CONSOLIDATED ANNUAL RESULTS 2019

VALUE OVER VOLUME

OUR VISION AND MISSION

FORWARD LOOKING AND CAUTIONARY STATEMENT

Certain statements contained in this disclosure, other than the statements of historical fact, contain forward looking statements regarding Implats' operations, economic performance or financial condition, including, without limitation, those concerning the economic outlook for the platinum industry, expectations regarding metal prices, production, cash costs and other operating results, growth prospects and the outlook of Implats' operations, including the completion and commencement of commercial operations of certain of Implats' exploration and production projects, its liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation, regulatory approvals and/or legislative frameworks currently in the process of amendment, or any enforcement proceedings. Although Implats believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results may differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metal prices, levels of global demand and exchange rates and business and operational risk management. For a discussion on such factors, refer to the risk management section of the Company's integrated annual report. Implats is not obliged to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the dates of the integrated annual report or to reflect the occurrence of unanticipated events.

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September 2019
Johannesburg

SPONSOR TO IMPLATS

Nedbank Corporate and Investment Banking

OUR VISION

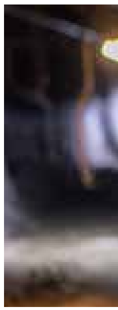
TO BE THE WORLD'S BEST PGM PRODUCER, SUSTAINABLY DELIVERING SUPERIOR VALUE TO ALL OUR STAKEHOLDERS.

OUR MISSION

TO MINE, PROCESS, REFINE AND MARKET HIGH-QUALITY PGM PRODUCTS SAFELY, EFFICIENTLY AND AT THE BEST POSSIBLE COST FROM A COMPETITIVE ASSET PORTFOLIO THROUGH TEAM WORK AND INNOVATION

OUR VALUES

WE RESPECT, CARE AND DELIVER



IMPALA PLATINUM HOLDINGS LIMITED (IMPLATS, GROUP OR COMPANY) IS ONE OF THE WORLD'S FOREMOST PRODUCERS OF PLATINUM AND ASSOCIATED PLATINUM GROUP METALS (PGMS). IMPLATS IS CURRENTLY STRUCTURED AROUND FIVE MAIN OPERATIONS WITH A TOTAL OF 20 UNDERGROUND SHAFTS. OUR OPERATIONS ARE LOCATED WITHIN THE BUSHVELD COMPLEX IN SOUTH AFRICA AND THE GREAT DYKE IN ZIMBABWE, THE TWO MOST SIGNIFICANT PGM-BEARING ORE BODIES IN THE WORLD.

KEY FEATURES FOR THE 12 MONTHS

SAFETY

- A 28% improvement in FIFR to 0.047*
- A 12% improvement in LTIFR to 5.30*.

OPERATIONAL

- Stable mine-to-market platinum in concentrate production of 1.31Moz
- 5% increase in refined PGM production of 3.07Moz, including:
  - 4% increase in refined platinum of 1.53Moz, and
  - 7% increase in refined palladium of 0.91Moz
- Industry-leading cash cost performance:
  - Group unit costs per platinum ounce on a stock-adjusted basis, up 4% to R23 942
- Consolidated Group capital expenditure of R3.8bn.

FINANCIAL

- Net cash from operating activities of R10.7bn
- Free cash flow of R7.7bn generated
- R2.2bn in debt repayments and a closing net cash position of R1.1bn
- Group liquidity headroom improved to R12.2bn
- Gross profit of R6.8bn and headline earnings of R3.0bn
- Incentivised US$ bond conversion post-year-end.

MARKET

- Increased catalyst loadings have tightened the market for palladium and rhodium
- Progress in R&D for the reintroduction of platinum in gasoline catalyst formulations
- Growing recognition of the potential of hydrogen to address decarbonisation
- Dollar revenue per platinum ounce sold up 11% to US$2 237
- Rand weakness resulted in revenue per platinum ounce sold increasing by 22% to R31 765.

* *Per million man hours worked.*

OPERATING STATISTICS

		Year ended 30 June 2019	Year ended 30 June 2018
Gross refined production			
Platinum	(000oz)	**1 526.2**	1 468.1
Palladium	(000oz)	**909.6**	849.3
Rhodium	(000oz)	**205.9**	198.5
Nickel	(tonnes)	**16 049**	16 227
IRS metal returned (toll refined)			
Platinum	(000oz)	**0.7**	140.2
Palladium	(000oz)	**2.9**	67.0
Rhodium	(000oz)	**0.0**	23.4
Nickel	(tonnes)	**3 516**	3 557
Sales volumes			
Platinum	(000oz)	**1 515.2**	1 354.7
Palladium	(000oz)	**928.8**	769.9
Rhodium	(000oz)	**205.5**	196.1
Nickel	(tonnes)	**12 954**	12 648
Prices achieved			
Platinum	(US$/oz)	**827**	943
Palladium	(US$/oz)	**1 185**	975
Rhodium	(US$/oz)	**2 568**	1 501
Nickel	(US$/t)	**12 649**	11 488
Consolidated statistics			
Average rate achieved	(R/US$)	**14.20**	12.82
Closing rate for the period	(R/US$)	**14.09**	13.73
Revenue per platinum ounce sold	(US$/oz)	**2 237**	2 023
	(R/oz)	**31 765**	25 935
Tonnes milled ex mine	(000t)	**19 469**	19 355
PGM refined production	(000oz)	**3 073.5**	2 924.6
Capital expenditure	(Rm)	**3 786**	4 606
Group unit cost per platinum ounce refined	(US$/oz)	**1 598**	1 919
	(R/oz)	**22 673**	24 660
Group unit cost per platinum ounce stock adjusted	(US$/oz)	**1 687**	1 785
	(R/oz)	**23 942**	22 931

Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
1 529.8	1 438.3	1 276.0
931.6	885.4	792.1
203.5	185.1	171.5
17 464	17 001	15 918
14.5	0.1	0.0
8.9	1.5	0.5
2.4	0.0	0.0
2 569	3 509	3 344
1 468.9	1 511.6	1 273.0
903.7	905.5	789.4
202.6	197.1	165.2
14 403	14 184	11 634
984	961	1 241
723	586	804
788	735	1 187
9 992	9 483	15 458
13.66	14.39	11.41
13.07	14.69	12.17
1 806	1 627	2 199
24 670	23 413	25 091
18 332	18 426	16 024
3 099.5	2 907.5	2 618.1
3 430	3 560	4 287
1 661	1 507	1 947
22 657	21 731	22 222
1 675		
22 838		

COMMENTARY

INTRODUCTION

Safety remains a key business imperative for the Group. The 28% improvement in the achieved fatal injury frequency rate and a 12% improvement in the lost time injury frequency rate are a testament to the step-change in safety performance during the year. Despite this, Implats mourns the loss of five employees at managed operations. The Board and management team extend their sincere condolences to the families and friends of our late colleagues. The loss of life is extremely disappointing, especially considering the noteworthy safety improvements over the past two years.

The Group's strategic imperative to reposition the business as a high-value, profitable and competitive PGM producer was meaningfully advanced through an operational and financial turnaround at Impala Rustenburg. Gains in productivity, safety and efficiency at the Impala Rustenburg complex significantly boosted Implats' financial performance, clearly demonstrating the considerable value still to be derived from this operation.

The Group delivered stable mine-to-market platinum concentrate volumes of 1.31 million ounces, despite a challenging operating environment, which included community disruptions at Marula, the impact of split-reef mining at Two Rivers, intermittent load shedding by Eskom and continued political and economic uncertainty in Zimbabwe. Mined volumes were further bolstered by a partial processing pipeline reduction and Group refined PGM production increased by 5% to 3.07 million ounces – refined platinum and palladium production increased by 4% and 7% to 1.53 million ounces and 0.91 million ounces respectively.

Costs were well controlled with unit costs increasing by 4% on a stock-adjusted basis to R23 942 per platinum ounce. Volume gains helped offset persistent inflationary pressures from rising labour and utility costs and the translation impact of a weaker rand on costs from the Zimbabwean subsidiaries.

Higher sales volumes were delivered into stronger rand PGM pricing and resulted in a significantly improved Group financial performance. Revenue improved by 36% to R48.6 billion, gross profit increased five-fold to R6.8 billion and headline earnings of R3.0 billion or 423 cents per share, compared to losses of R1.2 billion or 171 cents per share in the prior year.

Implats achieved stellar results in FY2019. A strong operational performance in key areas allowed the Group to harness the benefit of improving market conditions and rising rand PGM pricing during the year and deliver a substantially improved financial result with healthy free cash flow generation and a return to a closing net cash position at year-end.

Net cash generated from operating activities improved to R10.7 billion, yielding R7.7 billion in positive free cash flow after capital investments of R3.9 billion. Implats made debt repayments of R2.2 billion during the year and ended the reporting period with gross cash of R8.2 billion, a net cash position of some R1.1 billion and liquidity headroom of R12.2 billion.

Strong cash generation during the year, together with the outperformance of Implats equity, allowed the Group to successfully induce early conversion of its US$250 million convertible bonds in July 2019, further strengthening the balance sheet in line with guided capital allocation priorities.

GROUP SAFETY AND SUSTAINABILITY

The Group's core business philosophy and values of "respect, care and delivery" are underpinned by our goals of eliminating harm to the health and safety of our employees and minimising negative impacts of our operating activities on the environment. We seek to sustain value-accretive relations with our mine host communities.

Safety

The Group delivered unprecedented improvements in its safety performance but experienced a disappointing regression during the last quarter of the year. Implats achieved its best ever safety performance and led the PGM industry in fatality-free safety rates at the end of the third quarter. The Group's fatal injury frequency rate improved by 28% from the prior year to 0.047 per million man hours worked, with the lost-time injury frequency rate improving by 12% to 5.30 per million man hours worked. Nine of the Group's operations achieved millionaire and/or multi-millionaire fatal-free status at the close of the reporting period.

It is with deep sadness and regret that the Group reported five work-related fatalities during the year at managed operations. Implats offers ongoing support to the families in recognition of the severe impact of their loss. Each tragic incident was subject to a rigorous independent investigation, with learnings shared across the Group and remedial action taken to improve controls and prevent reoccurrence. Safety remains the foremost priority and Implats is committed to working with all stakeholders to arrest the recent retracement in safety performance and to achieve its vision of zero harm.

Health

The operating philosophy at Implats is underpinned by a value system centred on securing long-term sustainability. Interventions to reduce the main non-occupational health risks facing employees continue to yield positive results. Levels of TB incidence reduced during the year to a rate below 300 per 100 000, well below the estimated national average of 570, while the incidence of new pulmonary TB cases reduced by 26%. Some 5 730 employees currently receive targeted ART treatment from the Company. Occupational health risks also improved and 37% fewer case of noise-induced hearing loss were reported during the year.

Environment

No major environmental incidents (level 4 and 5) were recorded during the year, marking the sixth year of this achievement. The number of incidents with limited potential environmental impact decreased by 26%.

Water use remains a critical priority. The Group's unit consumption rate decreased to 0.0020/Ml/milled tonne during the year, with 42% of the water consumed being recycled for further use.

In response to tragic events earlier in the year in Brazil, and to match the reporting standards of the domestic and international peer group, the Group commissioned independent third-party audits of all its tailings storage facilities during the year. The studies confirmed the integrity of all the Group's storage facilities, with the results now published.

Sustainability

The Group continues to prioritise sustainable community development and value-accretive relationships with all mine host communities. The South African operations invested R200 million in improving living conditions during the year, while increasing local-to-site procurement to 23% of total spend (approximately R1.60 billion during the year). In Zimbabwe, amid a downturn in the socio-economic economic climate, Zimplats invested a further US$4 million in socio-economic development, while also sourcing more than 70% of its required consumables from local in-country suppliers.

GROUP STRATEGY

The Group made material strides in delivering its stated strategy to prioritise value over volume.

This includes four key objectives, to:

- Successfully restructure Impala Rustenburg
- Enhance the competitiveness of our portfolio
- Optimise the balance sheet and capital allocation priorities and processes
- Strengthen our licence to operate.

Impala Rustenburg restructuring

The execution of the Impala Rustenburg restructuring was advanced to plan during the year with the successful completion of the first phase. This process set out to optimise and align the overhead structures and labour complement at the operation to a smaller and more productive future mining footprint. A multitude of stakeholder engagements were undertaken to conclude the first phase without disruption and to consider the next phase, which will focus on the planned closure or outsourcing of 1 Shaft and the closure of Shaft 9, which is nearing the end of its available mine life.

Post-year-end, a Section 189 (Labour Relations Act) notice was issued to initiate the second phase of the restructuring plan. Throughout the implementation process there is an overriding imperative by all stakeholders to ensure job losses are minimised through various avoidance measures. These include transferring employees to vacant positions at growth shafts, together with the optimal consideration of natural attrition, reskilling, voluntary separations and the exploration of viable commercial alternatives to shaft closure where possible.

COMMENTARY CONTINUED

Competitive portfolio

In addition to structural changes at Impala Rustenburg and to enhance the competitiveness of the Group's portfolio, management continues to explore ways to improve safety, productivity and cost efficiency at all other operations. To this end, the Group successfully maintained the recalibration of operations at Marula, while sustaining industry leading productivity and safety performances at Mimosa, Two Rivers, Zimplats and Impala Refining Services (IRS).

The Group is advancing a definitive feasibility study (DFS) on the Waterberg project, furthering its strategy to grow exposure to low-cost, shallow, palladium-rich, mechanised assets. The study is scheduled for completion in the first half of FY2020 and this, together with the granting of required statutory permits, will trigger Implats' decision on the form of its further participation and confirm its rights and obligations related to the project.

Balance sheet and capital allocation

The improved operational and financial performance has substantially transformed the Group's balance sheet during the year. Net cash from operating activities improved to R10.7 billion, funding R3.9 billion in capital expenditure and capitalised interest and yielding R7.7 billion in free cash flow. Debt repayments of R2.2 billion were made during the period and Implats ended the reporting period with gross cash balances of R8.2 billion, a net cash position of R1.1 billion (excluding finance leases) and liquidity headroom of R12.2 billion.

Further material progress in reducing debt obligations was achieved post-year-end with the successful incentivised conversion of the Group's US$250 million convertible bonds, due in 2022. Together with the cancellation of the cross-currency interest rate swap (CCIRS), the conversion reduced the carrying value of Group debt by some R3.0 billion, while lowering the annual interest charge associated with the debt liability by R319 million. The future earnings volatility of the Group will be reduced through the absence of fair-value adjustments required by the CCIRS, the conversion option and foreign exchange translation impact associated with the US$ bonds. A total of 64.3 million new Implats shares were issued in August 2019 with a total cost of R524 million, representing an incentive premium of R510 million and accrued interest of R14 million.

Extinguishing a material and long-dated debt liability has enhanced balance sheet flexibility and increased Implats' ability to navigate an unpredictable price and operating environment. The resultant cash buffer also allows the expedition of capital priorities by considering value-accretive organic and acquisitive growth opportunities, while accelerating the journey towards delivering sustainable shareholder returns through dividend payments and the contemplation of share buybacks.

GROUP OPERATIONAL REVIEW

The Group delivered a strong performance during the year, anchored by the operational turnaround at Impala Rustenburg, which represents circa 50% of the Group's mine-to-market production. A 3% increase in concentrate production at Impala Rustenburg, despite the contraction of the mining footprint, together with maintained delivery from Zimplats, Mimosa and Marula, offset a weaker contribution from Two Rivers. Consequently, Group mine-to-market platinum in concentrate volumes were stable at 1.3 million ounces.

Refined PGM production increased by 5% to 3.1 million ounces, supported by a 4% increase in refined platinum production (1.53 million ounces) and a 7% increase in palladium production (0.91 million ounces). Growth in refined volumes was aided by the release of 57 000 ounces of platinum and other associated metals from excess pipeline stocks, which helped offset lower deliveries from third parties, which were boosted in the prior period by a substantial once-off toll refining contract.

Costs were well controlled despite the inflationary pressures of rising labour and utility spend and the impact of a weaker rand on translated costs from the Zimbabwean subsidiaries. Unit costs increased by 4% on a stock-adjusted basis to R23 942 per platinum ounce. Gains in refined volumes resulted in the aggregate unit cost for the Group reducing by 8% to R22 673 per refined platinum ounce.

Consolidated capital expenditure reduced by R820 million or 18% to R3.8 billion (FY2018: R4.6 billion). Impala Rustenburg spend declined by R761 million in line with the winding down of the 16 and 20 Shaft capital projects as they near completion, Zimplats invested R110 million less as the Bimha project concluded, while Marula increased capital expenditure by R51 million due to the new tailings dam extension.

Each of the Groups' operations delivered positive free cash flows in FY2019 except Mimosa, where working capital changes impacted sales receipts and hence free flow cash generation by some US$26 million during the year. Higher received pricing drove margin expansion at all operations and the Group received higher dividend flow from its joint ventures.

Impala

The year was characterised by a step-change in operational momentum at Impala Rustenburg as the implementation of restructuring initiatives yielded gains. Despite the closure of 4 Shaft and the scaling down of production at 1 Shaft (collectively -554 000 tonnes), mill throughput increased by 2% to 11.21 million tonnes (FY2018: 10.95 million). This was due to improved delivery at both 12 and 14 Shafts, (+504 000 tonnes) and supported by the ramp-up in volumes from 16 (+294 000 tonnes) and 20 (+91 000 tonnes) Shafts.

The PGE milled head grade declined by 2% to 3.99g/t (FY2018: 4.09g/t) due to changes in stoping widths and higher volumes from the growth shafts where ongoing ore-pass maintenance continued to negatively impact delivered grade. The higher percentage of Merensky tonnage milled, at 43.1% (FY2018: 41.6%), together with concentrator optimisation, aided recoveries. Additional surface sources (+4 000 platinum ounces) also contributed to the 3% gain in platinum concentrate volumes of 688 000 ounces (FY2018: 669 000 ounces). Stock-adjusted platinum production increased by 4% to 683 000 ounces (FY2018: 658 000 ounces).

In FY2018 a major furnace rebuild and a fire at the No. 5 furnace transformer reduced available smelting capacity. This year, the No 3 furnace was taken offline for a full scheduled rebuild in January 2019 and returned to operation in May 2019. In FY2018, Impala refined metal volumes were displaced by IRS ounces due to constrained smelter availability and the contractual terms which govern IRS returns. Due to increased availability this year, refined platinum production attributable to Impala Rustenburg increased by 30% to 754 000 ounces (FY2018: 581 000 ounces).

Cash costs, including all allocated corporate and marketing costs, increased by 8% to R17.0 billion (FY2018: R15.8 billion) with above-CPI increases on utilities, labour and certain processing consumables. On a stock-adjusted basis, unit costs increased by 4% to R24 945 per platinum ounce (FY2018: R24 005) as volume gains offset inflationary pressures. The benefit of higher final metal volumes resulted in reduced refined unit costs, which declined by 17% to R22 612 per platinum ounce (FY2018: R27 183).

Capital expenditure declined by 28% to R2.0 billion (FY2018: R2.8 billion) with spend on 16 and 20 shafts slowing in line with the completion of the capital footprint. Project capital decreased by 51% to R403 million (FY2018: R818 million in FY2018) and stay-in-business capital declined by 18% to R1.6 billion (FY2018: R2.0 billion).

In FY2019 the operation delivered R1.9 billion in free cash flow, benefiting from higher sales volumes, which increased by 34% to 744 000 platinum ounces, boosted by a 70 000 ounce inventory release (FY2018: 555 000 ounces) and stronger rand PGM pricing. In FY2018, cash outflows at Impala of R6.5 billion were compounded by negative working capital movements due to the accumulation of pipeline inventory. Sales revenues increased 62% to R21.5 billion (FY2018: R13.3 billion).

Impala made a gross profit of R1.5 billion (FY2018: gross loss of R2.9 billion) and contributed R1.1 billion to Group headline earnings (FY2018: R3.0 billion loss).

The restructuring of Impala Rustenburg is aimed at enhancing the capital efficiency, competitiveness and sustainability of the operation through a focus on producing safely and profitably from its best assets with higher quality, long-life ore bodies. The first phase of the restructuring plan was successfully completed during the year, with the total number of own employees reducing by 1 300, with no associated disruptions to operations and only 117 forced retrenchments.

During FY2020, a further reduction in employee numbers will be realised as plans are progressed to outsource mining operations at 1 Shaft and complete the closure of Shaft 9. A "contracted out" mining model was found to provide the best protection of employment at 1 Shaft during the planned ramp-down of the shaft in the context of

COMMENTARY CONTINUED

a higher than expected rand PGM pricing environment. A Section 189 notice was issued for this phase of the restructuring plan in July 2019, while the original Section 52 notices covering 1, 9, 12 and 14 Shafts issued in August 2018 remain in place. Restructuring costs of R1.6 billion have been forecast for FY2020 to effect these changes.

Impala Refining Services (IRS)

IRS delivered another significant financial contribution to the Group, aided by higher rand PGM pricing for its basket of production and sales. Long-term concentrate purchase agreements are dominated by ore feeds from Great Dyke and UG2 sources, the bulk of which is sourced from mine-to-market operations. Revenue benefited from improved palladium and rhodium prices and their presence in these reef types, and increased by 17% to R25.7 billion (FY2018: R22.0 billion).

During the year IRS received a total of 801 000 platinum ounces in concentrate, 10% less than the previous year (FY2018: 889 000 ounces) when receipts were elevated by a once-off tolling contract. As a result, the gross volume of third-party receipts declined by 27% to 189 000 ounces (FY2018: 259 000 ounces) despite an increase in underlying contractual deliveries from longer-term suppliers. Mine-to-market receipts declined 3% to 612 000 ounces (FY2018: 630 000 ounces), principally as a result of lower deliveries from Two Rivers. Refined platinum output declined by 13% to 772 000 ounces (FY2018: 887 000 ounces) and platinum sales of 771 000 ounces declined by 2% from the prior year (FY2018: 789 000 ounces). Sales volumes were lower than refined production in FY2018 due to 140 000 platinum ounces of toll metal returned to the once-off third-party customer.

The cash operating costs associated with smelting, refining and marketing IRS production decreased by 4% to R1.4 billion (FY2018: R1.5 billion), while the cost of metals purchased was impacted by higher rand prices, and rose 18% to R23.7 billion (FY2018: R20.1 billion). IRS made a gross profit of R1.9 billion (FY2018: R1.6 billion), generated R3.4 billion in free cash flow (FY2018: R1.2 billion) and contributed R2.1 billion to Group headline earnings (FY2018: R1.2 billion).

Marula

The successful restructuring and recalibration of mining activities during 2017, together with higher rand pricing for palladium and rhodium, have fundamentally altered the production and financial potential of Marula. The operational performance for the year under review was marred by a particularly weak third quarter, during which a seven-day community stoppage impacted both mined and milled volumes. Gross tonnes milled declined by 4% to 1.77 million tonnes (FY2018: 1.84 million). Focused mining resulted in a reduction in stoping width and saw a 2% improvement in the PGE head grade to 4.40g/t (FY2018:4.33g/t). As a result, platinum production in concentrate declined by 2% to 83 000 ounces (FY2018: 85 000 ounces).

Cash costs at Marula increased by 8% to R2.3 billion (FY2018: R2.1 billion) as additional investment was made in employee training and development and loading fleet to strengthen ore handling capacity. Higher costs and lower volumes resulted in unit costs rising by 11% to R27 602 per ounce (FY2018: R24 877). Capital expenditure increased by 50% to R152 million (R101 million) as spend on a new tailings storage facility began.

Marula's rand basket price benefited from its high relative rhodium and palladium content, resulting in sales revenue increasing by 26% to R3.0 billion (FY2018: R2.4 billion). The operation delivered gross profit of R300 million and generated R380 million in free cash flow. The impact of intercompany adjustments and the consolidation of financing charges associated with BEE debt resulted in a loss of R77 million to the Group's headline earnings (FY2018: loss of R100 million).

Management made good progress towards securing a lasting resolution to intermittent community disruptions at Marula, where the capital footprint, staffing levels and mine planning are all in place to support annual production of more than 90 000 ounces of platinum in concentrate.

Zimplats

The Zimplats team delivered another year of consistent, efficient and profitable production, as well as industry-leading safety performances. This operation has operated for several years without a fatal incident. An unfortunate fatal injury during the final quarter of the financial year has only renewed management's resolve to regain its delivery of the Group's zero-harm objectives.

Increased volumes from the fully redeveloped Bimha mine compensated for opencast contributions in the prior period, yielding largely unchanged milled tonnage and PGE head grade of 6.49 million tonnes and 3.48g/t, respectively (FY2018: 6.57 million and 3.48g/t).

Platinum production was flat at 270 000 platinum ounces in matte (including concentrates sold) (FY2018: 271 000) and benefited from smelter volumes released ahead of the planned furnace rebuild in the new financial year. Costs were well contained with absolute savings due to the closure of the opencast section, reduced treatment fees from the export of concentrates in the previous year, and tailwinds from the impact of a depreciating rand and RTGS on local input pricing. Cash costs of US$348 million declined by 2% (US$356 million) as did unit costs of US$1 288 per platinum ounce in matte (FY2018: US$1 313).

The planned shutdown of the furnace for routine maintenance started in early June 2019 and is expected to be completed over three months. During this time, PGM concentrates will be exported to IRS for processing. Capital expenditure declined by 15% to US$115 million (FY2018: US$135 million). Replacement capital was unchanged at US$29 million, with stay-in-business capital 18% lower at US$84 million (FY2018: US$102 million) as a result of lower mining fleet replacement and slower spend on Bimha as the redevelopment project neared completion.

Zimplats' achieved basket price benefited from its high palladium, nickel and copper content, which compensated for weaker platinum pricing. Sales revenues increased by 20% to R9.0 billion (FY2018: R7.5 billion). The operation delivered gross profit of R2.7 billion (FY2018: R1.9 billion), generated R1.7 billion in free cash flow (FY2018: R717 million) and contributed R1.3 billion to the Group's headline earnings (FY2018: loss of R149 million), benefiting from higher revenue and lower costs and capital. Zimplats declared an interim dividend of US$20 million. Post the financial year-end, a final dividend of US$45 million was declared.

Zimplats operated for its first year under the conditions of new converted mining rights, which came into effect on 31 May 2018, yielding free cash benefits from reduced average taxation, despite higher royalty rates.

Mimosa

Mimosa delivered another stable operating performance, a commendable achievement given its maturity, its limited scope for volume and efficiency gains and the challenges presented by the Zimbabwean operating environment. The joint venture operation regrettably saw a deterioration in its safety performance with a fatal injury recorded during the final quarter of the financial year.

Tonnes milled were stable at 2.81 million tonnes, while the PGE head grade was maintained at 3.83g/t (FY2018: 3.84g/t). Recoveries were negatively impacted by challenges in the milling circuit due to power interruptions, resulting in platinum production in concentrate declining by 2% to 122 000 ounces (FY2018: 125 000 ounces). Sales volumes improved by 4% to 120 000 ounces due to the impact of the timing of shipments during the previous year (FY2018: 115 000 ounces).

Cash costs increased by 6% to US$201 million, negatively impacted by off-mine costs including selling and insurance expenses. This, together with lower production, resulted in unit costs increasing by 8% to US$1 646 per ounce (FY2018: US$1 521 per ounce). Capital expenditure increased by 11% to US$49 million, due to deferrals from 2018 and additional spend on vehicles.

Mimosa's revenue benefited from the higher basket price and, despite inflationary pressures, gross profit increased by 21% to R773 million (FY2018: R640 million), while free cash flow was impacted by negative working capital movements (US$26.0 million) and declined to an outflow of US$4.9 million (FY2018: inflow of US$15.3 million).

Implats received dividend payments totalling R153 million from Mimosa in FY2019.

Two Rivers

A challenging operating period prevailed during the year at the Two Rivers joint venture operation. Despite pleasing absolute cost controls and reasonable delivery against targeted development, mining and milling volumes – the impact of continued mining into low-grade, split-reef areas and consequential lower recoveries resulted in a disappointing platinum production and unit cost performance in FY2019.

Tonnes milled were maintained at similar levels to the previous year at 3.41 million tonnes

COMMENTARY CONTINUED

(FY2018: 3.46 million). However, the impact of ore stockpile treatment during community unrest, together with increased development tonnage from the accelerated deepening into the neighbouring Kalkfontein block, resulted in lower milled grade (3.52g/t versus 3.63g/t) and weaker recoveries. In total, platinum in concentrate production declined by 9% to 147 000 ounces (FY2018: 163 000 ounces). Cash costs increased by 8% and unit costs rose by 19% to R17 330 per platinum ounce (FY2018: R14 517 per ounce).

Capital expenditure increased in line with accelerated deepening and development activity, rising 26% to R571 million (FY2018: R454 million). The benefit of higher pricing offset much of the impact of the operational challenges at Two Rivers. Gross profit increased by 10% to R963 million (FY2018: R879 million), while free cash flow increased by 16% to R446 million (FY2018: R385 million). During the year, Implats received dividend payments totalling R241 million (FY2018: R253 million).

Two Rivers enjoys a well-earned reputation as a safe, profitable and efficient producer. Lower grades have been a long-recognised characteristic of the medium-term mine plan for the operation, which traditionally has delivered strong through-the-cycle margins due to its low-cost mechanised mining method, relatively shallow UG2 orebody and chrome by-production. While lower grades will remain a key feature for the foreseeable future, management is prioritising improved mining flexibility and processing plant enhancements to compensate for orebody variability. Given its still competitive industry position, the operation is expected to remain a valuable cash contributor to the Group.

KEY PROJECTS

Implats' key projects and business development activities are focused on assets which are low-cost, predominantly mechanised and have the ability to deliver defensive cash generation. These assets will entrench and enhance the Group's competitive position and sustain profitability well into the future.

The construction phase of Impala Rustenburg's 20 Shaft capital project was concluded during the year, while the 16 Shaft project reached 92% completion at year-end. Both shafts are producing more than 50% of targeted steady-state production and management focus has moved to creating the required mineable face length to complete the production ramp-up.

The Mupani declines at Zimplats intersected reef horizon during the final quarter of the financial year. The project remains comfortably ahead of schedule and is well placed to provide the required future production capacity to replace two older shafts as they approach the end of their mine lives.

16 Shaft

To date, capital spend has totalled R7.4 billion of the R7.9 billion approved project vote, with the completion of this expenditure expected by November 2021.

Progress at 16 Shaft was impacted by a fatal incident and hoist rope failure, which impacted the achievement of planned production and development targets. Notwithstanding, significant progress was made, mineable face length increased by 32% to 3 838 metres and team productivity improved 18% to an average of 280 centares per month for the year. This allowed the number of stoping teams to be increased from 74 at the start of the year to 104 by year-end. The panel ratio increased from 1.3 to 1.4, approaching a targeted operational flexibility benchmark of 1.5. Platinum production rose to 90 000 ounces (FY2018: 74 000 ounces).

Opening mineable face length and further increases in stoping teams and productivity remain the key focus areas for FY2020. Steady-state platinum production of 180 000 ounces per annum is expected from June 2022.

20 Shaft

A comprehensive review of the shaft's production potential and strategic optionality was completed during FY2019. This followed another period of sustained underdelivery as a result of challenging ground conditions. As a result, the leadership capacity at the shaft was significantly strengthened and strict quarterly performance parameters instituted to ensure the capital and operating commitment afforded by the Group is matched with concomitant delivery from the project.

The construction phase was completed during the year with expenditure totalling R7.9 billion, in line with approvals. The number of stoping teams was reduced to 54 from 57 at the end of the prior year. This allowed the deployment of additional development and ledging teams to prioritise creating mineable face length to support the planned production ramp-up. Mineable face length increased 19% to 1 567 metres, while the average team productivity improved 9% to 250 centares per team for the year. The panel ratio increased from 1.0 to 1.2 and platinum production increased to 74 000 ounces (FY2018: 69 000 ounces). Platinum production of 130 000 ounces per annum is now expected 12 months later than previously guided, from July 2022.

Zimplats: Mupani Mine

The development of Mupani Mine, which will replace Ngwarati and Rukodzi mines, continues to run ahead of schedule. At year-end, US$67 million had been spent, with an estimated total cost of US$260 million at completion. Ore contact was reached in the fourth quarter of the year under review and production from a single mining fleet began in June 2019.

The capital project is expected to be completed by July 2024. However, steady-state platinum production of 90 000 ounces per annum will only be achieved in 2029 when all the teams from the two depleting shafts are relocated to Mupani. Surface infrastructure development, to facilitate earlier-than-planned mining, is being prioritised.

MINERAL RESOURCES AND MINERAL RESERVES

There was no material change to Implats' Mineral Resources and Mineral Reserves for the 2019 financial year relative to 2018.

Estimated total attributable Mineral Resources declined by 2% to 131.6 million platinum ounces. The major sources of variances were:
- An impact of 0.9 million platinum ounces due to mining depletion
- A decrease of 1.0 million platinum ounces due to an updated estimate of the Merensky Resource at Two Rivers
- A decline of 0.3 million platinum ounces attributable to the resource model update at Zimplats' Hartley mine.

The estimated total attributable Mineral Reserves remained unchanged at 21.2 million platinum ounces as production depletions, model updates and tail-cutting at Impala, Two Rivers, Marula and Mimosa were offset by an increase at Zimplats through the northern boundary extension of Mupani.

FINANCIAL REVIEW

The financial results for FY2019 benefited from an improvement in operating performance, higher sales volumes and the partial destocking of the processing pipeline. This, together with higher rand metal prices, resulted in substantial free cash flow generation and after debt repayments, saw the Group close the period with net cash of R1.1 billion at 30 June 2019 compared to net debt of R5.3 billion at the end of FY2018.

Revenue improved by 36% or R12.8 billion to R48.6 billion as a result of the following factors:
- A 12% or R4.4 billion increase due to higher sales volumes. Sales in the previous year were impacted by furnace maintenance and a transformer fire and the resultant build-up of inventory, as well as the contractual obligation to return 140 000 platinum ounces to a toll customer. In FY2019, circa 57 000 platinum ounces was released, together with other associated precious metals, from previously identified excess inventory of circa 160 000 platinum ounces.
- A 10% or R3.7 billion increase from higher realised dollar metal prices. Rhodium revenue increased by R2.8 billion while palladium revenue increased by R2.5 billion. Higher iridium and ruthenium pricing saw additional gains of R383 million and R342 million respectively. This benefit was partially offset by the R2.3 billion negative impact of the 12% decline in platinum pricing. The overall improvement in the prices, together with changes in the sales mix, resulted in an 11% improvement in total dollar revenue per platinum ounce sold to $2 237.
- A 13% or R4.6 billion increase due to a weaker rand. The average achieved exchange rate of R14.20/US$, fell by 11% from R12.82/US$ realised in FY2018. Together with higher dollar metal prices, the rand revenue per platinum ounce sold rose by 22% to R31 765.

Cost of sales increased by 20% or R7.1 billion to R41.8 billion for the year, largely due to:
- A R3.2 billion decrease in the movement in inventory. In FY2018 costs of R3.4 billion were deferred to inventory due to a substantial increase in pipeline stocks as a result of constrained smelting capacity after the scheduled rebuild and subsequent transformer

COMMENTARY CONTINUED

fire at Impala Rustenburg's No. 5 furnace. In FY2019, the increase in inventory only resulted in a R182 million credit to cost of sales.
- An increase of R2.1 billion in the cost of IRS metal purchases due primarily to higher rand metal prices in the current year.
- Cash costs associated with mining, processing, marketing and corporate activities increased by 7% or R1.7 billion. Calculated mining inflation for the Group of 7% was partially offset by the 3% cumulative increase in production volumes at Impala, Zimplats and Marula and resulted in the Group's stock-adjusted unit costs, including corporate and marketing spend, rising by 4% to R23 942 per platinum ounce from R22 931 in the FY2018.

Higher revenue and well-controlled costs resulted in the Group generating a gross profit of R6.8 billion for the year, a five-fold or R5.7 billion gain from R1.1 billion achieved in FY2018. Following the reclassification of certain operating items to the cost of sales (including royalties and fair value adjustments on metals purchased), gross profit in the prior comparable period has been restated to R1.1 billion from R1.6 billion, a reduction of R440 million (refer to note 26 in the AFS for additional detail).

There were several cash and non-cash items accounted for in profit before tax. The investment in Afplats was impaired by a further R2.4 billion (R2.2 billion post tax and R2.30 per share) during the year (in FY2018 total impairments amounted to R13.6 billion, or R9.7 billion post-tax and R13.50 per share). The mark-to-market of the conversion option on the US$ bond was impacted by the higher closing share price at year-end, resulting in a non-cash expense of R1.6 billion (a non-tax-deductible expense and equating to R2.17 per share). Other income included the benefit of insurance receipts of R300 million from the No 5 furnace fire, R516 million in Zimbabwean export incentives, a gain of R229 million on foreign exchange derivative financial instruments, and a refund in customs' duty penalties of R136 million. In FY2018, the Group incurred restructuring costs of R525 million which did not recur in the current year. In total, **profit before tax** increased by 125% or R16.3 billion to R3.3 billion while EBITDA improved by 90% or R5.0 billion to R10.5 billion.

The FY2019 tax charge of R2.1 billion (FY2018: R2.2 billion credit) was largely due to the improved profitability of the operations, partially offset by lower tax charges from Zimplats where, in FY2018, a once-off deferred tax charge of R1.2 billion relating to the conversion from the special mining lease to a new mining lease was incurred. The higher statutory tax rate associated with the mining lease is more than compensated for by the absence of additional profits tax applicable under a special mining lease, resulting in an overall lower average taxation rate for Zimplats.

Headline earnings increased to R3.0 billion from a loss of R1.2 million in the prior year. Basic earnings of R1.5 billion (FY2018: loss of R10.7 billion) were impacted by the attributable after-tax adjustment relating to the impairment charge of R1.7 billion (FY2018: R9.7 billion).

Net cash from operating activities increased by R10.7 billion, from a cash outflow of R1 million during the prior year to a cash inflow of R10.7 billion. The higher cash flow was due to improved profitability at the operations and positive working capital movements of R399 million, which included a net movement in payables and receivables of R551 million and a significantly lower increase in inventories of R152 million compared to an outflow of R3.5 billion in the prior year due to the increase in inventories.

Capital expenditure and capitalised interest amounted to R3.9 billion (FY2018: R4.7 billion), of which R350 million (FY2018: R686 million) was spent on 16 and 20 shafts and R254 million and R396 million spent on Bimha and Mupani respectively. Dividends of R473 million were received, mainly from Two Rivers and Mimosa.

Cash and cash equivalents amounted to R8.2 billion after repaying R2.2 billion (FY2018: net proceeds from borrowing of R501 million) of borrowings. The Group ended the period in a closing net cash position of R1.1 billion (FY2018: net debt of R5.33 billion), excluding finance leases of R1.2 billion, but including the financial asset of R151 million associated with the CCIRS.

The **balance sheet** remains strong with undrawn revolving credit facilities of R4.0 billion available until June 2021. The combination of cash balances and undrawn facilities results in headroom of R12.2 billion, ensuring that the Group has adequate liquidity and flexibility to address upcoming debt maturities, while funding the ongoing needs of the business.

The optimisation of the Group's balance sheet via the reduction and restructuring of existing debt is a key strategic pillar to reposition Implats as a profitable, sustainable and competitive business with clear capital allocation priorities. The early conversion of the US$ convertible bonds was identified as a priority given the higher relative risk profile and cost when combined with the CCIRS.

Given an uncertain and volatile local and global economic outlook and the ongoing restructuring underway at Impala Rustenburg, the Board has resolved not to declare a dividend for the year ended 30 June 2019.

MARKET OUTLOOK

While platinum pricing continues to struggle, its discount to both palladium and rhodium has continued to spur efforts to reconsider the mix of metals used in gasoline light duty catalysis. Pleasingly, boardroom discussions have advanced to research, development and testing, with a clear timeline visible for the potential addition of platinum to gasoline systems in key auto markets.

As the world focuses on the challenges of decarbonisation, the opportunity presented by fuel cells and a hydrogen economy is gaining growing recognition. The ability to provide zero-emitting, carbon-free energy in electricity and mobile applications through fuel cell technology is now more widely accepted and took centre stage at the G-20 Summit in June 2019. This structural hedge to the expected declining share of pure internal combustion powertrains in the longer term is a vital element to the sustainability of the platinum market.

Jewellery remains a key source of platinum demand. Implats continues to work with Platinum Guild International (PGI) on initiatives aimed at reigniting growth in the Chinese market, where several challenges and constrained funding have limited the reach of promotional efforts. The PGI has delivered programmes and initiatives which have resulted in continued growth in demand in India, the US and Japan.

The fundamentals for both palladium and rhodium have strengthened over the past year as the benefit of stronger demand from Europe and accelerated demand from China resulted in a step-change in expected global loadings for gasoline light duty vehicles. Northern Hemisphere refining constraints also impacted the release of secondary supply and pricing has remained robust despite headwinds from weak auto sales data in the first half of 2019. Despite some signs of a supply response, as evidenced by an announced project release in Russia at the beginning of 2019, it is Implats' view that while palladium supply growth is likely to outstrip that of platinum and rhodium over our forecast horizon, the market is likely to remain in a deep and structural deficit in the medium term.

REGULATORY POLICY

South Africa

Implats supports the South African government's transformation objectives as they relate to the mining industry. The reviewed Mining Charter III improves on the previous charters. As an industry, engagements with the DMR, via the Minerals Council of South Africa, on certain contentious issues contained in Mining Charter III continue to advocate an approach that promotes transformation as well as long-term investment in the mining sector.

The roll-out of South Africa's carbon tax from 1 June 2019 is geared towards reducing carbon emissions by 34% by 2020 and 42% by 2025 and will change the way companies do business. Implats is committed to playing its part in the global effort to reduce emissions and limit the Group's carbon tax liability in South Africa.

Zimbabwe

In Zimbabwe, President Emmerson Mnangagwa relaxed the indigenisation policy that impeded foreign direct investment in the country for more than a decade, prompting much-needed investment inflows. While Implats continues to engage closely with the government on indigenisation and beneficiation policies to resolve areas of uncertainty and support positive outcomes, the priority has been addressing the economic and fiscal policy constraints of the country.

The Zimbabwean government's Transitional Stabilisation programme, which seeks to achieve macro-economic stability, among other objectives, has seen the recent introduction of a local currency, the RTGS dollar, and the end to a multi-currency system. All local payments must now be done in the local currency. This has seen the return of hyper-inflation. Efforts to nurture sound, value-enhancing relations with the Zimbabwean

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government continue against this challenging economic backdrop.

PROSPECTS AND OUTLOOK

FY2019 was a transformational year for Implats with progress made on several strategic imperatives and aspirations. A safer and more efficient operating result was delivered to plan – and into better-than-expected rand PGM pricing. This allowed Implats to generate substantial free cash flow and opportunistically induce early conversion of the US$ bond, extinguishing a material debt liability in a cost-effective and value-accretive way. This substantially expedited the objective of strengthening the Group balance sheet and improving Implats' financial position as it continues to implement the key steps of restructuring its operations.

Despite the improved market outlook, Implats remains committed to its long-term strategic intent to favour value over volume in a zero-harm environment, embed operational improvements and build sustainability by consistently producing in a safe, productive, responsible and profitable way.

The focus in 2020 will be on advancing the phased restructuring of Impala Rustenburg, while taking advantage of the operational improvements realised over the past year and maintaining delivery from all other Group operations. Our project focus will be centred on 20 Shaft, ensuring that the continued commitment to invest and operate is matched with improved project delivery and accountability. The focus on organisational effectiveness and stakeholder engagement remains key to navigating the successful conclusion of wage agreements and the planned reduction in Implats' workforce in a socially responsible way, while limiting the potential for operational interruptions. In Zimbabwe, efforts to maintain open and constructive engagement with the government will continue amid a challenging economic and political environment.

Guidance

Production volumes will be supported through the continued release of in-process inventory and we estimate Group refined production at 1.45 to 1.55 million platinum ounces for FY2020. Group operating costs are expected to be between R25 500 and R26 500 per platinum ounce on a stock-adjusted basis, with Group capital expenditure forecast at R4.2 to R4.5 billion.

Full-year production estimates for the operational entities are as follows:

- Impala Rustenburg 640 000 to 690 000 platinum ounces in concentrate
- Zimplats 265 000 to 280 000 platinum ounces in concentrate
- Two Rivers 140 000 to 160 000 platinum ounces in concentrate
- Mimosa 110 000 to 125 000 platinum ounces in concentrate
- Marula 80 000 to 95 000 platinum ounces in concentrate
- IRS (third party) 170 000 to 185 000 platinum ounces in concentrate.

The financial information on which this outlook is based has not been reviewed and reported on by Implats' external auditors.

DIRECTORATE AND MANAGEMENT

Several new appointments were made during the year under review. Meroonisha Kerber was appointed chief financial officer, Dawn Earp as an independent non-executive director and audit committee chairman, and Preston Speckmann as an independent non-executive director and audit committee member to the board of directors with effect from 1 August 2018. Mpho Nkeli resigned her position as a member of the audit committee. In August 2019, Mr Udo Lucht resigned his position as a non-executive director of the board. Ms Boitumelo Tapnis Koshane was appointed as a non-executive director representing the Royal Bafokeng Nation.

Nedbank Corporate and Investment Banking, a division of Nedbank Limited, was appointed as Implats equity sponsor with effect from 1 November 2018 following the resignation of Deutsche Securities (SA) Proprietary Limited. Nedbank Corporate and Investment Banking now also serves as Implats debt sponsor.

The Board decided to adopt the Independent Regulatory Board for Auditors Mandatory Audit Firm Rotation rule earlier than required, and appointed Deloitte as Implats' external auditor from FY2020, subject to the approval by the shareholders at the annual general meeting on 22 October 2019.

APPROVAL OF THE FINANCIAL STATEMENTS

The summarised financial statements is extracted from the audited information, but is not itself audited. The directors of the Company take full responsibility for the preparation of the summarised financial statements for the period ended 30 June 2019 and that the financial information has been correctly extracted from the underlying consolidated financial statements.

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

The consolidated financial statements have been prepared under the supervision of the chief financial officer Ms M Kerber, CA(SA).

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

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

The consolidated financial statements have been approved by the board of directors and are signed on their behalf by:

MSV Gantsho
Chairman

NJ Muller
Chief executive officer

Johannesburg
5 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
Assets			
Non-current assets			
Property, plant and equipment	6	**34 499**	36 045
Investment property		**90**	90
Investment in equity-accounted entities	7	**4 437**	4 317
Deferred tax		**3 096**	4 757
Financial assets at fair value through other comprehensive income*		**265**	–
Available-for-sale financial assets*		**–**	198
Other financial assets		**316**	175
		42 703	45 582
Current assets			
Inventories	8	**11 811**	11 745
Trade and other receivables		**3 266**	3513
Current tax receivable		**216**	896
Other financial assets		**232**	3
Prepayments		**484**	724
Cash and cash equivalents		**8 242**	3 705
		24 251	20 586
Total assets		**66 954**	66 168
Equity and liabilities			
Equity			
Share capital		**20 536**	20 491
Retained earnings		**13 773**	12 302
Foreign currency translation reserve		**4 668**	4 324
Other components of equity		**160**	96
Equity attributable to owners of the Company		**39 137**	37 213
Non-controlling interests		**1 943**	2 380
Total equity		**41 080**	39 593
Liabilities			
Non-current liabilities			
Provision for environmental rehabilitation		**1 492**	1 225
Deferred tax		**5 503**	5 485
Borrowings	9	**6 677**	7 925
Other financial liabilities		**1 652**	50
Other liabilities		**267**	285
		15 591	14 970
Current liabilities			
Trade and other payables		**8 294**	8 086
Current tax payable		**66**	992
Borrowings	9	**1 885**	2 427
Other financial liabilities		**6**	69
Other liabilities		**32**	31
		10 283	11 605
Total liabilities		**25 874**	26 575
Total equity and liabilities		**66 954**	66 168

* *Available-for-sale financial assets were reclassified to financial assets at fair value through other comprehensive income following the adoption of IFRS 9 Financial Instruments, which was effective. Refer to note 17 for the impact of the adoption of IFRS 9.*

The notes on pages 21 to 38 are an integral part of these summarised financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm (Restated)*
Revenue	10	**48 629**	35 854
Cost of sales*	11	**(41 791)**	(34 717)
Gross (loss)/profit		**6 838**	1 137
Impairment	12	**(2 432)**	(13 629)
Other income*		**1 424**	1 584
Other expenses*		**(1 799)**	(1 154)
Finance income		**368**	350
Finance cost		**(1 136)**	(1 051)
Net foreign exchange transaction gains/(losses)		**(362)**	(662)
Share of profit of equity-accounted entities		**398**	383
Profit/(loss) before tax		**3 299**	(13 042)
Income tax (expense)/credit		**(2 120)**	2 249
Profit/(loss) for the year		**1 179**	(10 793)
Other comprehensive income/(loss), comprising items that may subsequently be reclassified to profit or loss:			
Available-for-sale financial assets		**–**	19
Deferred tax thereon		**–**	(3)
Share of other comprehensive income of equity-accounted entities		**65**	108
Deferred tax thereon		**(6)**	(11)
Exchange differences on translating foreign operations		**387**	650
Deferred tax thereon		**(51)**	(84)
Other comprehensive (loss)/income, comprising items that will not be subsequently reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income		**(28)**	–
Deferred tax thereon		**(2)**	–
Actuarial loss on post-employment medical benefit		**–**	(1)
Deferred tax thereon		**–**	–
Total comprehensive income/(loss)		**1 544**	(10 115)
Profit/(loss) attributable to:			
Owners of the Company		**1 471**	(10 679)
Non-controlling interest		**(292)**	(114)
		1 179	(10 793)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**1 785**	(10 070)
Non-controlling interest		**(241)**	(45)
		1 544	(10 115)
Earnings/(loss) per share (cents)			
Basic		**205**	(1 486)
Diluted		**203**	(1 486)

* *Comparatives have been restated as a result of changes in the classification of certain expense items during the current year. Refer notes 11 and 19.*

The notes on pages 21 to 38 are an integral part of these summarised financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary shares Rm	Share premium Rm	Share-based payment Rm
Balance at 30 June 2017	18	17 614	2 368
ZAR bond conversion option	–	450	–
Shares purchased – Long-term Incentive Plan	–	(78)	–
Share-based compensation expense	–	–	119
Total comprehensive income/(loss)	–	–	–
– Loss for the year	–	–	–
– Other comprehensive income/(loss)	–	–	–
Cash distributions to non-controlling interest	–	–	–
Balance at 30 June 2018	**18**	**17 986**	**2 487**
Adjustments on initial application of IFRS 9	**–**	**–**	**–**
Shares purchased – Long-term Incentive Plan	**–**	**(111)**	**–**
Share-based compensation expense	**–**	**–**	**156**
Total comprehensive income/(loss)	**–**	**–**	**–**
– Profit/(loss) for the year	**–**	**–**	**–**
– Other comprehensive income/(loss)	**–**	**–**	**–**
Cash distributions to non-controlling interest	**–**	**–**	**–**
Balance at 30 June 2019	**18**	**17 875**	**2 643**

The table above excludes the treasury shares.

The notes on pages 21 to 38 are an integral part of these summarised financial statements.

Total share capital Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other components of equity Rm	Attributable to: Owners of the Company Rm	Non-controlling interest Rm	Total equity Rm
20 000	22 982	3 745	80	46 807	2 425	49 232
450	–	–	–	450	–	450
(78)	–	–	–	(78)	–	(78)
119	–	–	–	119	–	119
–	(10 680)	579	16	(10 085)	(30)	(10 115)
–	(10 679)	–	–	(10 679)	(114)	(10 793)
–	(1)	579	16	594	84	678
–	–	–	–	–	(15)	(15)
20 491	**12 302**	**4 324**	**96**	**37 213**	**2 380**	**39 593**
–	**–**	**–**	**94**	**94**	**–**	**94**
(111)	**–**	**–**	**–**	**(111)**	**–**	**(111)**
156	**–**	**–**	**–**	**156**	**–**	**156**
–	**1 471**	**344**	**(30)**	**1 785**	**(241)**	**1 544**
–	**1 471**	**–**	**–**	**1 471**	**(292)**	**1 179**
–	**–**	**344**	**(30)**	**314**	**51**	**365**
–	**–**	**–**	**–**	**–**	**(196)**	**(196)**
20 536	**13 773**	**4 668**	**160**	**39 137**	**1 943**	**41 080**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rm	2018 Rm
Cash flows from operating activities			
Cash generated from operations	13	**11 844**	2 360
Finance cost paid (net of interest capitalised)		**(963)**	(1 025)
Income tax paid		**(223)**	(1 336)
Net cash from/(used in) operating activities		**10 658**	(1)
Cash flows from investing activities			
Purchase of property, plant and equipment (including interest capitalised)		**(3 877)**	(4 667)
Proceeds from sale of property, plant and equipment		**74**	26
Purchase of investment property		**–**	(1)
Purchase of interest in associate – Waterberg		**–**	(408)
Waterberg shareholder funding		**(19)**	(17)
Interest received from held-to-maturity financial assets		**–**	3
Loans granted		**(1)**	–
Finance income received		**358**	182
Dividends received		**473**	253
Net cash used in investing activities		**(2 992)**	(4 629)
Cash flows from financing activities			
Shares purchased – Long-term Incentive Plan		**(111)**	(78)
Repayments of borrowings		**(2 169)**	(999)
Proceeds from borrowings net of transaction costs		**–**	1 500
Cash distributions paid to non-controlling interest		**(196)**	(15)
Net cash (used in)/from financing activities		**(2 476)**	408
Net increase/(decrease) in cash and cash equivalents		**5 190**	(4 222)
Cash and cash equivalents at the beginning of the year		**3 705**	7 839
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		**(653)**	88
Cash and cash equivalents at the end of the year		**8 242**	3 705

The notes on pages 21 to 38 are an integral part of these summarised financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Impala Platinum Holdings Limited (Implats, Group or Company) is one of the world's foremost producers of platinum and associated Platinum Group Metals (PGMs). Implats is currently structured around five main operations with a total of 20 underground shafts. Our operations are located within the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, the two most significant PGM-bearing ore bodies in the world.

The Company has its listing on the securities exchange operated by JSE Limited in South Africa, the Frankfurt Stock Exchange (2022 US$ convertible bonds) and a level 1 American Depository Receipt programme in the United States of America.

The summarised consolidated financial information was approved for issue on 5 September 2019 by the board of directors.

2. AUDIT OPINION

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website.

The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

3. BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 30 June 2019 have been prepared in accordance with the JSE Limited Listings Requirements (Listings Requirements) and the requirements of the Companies Act, Act 71 of 2008 applicable to summarised financial statements. The Listings Requirements require financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and contain the information required by IAS 34 Interim Financial Reporting.

The summarised consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with IFRS.

The summarised consolidated financial information has been prepared under the historical cost convention except for certain financial assets, financial liabilities and derivative financial instruments which are measured at fair value and liabilities for cash-settled share-based payment arrangements which are measured using a binomial option model.

The summarised consolidated financial information is presented in South African rand, which is the Company's functional currency.

4. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS. The following new standards and amendments to standards have become effective or have been early adopted by the Group as from 1 July 2018:

- IFRS 15 *Revenue from Contracts with Customers* (note 10)
- IFRS 9 *Financial instruments* (note 17)

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

5. SEGMENT INFORMATION

The Group distinguishes its segments between the different mining operations, refining services, chrome processing and an "all other segments".

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

Capital expenditure comprises additions to property, plant and equipment (note 6).

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

Impala mining segment's two largest sales customers amounted to 10% each of total sales (June 2018: 12% and 8%).

	2019		2018	
	Revenue Rm	**Profit/(loss) after tax Rm**	Revenue Rm	Profit/(loss) after tax Rm
Mining				
– Impala	**21 522**	**1 185**	13 255	(12 332)
– Zimplats	**8 954**	**1 899**	7 485	40
– Marula	**2 976**	**149**	2 357	(30)
Impala Refining Services	**26 899**	**2 080**	22 044	1 210
Impala Chrome	**247**	**54**	226	47
All other segments	**–**	**(3 442)**	–	266
Inter-segment revenue	**(11 969)**	**–**	(9 513)	–
Total segmental revenue/profit or loss after tax	**48 629**	**1 925**	35 854	(10 799)
Reconciliation:				
Unrealised profit in stock consolidation adjustment		**(457)**		(211)
IRS pre-production Group consolidation adjustment		**(259)**		217
Inventory adjustments made on consolidation		**(30)**		–
Total consolidated profit/(loss) after tax		**1 179**		(10 793)

5. SEGMENT INFORMATION CONTINUED

	2019		2018	
	Capital expenditure Rm	**Total assets Rm**	Capital expenditure Rm	Total assets Rm
Mining				
– Impala	**2 006**	**28 850**	2 766	30 063
– Zimplats	**1 628**	**21 232**	1 739	20 612
– Marula	**152**	**3 512**	101	3 796
Impala Refining Services	**–**	**18 701**	–	8 334
Impala Chrome	**–**	**95**	–	150
All other segments	**–**	**36 121**	–	46 856
Total	**3 786**	**108 511**	4 606	109 811
Intercompany accounts eliminated		**(39 356)**		(42 757)
Unrealised profit in stock, NRV and other inventory adjustments		**(1 476)**		(886)
Segmental deferred tax asset/ liability allocations		**(725)**		–
Total consolidated assets		**66 954**		66 168

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

5. SEGMENT INFORMATION CONTINUED

(Rm)	Year ended 30 June 2019						
	Impala	Zimplats	Marula	IRS	Impala Chrome	Inter-segment revenue	Total
Revenue from:							
Platinum	8 739	2 761	835	9 057	–	(3 596)	17 796
Palladium	6 233	3 365	1 257	9 415	–	(4 622)	15 648
Rhodium	3 625	744	562	3 848	–	(1 306)	7 473
Nickel	696	700	34	1 622	–	(734)	2 318
Other metals	2 229	911	132	2 434	247	(1 063)	4 890
Movements in commodity prices	–	473	156	–	–	(629)	–
Treatment income	–	–	–	523	–	(19)	504
Revenue	21 522	8 954	2 976	26 899	247	(11 969)	48 629

(Rm)	Year ended 30 June 2018						
	Impala	Zimplats	Marula	IRS	Impala Chrome	Inter-segment revenue	Total
Revenue from:							
Platinum	6 730	2 870	864	9 500	–	(3 537)	16 427
Palladium	3 194	2 575	957	6 778	–	(3 858)	9 646
Rhodium	1 814	552	386	1 854	–	(843)	3 763
Nickel	506	685	31	1 441	–	(800)	1 863
Other metals	1 011	803	119	1 719	226	(441)	3 437
Treatment income	–	–	–	752	–	(34)	718
Revenue	13 255	7 485	2 357	22 044	226	(9 513)	35 854

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2019 Rm	30 June 2018 Rm
Opening net book amount	**36 045**	47 798
Capital expenditure	**3 786**	4 606
Interest capitalised	**89**	61
Disposals	**(15)**	(26)
Depreciation (note 11)	**(3 488)**	(3 838)
Impairment	**(2 432)**	(13 244)
Rehabilitation adjustment	**123**	(34)
Exchange adjustment on translation	**391**	722
Closing net book amount	**34 499**	36 045
Capital commitment		
Commitments contracted for	**1 462**	1 703
Approved expenditure not yet contracted	**4 946**	8 071
	6 408	9 774
Less than one year	**3 394**	4 017
Between one and five years	**3 014**	5 757
	6 408	9 774

This expenditure will be funded internally and from borrowings, where necessary.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

7. INVESTMENT IN EQUITY-ACCOUNTED ENTITIES

	30 June 2019 Rm	30 June 2018 Rm
Summary balances		
Joint venture		
Mimosa	**2 353**	2 268
Associates		
Two Rivers	**1 569**	1 528
Makgomo Chrome	**62**	78
Friedshelf	**42**	33
Waterberg	**411**	410
Total investment in equity-accounted entities	**4 437**	4 317
Summary movement		
Beginning of the period	**4 317**	3 316
Addition – Waterberg	**–**	408
Shareholder funding – Waterberg	**19**	17
Share of profit	**475**	473
Gain – Two Rivers change of interest	**–**	248
Share of other comprehensive income	**65**	108
Dividends received	**(439)**	(253)
End of the period	**4 437**	4 317
Share of equity-accounted entities is made up as follows:		
Share of profit	**475**	473
Movement in unrealised profit in stock	**(77)**	(90)
Total share of profit of equity-accounted entities	**398**	383

8. INVENTORIES

	30 June 2019 Rm	30 June 2018 Rm
Mining metal		
Refined metal	**518**	1 381
In-process metal	**5 036**	4 585
	5 554	5 966
Purchased metal#		
Refined metal	**1 571**	776
In-process metal	**3 818**	4 120
	5 389	4 896
Total metal inventories	**10 943**	10 862
Stores and materials inventories	**868**	883
Total carrying amount	**11 811**	11 745

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

The net realisable value (NRV) adjustment included in inventory in the prior period comprises R250 million for refined metal and R1 268 million for in-process metal.

Included in refined metal is ruthenium on lease to third parties of 25 600 ounces (2018: 45 000 ounces). Metal lease fee income is disclosed under Finance income.

Purchased metal consists mainly of inventory held by Impala Refining Services.

No inventories are encumbered.

Change in engineering estimate

Changes in engineering estimates of metal contained in-process resulted in a R404 million (June 2018: R435 million) (pre-tax) increase of in-process metal.

Change in accounting estimate

Due to the increase in the value of nickel, relative to total revenue for the Group, management has changed the classification of nickel from a by-product to a main product with effect from 1 July 2018. In terms of IFRS by-products, by nature, should be immaterial. When assessed, total by-product revenue including nickel would be in excess of 10% of total revenue. Nickel therefore can no longer be considered immaterial and a by-product.

Following the reclassification of nickel as a main product, the metal inventory cost allocation methodology was re-assessed and amended to allocate production costs, net of by-product revenue, based on relative sales value. In the previous years, production costs, net of by-product revenue was allocated on the basis of ounces. However, given that nickel is measured in tonnes, a different basis of cost allocation was required.

This change in cost allocation methodology resulted in an overall increase in inventory value of R510 million.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

9. BORROWINGS

	30 June 2019 Rm	30 June 2018 Rm
Standard Bank Limited – BEE partners Marula	**888**	887
Standard Bank Limited – Zimplats term loan	**599**	1 167
Convertible bonds – ZAR	**2 764**	2 631
Convertible bonds – US$	**3 067**	2 858
Standard Bank Limited – Revolving credit facility	**–**	1 510
Finance leases	**1 244**	1 299
	8 562	10 352
Current	**1 885**	2 427
Non-current	**6 677**	7 925
Reconciliation		
Beginning of the year	**10 352**	9 461
Proceeds	**–**	1 500
Interest accrued	**906**	928
Interest repayments	**(639)**	(689)
Capital repayments	**(2 169)**	(999)
Exchange adjustment	**112**	151
End of the year	**8 562**	10 352
Facilities		
Committed credit limit facility	**4 000**	4 000
Revolving discounting facility (US$34 million)	**479**	466
	4 479	4 466

All of the facilities remain undrawn. Of these facilities, R4.0 billion expires on 30 June 2021.

10. REVENUE

	30 June 2019 Rm	30 June 2018 Rm
Disaggregation of revenue by category		
Sales of goods		
Precious metals		
Platinum	**17 796**	16 427
Palladium	**15 648**	9 646
Rhodium	**7 473**	3 763
Ruthenium	**902**	477
Iridium	**1 346**	798
Gold	**1 524**	1 148
Silver	**24**	22
	44 713	32 281
Base metals		
Nickel	**2 318**	1 863
Copper	**610**	537
Cobalt	**59**	86
Chrome	**425**	369
	3 412	2 855
Revenue from services		
Toll refining	**504**	718
	48 629	35 854

Note 5 contains additional disclosure of revenue per operating segment.

Adoption of IFRS 15 *Revenue from Contracts with Customers*

This standard replaces IAS 18 *Revenue*.

In accordance with the transition provisions in IFRS 15, the new rules were adopted retrospectively, to open, unfulfilled customer contracts on 1 July 2017, and the effect of the adoption reflected in current year opening retained earnings. The financial impact of the application of the revenue recognition adjustments to opening retained earnings was Rnil.

The Group's accounting policy has been revised to align with IFRS 15, and additional disclosures have been introduced, particularly on the disaggregation of revenue as per this note.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

11. COST OF SALES

	30 June 2019 Rm	30 June 2018 Rm (Restated)*
Production costs		
On-mine operations	**17 686**	16 392
Processing operations	**5 410**	5 340
Refining and selling	**1 621**	1 522
Depreciation of operating assets	**3 488**	3 838
Other costs		
Metals purchased	**11 746**	9 651
Corporate costs	**981**	710
Royalty expense*	**646**	350
Change in metal inventories	**(182)**	(3 404)
Chrome operation – cost of sales	**144**	146
Other	**251**	172
	41 791	34 717

* *Royalty expense, previously presented separately in the "Consolidated statement of profit or loss and other comprehensive income" and the movement in the rehabilitation provision previously presented in "other operating expenses" were reclassified to cost of sales. These items have been reclassified due to their nature, which is directly related to cost of production. Refer note 19.*

12. IMPAIRMENT

	30 June 2019 Rm	30 June 2018 Rm
Impairment of non-financial assets was made up of the following:		
Property, plant and equipment	**2 432**	13 244
Exploration and evaluation assets	**–**	385
	2 432	13 629

Refer to commentary on page 12 as well as the annual financial statements note 21 for more detail regarding the impairment.

13. CASH GENERATED FROM OPERATIONS

	30 June 2019 Rm	30 June 2018 Rm
Profit/(loss) before tax	3 299	(13 042)
Adjustments for:		
Depreciation	3 488	3 838
Finance cost	1 136	1 051
Impairments	2 432	13 629
Fair value adjustments on derivative financial instruments	1 402	(366)
Other	(312)	(415)
	11 445	4 695
Cash movements from changes in working capital:		
Inventory	(152)	(3 521)
Receivables/Payables	551	1 186
Cash generated from operations	11 844	2 360

14. HEADLINE EARNINGS

	30 June 2019 Rm	30 June 2018 Rm
Headline earnings attributable to equity holders of the Company arise from operations as follows:		
Profit /(loss) attributable to owners of the Company	1 471	(10 679)
Remeasurement adjustments:		
Profit on disposal of property, plant and equipment	(60)	–
Impairments	2 432	13 629
Gain – Two Rivers change in interest	–	(248)
Insurance compensation relating to scrapping of property, plant and equipment	(64)	–
Total non-controlling interest effects of adjustments	(582)	(159)
Total tax effects of adjustments	(159)	(3 771)
Headline earnings	3 038	(1 228)
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	718.55	718.55
Weighted average number of ordinary shares for diluted earnings per share (millions)	789.69	722.11
Headline earnings/(loss) per share (cents)		
Basic	423	(171)
Diluted	416	(171)

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

15. CONTINGENT LIABILITIES AND GUARANTEES

As at the end of June 2019 the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The Group has issued guarantees of R1 587 million (2018: R2 163 million). Guarantees of R1 877 million (2018: R1 477 million) have been issued by third parties and financial institutions on behalf of the Group consisting mainly of guarantees to the Department of Mineral Resources for R1 755 million (2018: R1 355).

16. RELATED PARTY TRANSACTIONS

The Group entered into PGM purchase transactions of R5 175 million (June 2018: R3 749 million) with Two Rivers Platinum, an associate company, resulting in an amount payable of R1 361 million (June 2018: R1 145 million) at year end. It also received refining fees to the value of R33 million (June 2018: R33 million).

The Group previously entered into sale and leaseback transactions with Friedshelf, an associate company. At the end of the period, an amount of R1 154 million (June 2018: R1 192 million) was outstanding in terms of the lease liability. During the period, interest of R122 million (June 2018: R125 million) was charged and a R160 million (June 2018: R148 million) repayment was made. The finance leases have an effective interest rate of 10.2%.

The Group entered into PGM purchase transactions of R4 876 million (June 2018: R3 372 million) with Mimosa Investments, a joint venture, resulting in an amount payable of R1 166 million (June 2018: R965 million) at year end. It also received refining fees to the value of R317 million (June 2018: R285 million).

These transactions are entered into on an arm’s-length basis at prevailing market rates.

Fixed and variable key management compensation was R97 million (June 2018: R67 million).

17. FINANCIAL INSTRUMENTS

	30 June 2019 Rm	30 June 2018 Rm
Financial assets – carrying amount		
Financial assets at amortised cost	**11 170**	6 368
Trade and other receivables	**2 761**	2 506
Cash and cash equivalents	**8 242**	3 705
Other financial assets	**167**	157
Financial assets at fair value through profit and loss	**381**	21
Financial assets at fair value through other comprehensive income	**265**	–
Available-for-sale financial assets	**–**	198
Total financial assets	**11 816**	6 587
Financial liabilities – carrying amount		
Financial liabilities at amortised cost	**11 913**	16 967
Borrowings	**8 562**	10 352
Commitments	**47**	69
Trade payables	**3 296**	6 535
Other payables	**8**	11
Financial instruments at fair value through profit and loss	**5 115**	50
Trade payables – metal purchases	**3 504**	–
Other financial liabilities	**1 611**	50
Total financial liabilities	**17 028**	17 017

[1] *Level 1 of the fair value hierarchy – Quoted prices in active markets for the same instrument.*
[2] *Level 2 of the fair value hierarchy – Valuation techniques for which significant inputs are based on observable market data.*

The carrying amounts of financial assets and liabilities approximate their fair values with the exception of the US$ convertible bond (carrying amount R3 067 million) which has a fair value of approximately R3 430 million, and the ZAR convertible bond (carrying amount R2 764 million) which has a fair value of approximately R3 002 million. These fair values are categorised within Level 3 of the fair value hierarchy. A discounted cash-flow valuation technique was used, using a 4.25% discount rate on the US$ convertible bond and 9.57% discount rate on the ZAR convertible bond.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL INSTRUMENTS CONTINUED

Adoption of IFRS 9 *Financial Instruments*

This standard replaces IAS 39 *Financial Instruments*.

The adoption of IFRS 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and resulted in an adjustment to opening "other reserves". The adjustment of R94 million is as a result of the valuation of the equity investment in Rand Mutual Assurance (RMA) which was previously measured at cost (Rnil) in accordance with IAS 39 and has now been measured at fair value through other comprehensive income. The Group has not restated comparatives on transition because the Group was not able to meet the requirement in the standard to do so without the use of hindsight. IFRS 9 adoption has impacted both the classification and impairment requirements of financial assets. The Group now classifies former loans and receivables and held-to-maturity financial assets as measured at amortised cost. Derivative financial instruments and available-for-sale financial assets have now been classified as measured at fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI) respectively.

The following table indicates the reclassifications and adjustments recognised for each individual line item as per the statement of financial position as at 1 July 2018:

IAS 39 classifications	Balance at 30 June 2018 Rm	Reclassi-fication Rm	IFRS 9 classifications Amortised cost Rm	Fair value through profit on loss Rm	Fair value through other compre-hensive income* Rm	**Balance at 1 July 2018 Rm**
Financial assets						
Available-for-sale financial assets*	198	(198)	–	–	292	**292**
Other financial assets	178	(178)	157	21	–	**178**
Derivative financial asset#	21	(21)	–	21	–	**21**
Held-to-maturity financial asset@	73	(73)	73	–	–	**73**
Loans carried at amortised cost@	84	(84)	84	–	–	**84**
Trade and other receivables@	2 506	(2 506)	2 506	–	–	**2 506**
Cash and cash equivalents	3 705	(3 705)	3 705	–	–	**3 705**
Total financial assets	6 587	(6 587)	6 368	21	292	**6 681**
Financial liabilities						
Borrowings@	10 352	(10 352)	10 352	–	–	**10 352**
Other financial liabilities	119	(119)	69	50	–	**119**
Derivative financial liability#	50	(50)	–	50	–	**50**
Future commitment@	69	(69)	69	–	–	**69**
Trade and other payables@	6 546	(6 546)	3 501	3 045	–	**6 546**
Total financial liabilities	17 017	(17 017)	13 922	3 095	–	**17 017**

Continues to be measured subsequently at fair value through profit or loss.

@ *Continues to be measured subsequently at amortised cost, except for "Trade payables – metal purchases" measured subsequently at fair value through profit or loss.*

* *Includes R94 million investment in equity instrument (Rand Mutual Assurance) that was previously measured at Rnil.*

17. FINANCIAL INSTRUMENTS CONTINUED

Adoption of IFRS 9 *Financial Instruments* continued

The reclassification detailed in the table on page 34 was informed by the Implats' business models for managing financial assets and the following Implats financial asset characteristics:

Reclassifying equity instruments previously classified as available-for-sale to FVOCI

The Group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income, due to the Group's business model to hold these assets for value appreciation over the long term as well as collecting contractual cash flows. The cumulative fair value gains or losses on these instruments were not reclassified and will continue to be recognised in "other reserves" in equity. The gains or losses on these investments will not be reclassified to profit or loss upon derecognition.

Reclassification to amortised cost

Held-to-maturity financial assets and loans and receivables (including cash and cash equivalents) carried at amortised cost were reclassified to financial assets at amortised cost. This is in line with the Group's business model to hold the assets to maturity, and to collect contractual cash flows that consists solely of payments of principal and interest on the outstanding amount.

Financial assets and liabilities at fair value through profit or loss

The derivative financial assets do not meet the criteria for classification at either amortised cost or FVOCI. The derivative financial assets are therefore classified as measured at FVPL. The derivative financial liabilities are measured in accordance with IFRS 9 at FVPL.

Impairment of financial assets

The Group has five types of financial assets that are subject to IFRS 9's new expected credit loss model (ECL):

- Trade receivables for sales of inventory and tolling refining services;
- Other receivables, which consist mainly of employee receivables;
- Interest-free housing loans to employees;
- Debt instruments carried at amortised cost; and
- Cash and cash equivalents.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The lifetime ECL was applied to the outstanding trade receivable balances at 1 July 2018 which resulted in a negligible amount of impairment. All trade receivable balances have been recovered in full for the past five years.

The 12-month ECL (general approach ECL) has been applied to the following financial assets whose credit risk is considered to be low:

- Housing loans;
- Employee receivables;
- Debt instruments held at a financial institution; and
- Cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL INSTRUMENTS CONTINUED

Adoption of IFRS 9 *Financial Instruments* continued

Housing loans consist of housing loans advanced to Implats employees in terms of the Implats housing scheme. These loans are secured by a second bond over residential properties. Prior to granting the loan, employees undergo a screening process by an institutional bank to assess their creditworthiness for the entire value of the loan (bank and Implats loan value). After the bank's approval, Implats issues the employee with the housing loan, secured by a secondary bond over the property. An impairment rate of 0.5% was applied to housing loans. This impairment assumption is based on expected default rates on the overdue loans, by employees showing signs of financial distress and adverse expected changes in macro-economic circumstances that could affect employees, such as increases in interest and inflation rates, which would move the loan from a low credit risk category to a higher risk category.

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

Long-term debt instruments at amortised cost are considered to have low credit risk and are mostly held with investment grade entities. The loss assessment on the total carrying amount of the investments was therefore limited to 12 months expected losses.

The Group's cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The Group's cash is held at investment grade financial institutions, which are considered to have a low credit risk and the expected credit losses were immaterial.

General factors of an increase in credit risk in long-term debt investments and cash and cash equivalents include a downgrade in the sovereign or financial institution's credit ratings.

The outcome of the general approach ECL model assessments on the above financial assets was immaterial at 1 July 2018, therefore no adjustment was made to opening retained earnings.

At 30 June 2019 the ECL was reassessed. There were no significant changes in the circumstances that impact credit risk, therefore no changes in the value of the provisions were required since initial adoption.

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 July 2019, Implats announced an offer to holders ("bondholders") of its US$ 3.25% convertible bonds due 2022 ("US$ bonds") to pay the bondholders a cash consideration to incentivise them to exercise their conversion rights, in accordance with the terms and condition of the bonds, to convert their US$ bonds into ordinary shares in Implats. Bondholders representing US$249.8 million of the US$ bonds accepted this offer. As a result, a cash consideration of R510 million was paid to the bondholders and 64.2 million ordinary shares were issued by Implats to bondholders who elected to accept this offer. On 13 August 2019, the remaining bondholder elected to convert his US$200 000 bond into 51 404 shares in terms of the terms and conditions of the bond. The shares were issued on 27 August 2019. Consequently, the total number of ordinary shares in issue, post the conversion, increased to 799 million.

At year end, the US$ bonds did not have a dilutive impact on earnings per share or headline earnings per share.

On the conversion date, Implats will:

- Expense the cash consideration of R510 million paid to bondholders
- Transfer the carrying value of its US$ bonds at that date to ordinary share capital (the carrying value at 30 June 2019 was R3 067 million (note 9)); and
- Transfer the fair value of the US$ bond conversion option at that date to other equity reserves (the carrying value at 30 June 2019 was R1 611 million (note 10.1)).

The movement in the carrying value of the US$ bonds and fair value of the US$ bond conversion option between 1 July 2019 to the conversion date, will be accounted for in the profit or loss for the period.

In addition, the 64.3 million ordinary shares will be included in the weighted average number of ordinary shares in issue from the date of issue.

19. RESTATEMENT DUE TO CHANGE IN CLASSIFICATION IN THE STATEMENT OF PROFIT OR LOSS

	2018		
	Prior year classification Rm	Reclassification Rm	New classification Rm
Cost of sales	(34 277)	(440)	(34 717)
Royalty expense*	(350)	350	–
Other operating income*	180	(180)	–
Other operating expenses*	(944)	944	–
Other income	1 404	180	1 584
Other expense	(300)	(854)	(1 154)
Total	(34 287)	–	(34 287)

* *Royalty expense, other operating income and other operating expenses have been re-allocated in the table above to cost of sales, other income and other expense respectively.*

The June 2018 royalty expense of R350 million, which was previously disclosed separately on the Consolidated statement of profit or loss and other comprehensive income, and the prior year's movement in the rehabilitation provision expense of R90 million, previously included in other operating expenses, were reclassified to cost of sales in the current financial year.

These items were reclassified due to their nature, which is directly related to cost of production.

The residual other operating income and expense items were not directly related to cost of production and were therefore reclassified to other income and other expenses respectively.

CORPORATE INFORMATION

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