (income)/expense**		
	Exploration expenditure (note 33)	**47**	63
	Guarantee fees	**(40)**	(19)
	Tax penalties and interest (note 22)	**136**	–
	Derivative financial instruments – Fair value movements		
	– Cross currency interest rate swap	**(90)**	–
	– US$ bond conversion option	**(106)**	–
	Other	**18**	55
		(35)	99

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

		2013 Rm	2012 Rm
30.	**Income tax expense**		
	Current tax		
	South African company tax	**563**	1 043
	Current tax on profits for the year	**676**	676
	Prior year adjustment	**(113)**	31
	Secondary tax on companies (STC)	**–**	336
	Other countries' company tax	**582**	164
	Current tax on profits for the year	**185**	(233)
	Prior year adjustment	**397**	397
	Total current tax (note 22)	**1 145**	1 207
	Deferred tax	**331**	744
	Temporary differences (note 9)	**540**	848
	Prior year adjustment (note 9)	**(209)**	(104)
	Total income tax expense	**1 476**	1 951
	The tax of the Group's profit differs as follows from the theoretical charge that would arise using the basic tax rate for South African companies:		
		%	%
	Normal tax rate for companies	**28.0**	28.0
	Adjusted for:		
	Disallowable expenditure	**3.7**	0.6
	Impairments	**27.9**	–
	Profit on disposal of assets	**(0.9)**	0.2
	Prior year adjustment	**3.0**	(1.2)
	Capitalisation of mining loss to unredeemed capex	**0.8**	(0.4)
	Effect of after-tax share of profit from associates	**(1.8)**	(0.5)
	Effect of different tax rates of foreign subsidiaries	**(2.9)**	(0.9)
	Secondary tax on companies	**–**	5.4
	Effective tax rate	**57.8**	31.2

	2013 Millions	2012 Millions
31. Earnings per share		
The weighted average number of ordinary shares in issue outside the Group for the purposes of basic earnings per share and the weighted average number of ordinary shares for diluted earnings per share are calculated as follows:		
Number of ordinary shares issued	**632.21**	631.99
Treasury shares	**(16.23)**	(16.23)
Morokotso Trust	**(8.86)**	(9.02)
Share Incentive Trust	**(0.21)**	(0.17)
Number of ordinary shares issued outside the Group	**606.91**	606.57
Adjusted for weighted average number of ordinary shares issued during the year	**(0.15)**	(0.36)
Weighted average number of ordinary shares in issue for basic earnings per share	**606.76**	606.21
Adjusted ordinary shares for Implats Share Incentive Scheme (ISIS)	**0.11**	0.13
Adjusted ordinary shares for Long-term Incentive Plan	**0.19**	–
Convertible bonds	**–**	–
Weighted average number of ordinary shares for diluted earnings per share	**607.06**	606.34
	Rm	Rm
Profit attributable to the owners of the Company	**1 022**	4 180
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	**168**	690
Diluted earnings		
Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company for the year by the weighted average number of ordinary shares for diluted earnings per share. The convertible bonds could potentially dilute earnings per share in the future, but were antidilutive for the current year.		
Diluted earnings per share (cents)	**168**	689
Headline earnings		
Profit attributable to owners of the Company is adjusted as follows:	**Rm**	Rm
Profit attributable to owners of the Company	**1 022**	4 180
Adjustments:		
Profit on disposal of property, plant and equipment	**(54)**	(40)
Goodwill impairment (note 7)	**1 018**	–
Total tax effects of adjustments	**15**	11
	2 001	4 151
Headline earnings per share (cents)	**Cents**	Cents
Basic	**330**	685
Diluted	**330**	685

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
32. Dividends		
On 29 August 2013, a sub-committee of the board declared a final dividend of 60 cents per share amounting to R364.1 million for distribution in financial year 2014 in respect of financial year 2013. The number of ordinary shares in issue at the date of this declaration is 606.91 million. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend to those shareholders who are not exempt from paying dividend tax of 51 cents per share.		
Dividends paid		
Final dividend No 89 for 2012 of 60 (2011: 420) cents per share	**366**	2 546
Interim dividend No 90 for 2013 of 35 (2012: 135) cents per share	**214**	818
	580	3 364
33. Cash generated from operations		
Adjustment to profit before tax:		
Exploration costs (note 25)	**47**	63
Depreciation (notes 5 and 24)	**2 424**	1 708
Finance income (note 27)	**(223)**	(314)
Finance cost (note 28)	**453**	305
Share of associates' results	**(163)**	(117)
Retirement benefit obligations	**(6)**	(2)
Share-based compensation	**(114)**	(402)
Provision for employee retention scheme	**36**	57
Provision for community development	**(3)**	28
Rehabilitation provision	**(38)**	(8)
Amortisation of prepaid royalty (notes 13 (i) and 26)	**199**	190
Foreign currency adjustment	**182**	(358)
Profit on disposal of property, plant and equipment	**(86)**	(65)
Impairments	**2 330**	378
Bad debt provision	**(7)**	–
Prepayments utilised	**202**	36
Fair value adjustment on derivative financial instruments	**(196)**	–
Tax penalties and interest	**124**	–
Deferred profit on housing scheme	**3**	–
Total adjustment to profit before tax	**5 164**	1 499

	2013 Rm	2012 Rm
33. Cash generated from operations continued		
Changes in working capital:		
Trade and other receivables	**1 150**	895
Per the statement of financial position	**846**	(357)
Impairment	**(148)**	–
Provision for bad debt	**(7)**	–
Amount receivable on sale and leaseback of properties	**–**	767
Current tax payable (notes 15 and 22)	**102**	146
Fair value adjustment on derivative financial instruments	**66**	–
Exchange adjustment	**291**	339
Inventories	**(1 170)**	(1 127)
Per the statement of financial position	**(1 603)**	(1 610)
Loan repayment via delivery of metal	**296**	408
Unrealised profit in inventories for associate	**(9)**	(36)
Inventory purchased through business combination	**2**	–
Exchange adjustment	**144**	111
Trade and other payables	**(467)**	(901)
Per the statement of financial position	**(314)**	(798)
Fair value adjustment on derivative financial instruments	**(6)**	
Exchange adjustment	**(147)**	(103)
Cash from changes in working capital	**(487)**	(1 133)

34. Contingent liabilities, guarantees and subsequent events

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

Contingent liabilities

The Group has a contingent liability of US$36 million for Additional Profits Tax (APT) raised by ZIMRA (Zimbabwe Revenue Authority) in respect of the tax period 2007 to 2010 based on the assumption that this amount would be payable should the Zimplats appeal against the ZIMRA interpretation of the APT provisions fail in the Special Court of Tax Appeals. Management, supported by the opinions of its tax advisers, strongly disagrees with the ZIMRA interpretation of the provisions of the act.

	2013 Rm	2012 Rm
Guarantees		
Financial guarantees		
Two Rivers (related party) (notes 8 (i) and 35)	**–**	41
Friedshelf (notes 8 (iii) and 35)	**152**	152
Other guarantees		
Department of Mineral Resources	**892**	704
Eskom	**63**	63
Total guarantees	**1 112**	965

Subsequent events

For subsequent events, refer to the directors' report (page 6)

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
35. Related party transactions		
(i) Equity-accounted entities		
Two Rivers		
Transactions with related parties:		
Refining fees	**18**	18
Interest payment received (notes 8 (i) and 27)	**2**	4
Capital repayments received (note 8 (i))	**49**	22
Purchases of mineral concentrates	**2 990**	2 469
Year-end balances arising from transactions with related parties:		
Payables to associates	**759**	607
Shareholders' loans to associates (note 8 (i))	**–**	49
Contingencies:		
Guarantees provided (notes 8 (i) and 34)	**34**	41
Makgomo Chrome		
Transactions with related parties:		
Refining fees	**8**	7
Purchases of mineral concentrates	**8**	7
Year-end balances arising from transactions with related parties:		
Receivables from associates (note 21)	**–**	148
Friedshelf		
Transactions with related parties:		
Deferred profit on sale of property (note 19)	**–**	200
Interest accrued	**123**	80
Interest repayments	**100**	20
During 2012 profit on sale property resulted from the sale of houses with a carrying value of R567 million, which was leased back for R769.		
Year-end balances arising from transactions with related parties:		
Receivables from associates	**133**	794
Borrowings – Finance leases	**1 224**	1 202
The finance leases have an effective interest rate of 10.2%		
Contingencies		
Guarantees provided (notes 8 (iii) and 34)	**152**	152
(ii) Investment in joint venture		
Mimosa		
Transactions with related parties:		
Refining fees	**167**	134
Interest received	**2**	2
Purchases of mineral concentrates	**2 034**	1 866
Year-end balances arising from transactions with related parties:		
Payables to associates	**572**	503
Receivables from associates	**416**	331

Key management compensation is disclosed in the remuneration report (pages 11 to 21).

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

	2013 Rm	2012 Rm
36. Principal subsidiaries		
The principal subsidiaries of the Group are set out on page 112.		
37. Interest in joint venture		
The Group has a 50% interest in a joint venture, Mimosa, whose wholly owned subsidiary, Mimosa Pvt, is involved in the business of mining PGMs. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint venture and are included in the consolidated statement of financial position and consolidated statement of comprehensive income:		
Property, plant and equipment	**1 559**	1 291
Loans	**113**	140
Prepayments	**15**	26
Available-for-sale financial assets	**30**	15
Current assets	**627**	507
Total assets	**2 344**	1 979
Provisions for liabilities and charges	**(577)**	(397)
Current liabilities	**(121)**	(133)
Total liabilities	**(698)**	(530)
Net assets	**1 646**	1 449
Revenue	**1 293**	1 201
Profit before tax	**136**	339
Income tax expense	**(78)**	(137)
Profit after tax	**58**	202
Inter-group sales and profit are eliminated on consolidation.		
Capital commitments – approved expenditure not yet contracted	**960**	514
Capital commitments – commitments contracted for	**76**	29
	1 036	543
There are no contingent liabilities relating to the Group's interest in the joint venture.		

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	Carrying value Rm	Finance income/ (expense) Rm	Fair value adjustment Rm	Settlement discount Rm
38. Financial instruments by category				
Financial instruments by category – June 2013				
Financial assets				
Loans and receivables	7 785	158	(82)	–
Loans	308	8	(82)	–
Trade and other receivables	2 169	77	–	–
Cash and cash equivalents	5 308	73	–	–
Financial instruments at fair value through profit or loss (held for trading)				
Trade and other receivables[2]	90	–	90	–
Held-to-maturity financial assets	32	4	–	–
Available-for-sale financial assets[1]	49	–	12	–
Total	7 956	162	20	–
Financial liabilities				
Financial liabilities at amortised cost	11 922	(433)	–	–
Borrowings	7 511	(344)	–	–
Bank overdraft	811	–	–	–
Liabilities	200	(14)	–	–
Trade and other payables	3 400	(75)	–	–
Financial instruments at fair value through profit or loss (held for trading)				
Trade and other payables[2]	30	–	106	–
Total	11 952	(433)	106	–

[1] *Level 1 of the fair value hierarchy.*
[2] *Level 2 of the fair value hierarchy.*

Fair value hierarchy
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.

38. Financial instruments by category continued

Financial instruments by category – June 2012

	Carrying value Rm	Finance income/ (expense) Rm	Fair value adjustment Rm	Settlement discount Rm
Financial assets				
Loans and receivables	6 218	234	(378)	–
Loans	1 765	73	(378)	–
Trade and other receivables	3 260	40	–	–
Cash and cash equivalents	1 193	121	–	–
Financial instruments at fair value through profit or loss (held for trading)				
Trade and other receivables[1]	24	–	24	–
Held-to-maturity financial assets	49	3	–	–
Available-for-sale financial assets[1]	32	–	(3)	–
Total	6 323	237	(357)	–
Financial liabilities				
Financial liabilities at amortised cost	7 777	(280)	–	13
Borrowings	3 003	(210)	–	–
Bank overdraft	606	–	–	–
Liabilities	235	(14)	–	–
Trade and other payables	3 933	(56)	–	13
Financial instruments at fair value through profit or loss (held for trading)				
Trade and other payables[1]	24	–	(24)	–
Total	7 801	(280)	(24)	(13)

[1] *Level 1 of the fair value hierarchy.*

Fair value hierarchy

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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 '000	2012 '000
39. Share-based compensation		
(i) Cash settled – SARS and ESOP		
Movement in the number of share appreciation rights outstanding was as follows:		
Beginning of the year	**29 199**	31 280
Granted	**53**	5 544
Lapsed during the year	**(1 295)**	(1 519)
Paid to employees during the year	**(382)**	(6 106)
End of the year	**27 575**	29 199
Exercisable	**9 011**	5 933
Not yet exercisable	**18 564**	23 266
	27 575	29 199

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

	Vesting years										Total
Price per share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**number**
SARS											
R63 – R150	232.4	440.0	444.9	227.5	550.5	1 087.4	675.1	675.1	582.9	13.3	**4 929.1**
R159 – R171	43.0	51.4	792.7	780.1	683.4	720.7	37.3	37.3	37.4	–	**3 183.3**
R171 – R190	0.7	7.9	301.5	323.6	405.0	872.3	576.4	561.2	467.1	–	**3 515.7**
R190 – 210	4.7	11.6	33.2	558.5	1 400.2	1 385.9	1 373.7	849.0	–	–	**5 616.8**
R210 – R334	144.6	323.1	334.2	346.7	243.1	32.5	21.6	19.1	–	–	**1 464.9**
ESOP											
R159.18*	–	–	–	784.0	–	–	–	–	8 080.8	–	**8 864.8**
Total 2013	**425.4**	**834.0**	**1 906.5**	**3 020.4**	**3 282.2**	**4 098.8**	**2 684.1**	**2 141.7**	**9 168.2**	**13.3**	**27 574.6**
Total 2012	436.6	852.5	2 203.2	3 329.3	3 611.3	4 444.5	2 796.7	2 194.3	9 330.1	–	29 198.5
Actual remaining contractual life (years):											
2013	**2 – 4**	**2 – 5**	**3 – 6**	**4 – 7**	**5 – 8**	**6 – 9**	**7 – 10**	**8 – 10**	**4 – 10**	**10**	
2012	3 – 5	3 – 6	4 – 8	5 – 9	6 – 9	7 – 10	8 – 10	9 – 10	10	–	

These share-based payment rights, excluded from the remaining contractual life table, relate to the ESOP, which have a remaining contractual life of three years.

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

39. Share based compensation continued

39.2 Equity settled – LTIP SAR

	2013 Number ('000)	2013 Weighted average exercise price (R)	2012 Number ('000)
Movement in the number of share options outstanding was as follows:			
Beginning of the year	–		–
Granted	1 045	44.25	–
Forfeited	(26)	44.33	–
End of the year (not yet exercisable)	1 019	44.25	–

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

Price per share	Vesting years 2016	Total number
< R100	7	7
R100 - R150	1 012	1012
Total 2013	1 019	1 019
Total 2012	–	–

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

39.3 Equity settled – LTIP CSP

	2013 Number ('000)	2013 Number ('000)
Movement in the number of share options outstanding was as follows:		
Beginning of the year	–	–
Granted	1 811	–
Forfeited	(43)	–
End of the year (not yet exercisable)	1 768	–

Share options outstanding (number in thousands) at the end of the year vest in 2016.

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
40. Business combinations		
Acquisition of chrome business		
In November 2012, Impala Chrome, a subsidiary within the Group acquired a chrome business which main business is the processing of Impala's tailings to extract chrome.		
Details of net assets acquired are as follows:		
Property, plant and equipment	**79**	–
Inventories	**1**	–
Net assets acquired	**80**	–
Details of consideration transferred are as follows:		
Cash	**57**	–
Equity interest in Impala Chrome	**23**	–
Total consideration paid	**80**	–

30% (300 ordinary shares) of the equity interest in Impala Chrome was transferred as part of the consideration paid for the chrome business acquired. The fair value of the equity instruments granted for consideration was determined by reference to the fair value of the assets, liabilities and contingent liabilities recognised in terms of the business combination. The share-based payment resulted in Implats retaining a 70% controlling interest in Impala Chrome. No goodwill resulted from the transaction.

Company statement of financial position

as at 30 June 2013

	Notes	2013 Rm	2012 Rm
Assets			
Non-current assets			
Investments in associates	2	**106**	154
Investments in subsidiaries and joint venture	2	**6 823**	6 767
Loans to subsidiaries	2	**11 962**	12 048
Loans	3	**40**	40
		18 931	19 009
Current assets			
Trade and other receivables		**125**	133
Deposit at subsidiary		**4 550**	–
Cash and cash equivalents	4	**1**	–
		4 676	133
Total assets		**23 607**	19 142
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	5	**18 287**	18 046
Retained earnings		**919**	1 015
Total equity		**19 206**	19 060
Liabilities			
Non-current liabilities			
Deferred tax liability	6	**119**	2
Borrowings	7	**4 086**	–
Liabilities	8	**12**	18
		4 217	19
Current liabilities			
Trade and other payables		**56**	24
Current tax payable		**1**	1
Borrowings	7	**82**	–
Liabilities	8	**45**	37
		184	62
Total liabilities		**4 401**	82
Total equity and liabilities		**23 607**	19 142

The notes on pages 105 to 111 are an integral part of these financial statements.

Company statement of comprehensive income

for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Finance and investment income	9	**568**	3 804
Finance cost		**(85)**	(3)
Other income/(expense)	10	**60**	(41)
Profit before tax		**543**	3 760
Income tax expense	11	**(38)**	(2)
Profit for the year		**505**	3 758
Total comprehensive income for the year		**505**	3 758

The notes on pages 105 to 111 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 June 2013

	Number of shares issued (million)	Ordinary shares Rm	Share premium Rm	Share-based payment reserve Rm	Total share capital Rm	Retained earnings Rm	Total equity Rm
Balance at 30 June 2012	**631.99**	**16**	**16 136**	**1 894**	**18 046**	**1 014**	**19 060**
Shares issued							
Implats Share Incentive Scheme	**0.22**	**–**	**13**	**–**	**13**	**–**	**13**
Convertible bonds	**–**	**–**	**228**	**–**	**228**	**–**	**228**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**505**	**505**
Dividends (note 10)	**–**	**–**	**–**	**–**	**–**	**(600)**	**(600)**
Balance at 30 June 2013	**632.21**	**16**	**16 377**	**1 894**	**18 287**	**919**	**19 206**
Balance at 30 June 2011	631.71	16	16 120	1 894	18 030	763	18 793
Shares issued							
Implats Share Incentive Scheme	0.28	–	16	–	16	–	16
Total comprehensive income	–	–	–	–	–	3 757	3 757
Dividends (note 10)	–	–	–	–	–	(3 506)	(3 506)
Balance at 30 June 2012	631.99	16	16 136	1 894	18 046	1 014	19 060

Company statement of cash flows

for the year ended 30 June 2013

	Notes	2013 Rm	2012 Rm
Cash flows from operating activities			
Profit before tax		**543**	3 760
Adjustment to profit before tax	14	**(501)**	(3 800)
Cash from changes in working capital	14	**98**	(124)
Income tax refunded/(paid)		**(11)**	(4)
Net cash from/(used) in operating activities		**129**	(169)
Cash flows from investing activities			
Payment received from associate on shareholders' loan		**48**	23
Purchase of investment		**(56)**	(6)
Finance income		**5**	2
Dividends received	9	**473**	3 800
Deposit to subsidiary		**(4 466)**	–
Loans (to)/from subsidiaries		**92**	(159)
Net cash from investing activities		**(3 904)**	3 659
Cash flows from financing activities			
Issue of bonds, net of cost		**4 363**	–
Issue of ordinary shares, net of cost		**13**	16
Dividends paid to the Company's shareholders	12	**(600)**	(3 506)
Net cash used in financing activities		**3 776**	(3 490)
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**1**	–

The notes on pages 105 to 111 are an integral part of these financial statements.

Notes to the Company financial statements
for the year ended 30 June 2013

		2013 Rm	2012 Rm
1.	**Basis of preparation and accounting policies**		
	The basis of preparation and principal accounting policies are disclosed on pages 27 to 46.		
	Subsidiaries, associated undertakings and joint ventures are accounted for at cost less any impairment provision in the Company financial statements.		
2.	**Investments**		
	Associates		
	Two Rivers Platinum (Group note 8 (i))		
	Beginning of the year	**93**	115
	Payments received on shareholders' loan	**(50)**	(26)
	Interest (note 7)	**2**	4
	End of the year	**45**	93
	Makgomo Chrome (Group note 8 (ii))		
	Beginning of the year	**61**	55
	Acquisition of shareholding	**–**	6
	End of the year	**61**	61
	Total investments in associates	**106**	154
	Investments in subsidiaries*	**6 447**	6 390
	Investments in joint venture*	**376**	376
	Total investments in subsidiaries and joint venture	**6 823**	6 766
	Total loans to subsidiaries and joint venture*	**11 962**	12 048
	** Refer Annexure A*		
3.	**Loans**		
	Black economic empowerment company (BEE)		
	Non-current	**40**	40
	Loans granted to Tubatse Platinum (Pty) Limited, Marula Community Trust and Mmakau Platinum Mining (Pty) Limited in terms of a BEE transaction. The loan is repayable on approval and adoption by the board of directors of Marula of a feasibility study on any aspect and/or portion of the non-cash producing portion of the Marula Mine.		
4.	**Cash and cash equivalents**		
	Cash at bank	**1**	–
5.	**Share capital**		
	The authorised share capital of the holding company consist of:		
	844 008 000 (2012: 844 008 000) ordinary shares with a par value of 2.5 cents each	**21**	21
6.	**Deferred tax**		
	Deferred tax liabilities to be settled within 12 months	**6**	–
	Deferred tax liabilities to be settled after 12 months	**113**	2
		119	2
	There are no unrecognised temporary differences in the Company (2012: R nil)		
	Deferred income taxes are calculated at the prevailing tax rates.		
	The movement on the deferred income tax account is as follows:		
	Beginning of the year	**2**	5
	Income tax expense (note 9)	**26**	(1)
	Prior year under/(over) provision	**–**	(2)
	Charge to equity	**91**	–
	End of the year	**119**	2
	Deferred tax liabilities are attributable to the following items:		
	Recognised directly in profit or loss		
	Present value adjustment of fees and loans	**119**	2

Notes to the Company financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
7. Borrowings		
Summary – Balances		
Convertible bonds – ZAR	2 365	–
Convertible bonds – US dollar	1 803	–
	4 168	–
Short-term portion	(82)	–
Long-term portion	4 086	–
Summary – Movement		
Beginning of the year	–	–
Proceeds	3 908	–
Interest accrued	82	–
Repayments	–	–
Exchange adjustment	178	–
End of the year	4 168	–
Proceeds of R4 466 from issuing the convertible bond, which together with interest of R84 million was placed on deposit with Impala, totalling R4 550 million.		
(i) Convertible bonds – ZAR		
Beginning of the year	–	–
Proceeds	2 300	–
Interest accrued	65	–
Repayments	–	–
End of the year	2 365	–
Short-term portion	(65)	–
Long-term portion	2 300	–
The ZAR denominated bonds have a par value of R2 672 million and carry a coupon of 5% (R133.6 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of R214.90. The value of this compound instrument's equity portion relating to conversion is R319 million (before tax). Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate of the bond is 8.5% (2012: nil).		
(ii) Convertible bonds – US$		
Beginning of the year	–	–
Proceeds	1 608	–
Interest accrued	17	–
Repayments	–	–
Exchange adjustment	178	–
End of the year	1 803	–
Short-term portion	(17)	–
Long-term portion	1 786	–
The US$ denominated bonds have a par value of US$200 million and carry a coupon of 1% (US$2 million) per annum. The coupon is payable bi-annually for a period of five years ending 21 February 2018. The bond holder has the option to convert the bonds to Implats shares at a price of US$24.13. The value of this conversion option derivative was R106 million at initial recognition. Implats has the option to call the bonds at par plus accrued interest at any time on or after 21 February 2016, if the aggregate value of the underlying shares per bond for a specified period of time is 130% or more of the principal amount of that bond. The effective interest rate is 3.1% (2012: nil).		

		2013 Rm	2012 Rm
8.	**Liabilities**		
	Beginning of the year	**55**	52
	Interest accrued	**2**	3
	End of the year	**57**	55
	Current portion	**(45)**	(37)
	Long-term portion	**12**	18
	Fees payable to Bakwena Ba Mogopa as a result of an agreement with the acquisition of Afplats. The liability has an effective interest rate of 12.9% (2012: 12.9%).		
9.	**Finance and investment income**		
	Two Rivers (note 2)	**2**	4
	Subsidiaries shareholders' loans/(expense)	**90**	(1)
	Bank	**2**	–
	Other	**1**	–
	South African Revenue Service	**–**	–
		95	3
	Dividend received – subsidiaries	**473**	3 800
		568	3 803
10.	**Other income/(expense)**		
	Net foreign exchange transaction gains/(losses)	**(111)**	–
	Guarantee fees	**42**	18
	Derivative financial instruments – Fair value movements		
	Cross currency interest rate swap	**90**	–
	US$ bond conversion option	**106**	–
	Corporate costs	**(19)**	(22)
	Exploration expenditure	**(30)**	(31)
	Other	**(18)**	(6)
		60	(41)

Notes to the Company financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
11. Income tax expense		
Current tax		
South African company tax	**12**	5
Prior year overprovision	**–**	–
Deferred tax		
Temporary differences (note 5)	**26**	(3)
Income tax expense	**38**	2
The tax of the Company's profit differs as follows from the theoretical charge that would arise using the basic tax rate for South African companies:		
	%	%
Normal tax rate for companies	**28.0**	28.0
Adjusted for:		
Exempt income	**(24.4)**	(28.3)
Other	**3.4**	0.3
Effective tax rate	**7.0**	0.0
12. Dividends per share		
On 29 August 2013, a sub-committee of the board declared a final dividend of 60 cents per share amounting to R379.3 million for distribution in 2014 in respect of 2013.		
The number of shares in issue at the date of this declaration is 632.21 million. The dividend will be subject to a local dividend tax rate of 15% which will result in a net dividend, to those shareholders who are not exempt from paying dividend tax, of 51 cents per share.		
Dividends paid		
Final dividend No 89 for 2012 of 60 (2012: 420) cents per share	**379**	2 653
Interim dividend No 90 for 2013 of 35 (2012: 135) cents per share	**221**	853
	600	3 506

	2013 Rm	2012 Rm
13. Contingent liabilities and guarantees		
Guarantees		
At year-end the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.		
Guarantees		
Two Rivers	**–**	41
Marula BEE parties	**858**	882
Zimplats Pvt	**1 037**	604
Department of Mineral Resources	**578**	489
Total guarantees	**2 473**	2 016
Contingencies		
There are no contingent liabilities relating to the above.		
14. Cash generated from operations		
Adjustment to profit before tax:		
Foreign exchange (gain)/loss	**178**	–
Fair value adjustment on derivative	**(196)**	–
Finance cost	**85**	3
Finance income (note 7)	**(95)**	(3)
Dividend income (note 7)	**(473)**	(3 800)
Total adjustment to profit before tax	**(501)**	(3 800)
Changes in working capital		
Trade and other receivables	**97**	(122)
Trade and other payables	**1**	(2)
Cash from changes in working capital	**98**	(124)

Notes to the Company financial statements continued

for the year ended 30 June 2013

	2013 Rm	2012 Rm
15. Related party transactions		
Associates (Note 2)		
Two Rivers		
Transactions with related parties:		
Loan repayments	51	26
Interest income accrued	2	4
Balances arising from transactions with related parties:		
Loans	–	49
Makgomo Chrome		
Transactions with related parties:		
Loan repayments	–	1
Dividend received	3	6
Balances arising from transactions with related parties:		
Loans	–	–
Subsidiaries (Annexure A)		
Impala		
Transactions with related parties:		
Loans granted	1 000	269
Loan repayments	496	221
Dividend received	–	997
Dividend paid	600	3 416
Balances arising from transactions with related parties:		
Loans	7 641	7 738
Impala – Deposit		
Transactions with related parties:		
Deposit made	4 466	–
Interest income accrued	84	–
Balances arising from transactions with related parties:		
Deposit	4 550	–
Impala Holdings Limited		
Transactions with related parties:		
Dividend received	–	2 680
Balances arising from transactions with related parties:		
Loans	3 669	3 669
Marula Platinum Proprietary Limited		
Transactions with related parties:		
Proceeds from borrowings	–	164
Dividend received	–	13
Balances arising from transactions with related parties:		
Loans	–	–

Guarantees provided (note 11)

Subsidiaries (refer to page 112)

Share options granted to directors

The aggregate number of share options granted to key management (directors and executive management) is disclosed in the remuneration report.

16. Financial risk management

The Company manages its risk on a Group-wide basis. Refer to note 2 in the consolidated financial statements.

16.1 Market risk

Foreign exchange risk

There are no significant concentrations of foreign exchange risk.

16.2 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 value of all the financial assets and the maximum amount the Company could have to pay if the guarantees are called on (note 11).

The potential concentration of credit risk could arise in loan 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.

Loan to associates

This loan consists of shareholders' loan to Two Rivers Platinum which is unsecured.

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, which is secured by a guarantee from Lonmin Plc.

Trade and trade receivables

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

16.3 Liquidity risk

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

Trade and other payables are all due within a 12-month period. Guarantees are further analysed in note 11.

16.4 Cash flow interest rate risk

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

Principal subsidiaries and joint ventures

Annexure A

(All amounts in rand millions unless otherwise stated)	Issued share capital	% interest 2013	% interest 2012	Book value in holding company: Shares 2013	Shares 2012	Loans 2013	Loans 2012
Company and description							
Impala Holdings Limited	*	**100**	100			**11 310**	11 407
Investment holding company							
Impala Platinum Limited	*	**100**	100				
Mines, refines and markets PGMs							
Impala Platinum Investments (Pty) Limited	*	**100**	100				
Impala Platinum Properties (Rustenburg) (Pty) Limited	*	**100**	100				
Impala Platinum Properties (Johannesburg) (Pty) Limited	*	**100**	100				
Own properties							
Biz Afrika 1866 (Pty) Limited	*	**–**	–				
Inline Trading 83 (Pty) Limited	*	**100**	100				
Exploration							
Afplats (Pty) Limited							
Owns mineral rights		**74**	74	**4 805**	4 805		
Imbasa Platinum (Pty) Limited	*	**60**	60			**45**	40
Owns mineral rights							
Inkosi Platinum (Pty) Limited	*	**49**	49			**78**	64
Owns mineral rights							
Barplats Holdings (Pty) Limited	*	**100**	100		–		–
Investment holding company							
Gazelle Platinum Limited	*	**100**	100			**177**	185
Investment holding company							
Impala Refining Services Limited	*	**100**	100				
Provides toll refining services							
Impala Platinum Japan Limited[1]	¥ 10m	**100**	100	**2**	2		
Marketing representative							
Impala Platinum Zimbabwe (Pty) Limited	*	**100**	100	**73**	73	**352**	352
Investment holding company							
Impala Platinum BV[2]	€ 0.02	**100**	100	**900**	900		
Investment holding company							
Zimplats Holdings Limited**[3]	US$10.8m	**87**	87				
Investment holding company							
Zimbabwe Platinum Mines (Pvt) Limited[4]	US$30.1m	**87**	87				
Owns mineral rights and mines PGMs							
Mimosa Investments Limited**[5]	US$48.0m	**50**	50	**376**	376		
Investment holding company							
Mimosa Holdings (Pvt) Limited[4]	US$28.8m	**50**	50				
Investment holding company							
Mimosa Platinum (Pvt) Limited[4]	US$28.8m	**50**	50				
Owns mineral rights and mines PGMs							
Marula Platinum (Pty) Limited	*	**73**	73	**607**	607		–
Owns mineral rights and mines PGMs							
Impala Chrome (Pty) Limited	*	**70**	–	**56**	–		–
Sundry and dormant companies	*	**100**	100	**4**	4		–
Total				**6 823**	6 767	**11 962**	12 048
Total investment at cost						**18 785**	18 815

** Share capital less than R50 000*
*** Listed on the Australian Stock Exchange*
[1] Incorporated in Japan
[2] Incorporated in Netherlands
[3] Incorporated in Guernsey
[4] Incorporated in Zimbabwe
[5] Incorporated in Mauritius and is a joint venture

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