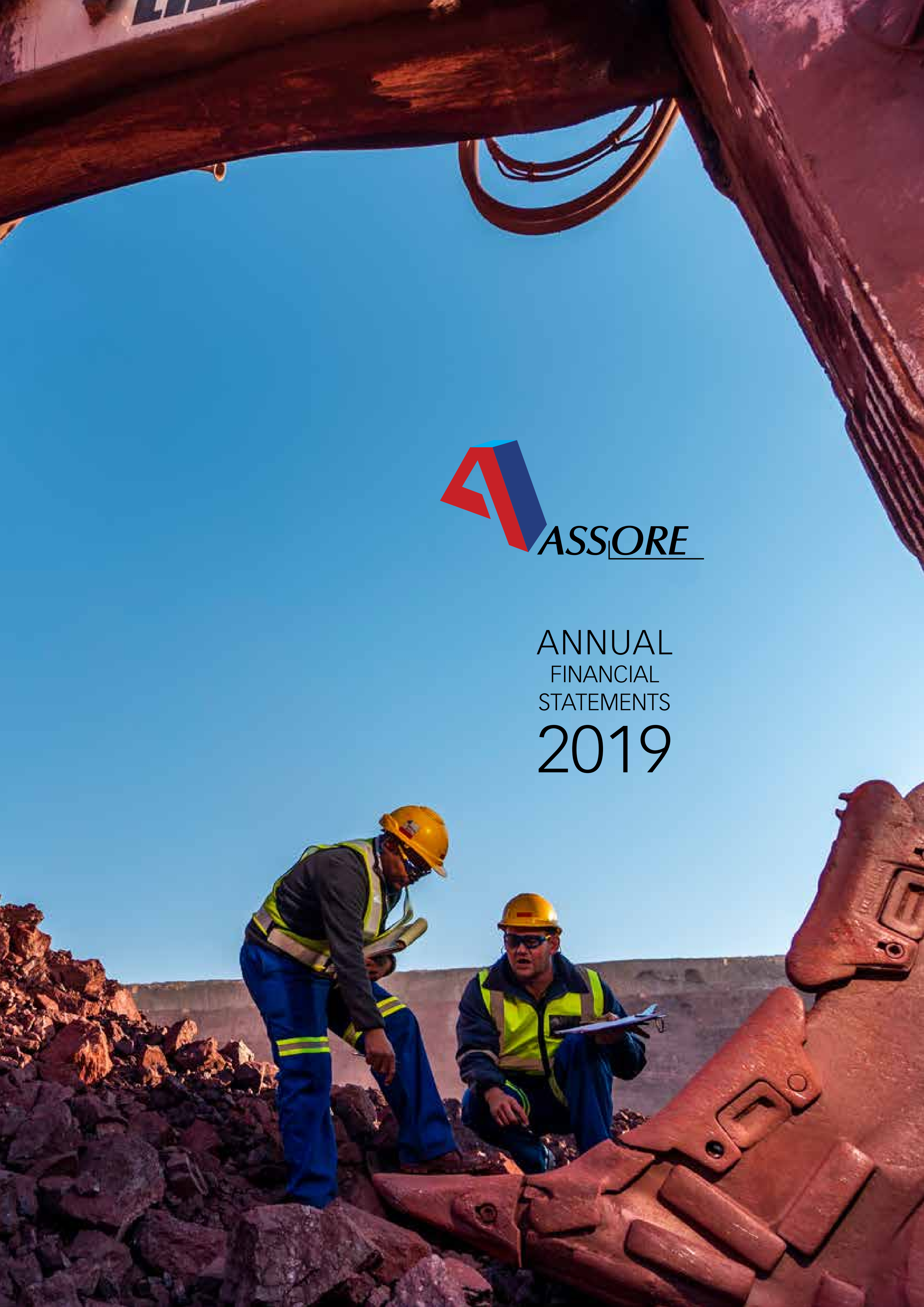

ASSORE

ANNUAL FINANCIAL STATEMENTS 2019

Annual financial statements

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Report feedback

Feedback on this Assore report can be made directly to Mrs MJ Claassen at: marethaclaassen@assore.com

Approval of the consolidated and separate annual financial statements

for the year ended 30 June 2019

The consolidated and separate annual financial statements of Assore Limited for the year ended 30 June 2019, as set out on pages 10 to 84, have been prepared under the supervision of Mr RA Davies CA(SA), have been audited in accordance with section 30(2)(a) of the Companies Act and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 18 October 2019, and are signed on its behalf by:

Desmond Sacco
Chairman

CE Walters
Chief executive officer

Company secretary's certificate

for the year ended 30 June 2019

We certify that the requirements stated in section 88(2)(e) of the Companies Act have been met and that all returns and notices, as are required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns and notices are true, correct and up to date.

African Mining and Trust Company Limited
Secretaries
per: CD Stemmett

18 October 2019

Independent auditors' report to the shareholders of Assore Limited

for the year ended 30 June 2019

Report on the audit of the consolidated and separate annual financial statements

Opinion

We have audited the consolidated and separate annual financial statements of Assore Limited and its subsidiaries ("the group") and company set out on pages 5 to 84, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate annual financial statements* section of our report. We are independent of the group and company in accordance with sections 290 and 291 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (revised January 2018), parts 1 and 3 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the consolidated and separate annual financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate annual financial statements.

The key audit matters applies equally to the audit of the consolidated and separate annual financial statements.

Key audit matter	How the matter was addressed in the audit
Environmental rehabilitation	
(This key audit matters apply only to the audit of the consolidated financial statements) The nature of the mining industry's mineral extraction is such that environmental disturbance is inevitable. In terms of NEMA regulations, IAS 37 and IFRIC 1, the group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. Management calculates a rehabilitation provision based on the present value of the estimated future decommissioning and restoration costs at the end of the group's mine and plant lives. The key risks associated with this provision are: • the key uncertainty surrounding the future life of mines; • the forward-looking nature of the provisions; and • the uncertainty regarding the underlying assumptions. The disclosure associated with the environmental rehabilitation is set out in the consolidated financial statements in note 16.	**Our audit procedures included the following:** As the Assore group's only significant rehabilitation provision relates to the mining operations of the subsidiary Dwarsrivier Chrome Mine (Dwarsrivier), our review focused on Dwarsrivier's rehabilitation provision; We engaged, as part of our team, environmental valuation specialists to assist us in our assessment of the measurement of the environmental rehabilitation provision; We reviewed the work performed by Dwarsrivier management's independent environmental experts who were appointed to perform the evaluation of Dwarsrivier's environmental rehabilitation and mine closure costs. Our procedures included a review of: • The experts' assessment of environmental risk; • Their estimation of Dwarsrivier's environmental rehabilitation costs on the "current disturbance" and life-of-mine basis; • The assessment of Dwarsrivier environmental rehabilitation, decommissioning and mine closure plan prepared by the experts; • The robustness of the methodology and the underlying assumptions applied for calculation of the rehabilitation and closure costs and the related financial provision. We assessed the reasonability of the independent contractor rates used to perform the calculation of the closure costs (this is a proactive application of the impending new NEMA Regulations for financial provisioning (current draft: GNR 667 in GG 42464 of 17 May 2019)); and

Key audit matter	How the matter was addressed in the audit
Environmental rehabilitation continued	
	• Dwarsrivier management's recorded long-term provision for rehabilitation costs to be included in Dwarsrivier's financial records and compared this with the expert's independent estimate of the NEMA financial provision relating to current mine closure rehabilitation and mine closure/decommissioning costs. We reperformed management's calculation of environmental rehabilitation provisions recorded; We assessed the reasonability of management's economic assumptions in their rehabilitation models. The most significant of these assumptions include the risk-free discount rates and the expected future inflation factors, as they have the most significant impact on the balance of the provision; We inspected the accuracy and completeness of the accounting entries; and We evaluated the adequacy of financial statement disclosures in compliance with IFRS.
Revenue recognition — presumed fraud risk	
Following the first-time adoption of the new revenue recognition standard (IFRS 15: *Revenue from Contracts with Customers*) with effect from 1 July 2018, the group updated its accounting policies and elected to apply a full retrospective approach. Under IFRS 15, revenue is recognised when a performance obligation is satisfied by transferring control over a promised good or service. The group's revenue is primarily derived from the sale of commodity products. The timing of the revenue recognition is dependent on the sale contract terms as documented in the International Commercial terms (incoterms). The group's revenue recognised relates to the sale of mining and beneficiated products, other goods sold, commissions on sales and technical fees, as well as investment revenue. The application of IFRS 15 did not result in changes to the revenue recognised arising from commission income. The disclosure associated with revenue is set out in the separate and consolidated financial statements in notes 10 and 21 respectively. The key risks associated with revenue recognition are as follows: • Improper revenue recognition as a result of incorrect application of revenue recognition principles under IFRS 15; • Improper revenue recognition relating to sales made on behalf of Assmang including override of management controls due to the manual process followed on the revenue recognition and commission recognition on Ore & Metal.	**Our audit procedures included the following:** We engaged, as part of our team, our IFRS technical experts to review management's diagnostic impact assessment which identified the differences between IAS 18 and IFRS 15 across the group; We tested and reperformed management's calculation of the IFRS 15 assessment; On a sample basis, we tested whether revenue from the sale of mining and related products was recognised when the full criteria per IFRS 15 had been satisfied; We performed corroborative analytical review procedures including performing analytics on sales-related accruals and ageing; For Ore & Metal, we compared commissions earned on sales made on behalf of Assmang with actual Assmang recognised revenue. For Ore & Metal commissions earned we performed the following: • Analytical reviews on commissions earned and sales made on behalf of Assmang with actual recognised revenue; • Obtained third-party confirmation from the relevant third parties on the tonnages shipped during the financial year in respect of each commodity; • Performed a recalculation on the commissions earned by Ore & Metal based on these confirmations and contracted rates; • Performed journal entry testing of manual journals entered into the system by Ore & Metal; and • Performed a reasonability assessment on commodity prices and the fluctuation thereof during the year as well as exchange rates. We evaluated the adequacy of financial statement disclosures in compliance with IFRS.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 68 page document titled "Assore Limited Integrated Annual Report 2019", and in the 85 page document titled "Assore Limited Annual Financial Statements 2019" which include the approval of the consolidated and separate annual financial statements and the company secretary's certificate as required by the Companies Act of South Africa and corporate information. The other information does not include the consolidated or the separate annual financial statements and our auditors' report thereon.

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

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

Independent auditors' report to the shareholders of Assore Limited continued

for the year ended 30 June 2019

Responsibilities of the directors for the consolidated and separate annual financial statements

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

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

Auditors' responsibilities for the audit of the consolidated and separate annual financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc has been the auditor of Assore Limited for 30 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director — Dawid Petrus Venter
Registered Auditor
Chartered Accountant (SA)

18 October 2019

102 Rivonia Road
Sandton
2196

Directors' report

for the year ended 30 June 2019

NATURE OF BUSINESS

Assore Limited was incorporated in South Africa in 1950 and is a mining holding company engaged principally in ventures involving base minerals and metals. The company's shares are listed on the JSE Limited (the JSE) under "Assore" in the general mining sector and its ultimate holding company is Oresteel Investments Proprietary Limited. Assore's principal investment is a 50% (2018: 50%) interest in Assmang Proprietary Limited (Assmang), which it controls jointly with African Rainbow Minerals Limited (ARM), which is also listed on the JSE. Assmang mines iron and manganese ores, and produces manganese alloys. In addition, the group mines chrome ore at Dwarsrivier Chrome Mine located near Steelpoort in the Lydenburg district. It also mines Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear and acid-resistant tiles, which are installed in various mining and industrial applications. The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint venture and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the chief executive officer's report. Refer pages 25 to 29 of the 2019 integrated annual report.

FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2019 are summarised below:

	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Turnover	**6 301 572**	6 305 587
Profit after taxation, before joint-venture entity and associates	**1 450 853**	1 666 926
Share of profit from joint-venture entity, after taxation	**4 536 396**	3 524 287
Share of losses in associates	**(23 317)**	(16 211)
Profit for the year	**5 963 932**	5 175 002
Profit attributable to non-controlling shareholders	**(31 895)**	(55 673)
Profit attributable to the shareholders of the holding company	**5 932 037**	5 119 329
Less: Dividends relating to the group's activities for the year under review	**2 475 478**	2 270 554
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share – declared on 25 February 2019	**1 396 070**	1 396 070
Final dividend No 125 of 1 400 cents (2018: 1 200 cents) per share – declared on 4 September 2019	**1 954 498**	1 675 284
Less: Dividends attributable to treasury shares	**(875 090)**	(800 800)
Profit for the year after dividends	**3 456 559**	2 848 775
The attributable interest of the company in the aggregate net profit and losses after taxation of subsidiary companies was as follows:		
– Profits	**1 416 066**	1 505 909
– Losses	**(165 585)**	(39 757)

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the annual financial statements and related financial information included in this report. The external auditors, Ernst & Young Inc., whose report is set out on pages 2 to 4, are responsible for expressing an opinion on the annual financial statements based on their audit.

The annual financial statements included in this report are based on judgements and estimates which are intended to be both reasonable and prudent and have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The accounting policies are consistent with those of the previous year except for IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers,* which the group adopted with effect from 1 July 2018.

The annual financial statements have been prepared on a going concern basis and the directors have no reason to believe that the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the carrying amount of all assets included in the statement of financial position are appropriately valued.

In order to discharge their responsibilities with regard to the annual financial statements, the directors ensure, through the group's appointed Audit and Risk Committee, that management maintains adequate accounting records and systems of internal control which are developed and reviewed for effectiveness on an ongoing basis. The systems of internal control are established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatements and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of the financial information included in this report. The internal financial controls were assessed by the group's outsourced internal audit function and were found to be satisfactory.

Directors' report continued

for the year ended 30 June 2019

JOINT-VENTURE ENTITY

Assore holds a 50% interest in Assmang, which it controls jointly with ARM in terms of a long-standing shareholders' agreement. In accordance with IFRS, Assmang is accounted for on the equity-accounting basis, and Assore has disclosed its share of Assmang's profit as "share of profit from joint-venture entity, after taxation". Set out below are the financial statements of Assmang in abridged format, which combine its continuing and previously discontinued operations.

Abridged consolidated comprehensive income statement of Assmang

	Year ended 30 June	
	2019 R'000	2018 R'000
Turnover	**35 613 171**	27 548 235
Profit before taxation	**12 920 245**	9 994 479
Taxation	**(3 822 504)**	(2 920 956)
Earnings	**9 097 741**	7 073 523
Other comprehensive income	**18 631**	265 267
Dividends declared and paid during the year	**(6 630 000)**	(6 000 000)
Total comprehensive income for the year after dividends	**2 486 372**	1 338 790

Abridged consolidated statement financial position of Assmang

	At 30 June	
	2019 R'000	2018 R'000
Assets		
Non-current assets	**27 153 112**	26 509 377
Current assets		
Inventories	**4 961 281**	4 392 486
Trade and other receivables	**7 473 455**	5 522 327
Financial assets	**187 845**	228 367
Cash resources	**6 104 583**	5 014 065
Total assets	**45 880 276**	41 666 622
Equity and liabilities		
Equity	**34 371 037**	31 884 665
Non-current liabilities		
Deferred taxation liability	**6 358 502**	5 809 009
Long-term provisions	**1 079 186**	897 397
Trade and other payables	**84 519**	89 217
Current liabilities		
Trade and other payables	**2 664 249**	1 819 476
Short-term provisions	**983 207**	960 674
Taxation	**308 326**	206 184
Financial liabilities	**31 250**	—
Total liabilities	**11 509 239**	9 781 957
Total equity and liabilities	**45 880 276**	41 666 622
Capital expenditure	**4 407 332**	3 082 204
Capital commitments	**3 847 951**	2 844 692

DIRECTORS' EMOLUMENTS

	Directors' fees		Remuneration*				
	Other group companies R'000	Group companies R'000	Salaries R'000	Bonuses (refer note 1) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 2) R'000	Total R'000
2019							
Executive							
Desmond Sacco (Chairman)	**—**	**60**	**4 264**	**355**	**—**	**337**	**5 016**
CE Walters (Chief executive officer)	**36**	**60**	**6 258**	**14 417**	**1 340**	**1 517**	**23 628**
PE Sacco (Deputy chief executive officer and Marketing Director)	**36**	**60**	**2 968**	**10 084**	**752**	**1 042**	**14 942**
RA Davies (Chief financial officer)	**—**	**60**	**2 610**	**4 833**	**661**	**1 006**	**9 170**
BH van Aswegen (Technical and operations director)	**36**	**60**	**3 306**	**10 322**	**837**	**1 140**	**15 701**
Non-executive#							
EM Southey (Deputy Chairman and lead independent director)		**825**					**825**
DN Aitken		**325**					**325**
TN Mgoduso		**450**					**450**
S Mhlarhi		**450**					**450**
WF Urmson		**675**					**675**
	108	**3 025**	**19 406**	**40 011**	**3 590**	**5 042**	**71 182**
2018							
Executive							
Desmond Sacco (Chairman)	—	73	4 264	711	—	310	5 358
CE Walters (Chief executive officer - appointed 1 July 2017)	36	60	5 904	12 526	1 234	1 422	21 182
RA Davies (Chief financial officer - appointed 20 February 2018)	—	22	1 026	3 016	258	397	4 719
PE Sacco (Group Marketing Director)	36	60	2 800	9 255	709	987	13 847
BH van Aswegen (Technical and operations director)	36	60	3 119	10 512	790	1 093	15 610
Non-executive#							
EM Southey (Deputy Chairman and lead independent director)		750					750
DN Aitken		300					300
TN Mgoduso		400					400
S Mhlari		400					400
WF Urmson		600					600
	108	2 725	17 113	36 020	2 991	4 209	63 166

Notes:

1. Due to the shareholding structure the company is unable to offer directors' remuneration by way of share incentive or option arrangements, and bonuses are determined based on the group's results for the year and the achievement of its long-term objectives. Directors owning shares in the group do so in their own right and disclosure thereof is made in this report (refer page 8).
2. Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, group life contributions, use of assets and unemployment insurance fund contributions.

** Remuneration is paid to directors of the holding company by subsidiary companies of the group.*
 # Non-executive directors are subject to re-election to the board every three years.

Directors’ report continued

for the year ended 30 June 2019

DIRECTORS’ INTERESTS IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2019 were as follows:

	Direct beneficial number of shares 2019	%	Indirect beneficial number of shares 2019	%	Direct beneficial number of shares 2018	%	Indirect beneficial number of shares 2018	%
Executive directors								
Desmond Sacco	**990 000**	**0,71**	**32 430 489**	**23,23**	990 000	0,71	32 430 489	23,23
CE Walters	**—**	**—**	**—**	**—**	—	—	—	—
PE Sacco	**227 580**	**0,16**	**—**	**—**	227 580	0,16	—	—
RA Davies	**—**	**—**	**—**	**—**	—	—	—	—
BH van Aswegen	**6 305**	**—**	**—**	**—**	6 305	—	—	—
Non-executive directors								
EM Southey	**—**	**—**	**—**	**—**	—	—	—	—
DN Aitken	**—**	**—**	**—**	**—**	—	—	—	—
TN Mgoduso	**—**	**—**	**—**	**—**	—	—	—	—
S Mhlari	**—**	**—**	**—**	**—**	—	—	—	—
WF Urmson	**—**	**—**	**—**	**—**	—	—	—	—
	1 223 885	**0,87**	**32 430 489**	**23,23**	1 223 885	0,87	32 430 489	23,23

Note: No changes in directors’ interest have occurred between 30 June 2019 and the date of issue of this report.

DIRECTORATE AND SECRETARY

The names of the directors, at the date of this report, and details of the company secretary, including its business and postal addresses, are set out on the inside back cover of this report.

In terms of the Memorandum of Incorporation (MoI), Messrs EM Southey and WF Urmson are required to retire by rotation at the forthcoming Annual General Meeting (AGM). The aforementioned directors, being eligible, offer themselves for re-election and a brief *curriculum vitae* for each of these directors is included in the notice of the AGM (refer page 64 of the integrated annual report 2019).

DIVIDENDS

	2019 R’000	2018 R’000
Dividends declared during the year		
Final dividend No 123 of 1200 cents (2018: 800 cents) per share – declared 5 September 2018	**1 675 284**	1 116 856
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share – declared on 25 February 2019	**1 396 070**	1 396 070
Less: Dividends attributable to treasury shares	**(802 095)**	(656 207)
	2 269 259	1 856 719
Dividends relating to results of the group for the year under review		
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share - declared on 25 February 2019	**1 396 070**	1 396 070
Final dividend No 125 of 1 400 cents (2018: 1 200 cents) per share – declared on 4 September 2019	**1 954 498**	1 675 284
Less: Dividends attributable to treasury shares	**(875 090)**	(800 800)
	2 475 478	2 270 554

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders, in accordance with the JSE Listings Requirements, has been established, based on an examination of the company's share register at 30 June 2019. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2019 Number of shares	2019 %	2018 Number of shares	2018 %
Shareholder spread				
Shares held by the public/non-public				
Non-public*				
– Holders in excess of 10% of the share capital	**105 021 450**	**75,23**	105 021 450	75,23
– Directors of the company (direct and beneficial)	**1 223 885**	**0,88**	1 223 885	0,88
	106 245 335	**76,11**	106 245 335	76,11
Public shareholders	**33 361 665**	**23,89**	33 361 665	23,89
	139 607 000	**100,00**	139 607 000	100,00
Major shareholders^				
Oresteel Investments Proprietary Limited	**73 190 000**	**52,43**	73 190 000	52,43
Main Street 460 Proprietary Limited (RF) (held 100% by Main Street 350 Proprietary Limited (RF) which is held 51% and 49% by the Boleng Trust and Assore Limited respectively)#	**15 367 000**	**11,01**	15 367 000	11,01
Main Street 904 Proprietary Limited (RF) (held 51% and 49% by the Fricker Road Trust and The Assore Employee Trust respectively)#	**16 464 450**	**11,79**	16 464 450	11,79
	105 021 450	**75,23**	105 021 450	75,23
Directors of the company	**1 223 885**	**0,88**	1 223 885	0,91
Others – less than 5%	**33 361 665**	**23,89**	33 361 665	23,86
	139 607 000	**100,00**	139 607 000	100,00

* *As defined by Rule 4.25 of the JSE Listings Requirements.*
^ *Holding 5% or more of the issued share capital.*
\# *Refer "Black economic empowerment status report" on page 46 of the integrated annual report 2019.*

SPECIAL RESOLUTIONS

The following special resolution was passed on 30 November 2018:

"That the board may authorise the company to directly or indirectly provide financial assistance to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act, as amended."

EVENT AFTER THE REPORTING PERIOD

On 4 September 2019, the board declared a final dividend of 1 400 cents per share, amounting to R1 954,5 million, which was paid to shareholders on 30 September 2019.

On 10 September 2019, a dividend of R2 billion was received from Assmang.

Consolidated statement of financial position

as at 30 June 2019

	Note	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Investment in joint-venture entity	1	**17 215 032**	15 984 321
Property, plant and equipment	2	**1 510 943**	1 132 725
Intangible assets	3	**634 751**	661 140
Investments			
– financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments)	4	**317 795**	262 003
– foreign listed associate	5	**187 387**	154 896
– financial asset measured at fair value through profit and loss (2018: available-for-sale unlisted investments)		**3 354**	7 568
Pension fund surplus	35	**141 536**	129 245
Long-term loans	6	**9 320**	6 000
		20 020 118	18 337 898
Current assets			
Inventories	7	**2 013 317**	1 361 954
Trade and other receivables	8	**1 677 280**	1 222 327
Cash resources	9	**10 395 268**	8 449 797
Assets held-for-sale as part of identified disposal groups	10	**288**	1 351
		14 086 153	11 035 429
Total assets		**34 106 271**	29 373 327
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	11	**698**	698
Share premium	12	**264 092**	264 092
Treasury shares	13	**(5 067 440)**	(5 065 510)
Retained earnings		**34 296 313**	30 633 535
Other reserves	14	**278 351**	258 537
Equity attributable to shareholders of the holding company		**29 772 014**	26 091 352
Non-controlling shareholders' surplus/(deficit)		**30 368**	(40 990)
Total equity		**29 802 382**	26 050 362
Non-current liabilities			
Deferred taxation	15	**471 091**	345 440
Long-term provisions	16	**198 254**	166 639
Share-based payment liability	17	**30 502**	17 513
		699 847	529 592
Current liabilities			
Trade and other payables	18	**2 087 945**	2 039 587
Taxation		**14 907**	24 059
Short-term provisions	19	**108 975**	128 081
Overdraft	20	**1 391 564**	584 472
Liabilities associated with assets held-for-sale	10	**651**	17 174
		3 604 042	2 793 373
Total equity and liabilities		**34 106 271**	29 373 327

Assore annual financial statements 2019

Consolidated income statement

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Revenue	21	**8 140 469**	7 804 737
Turnover		**6 301 572**	6 305 587
Cost of sales		**(5 369 083)**	(4 800 780)
Gross profit		**932 489**	1 504 807
Add: Other income			
Commissions on sales and technical fees	21	**1 262 429**	979 005
Foreign exchange gains	22	**40 971**	59 827
Dividend income	21	**55 462**	17 778*
Interest income#	21	**557 437**	502 368*
Profit on sale of available-for-sale listed investments		**—**	42 432
Other income		**3 398**	26 159
Less: Other expenses			
Finance costs	23	**(55 302)**	(19 394)
Foreign exchange losses	22	**(200)**	(6 896)
Mining royalty taxes	22	**(67 909)**	(138 938)
Impairment of furniture, fittings and office equipment	2	**—**	(9 519)
Impairment of non-financial assets	22	**—**	(21 564)
Staff remuneration and benefits		**(368 518)**	(375 672)
Other expenses		**(279 648)**	(247 921)
Profit before taxation	22	**2 080 609**	2 312 472
Taxation	24	**(629 756)**	(645 546)
Profit after taxation, before joint-venture entity and associates		**1 450 853**	1 666 926
Share of profit from joint-venture entity, after taxation	1	**4 536 396**	3 524 287
Share of losses in associates	5	**(23 317)**	(16 211)
Profit for the year		**5 963 932**	5 175 002
Attributable to:			
Shareholders of the holding company		**5 932 037**	5 119 329
Non-controlling shareholders' share of profits in subsidiary companies		**31 895**	55 673
As above		**5 963 932**	5 175 002
Earnings per share (cents) (basic and diluted)	25	**5 751**	4 963

Based on effective interest rates.
* *These balances, disclosed as investment income in the prior year, were disaggregated into dividend income and interest income to comply with amendments to IAS 1:* Presentation of Financial Statements, *which became effective during the current financial year.*

Consolidated statement of comprehensive income

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Profit for the year (as above)		**5 963 932**	5 175 002
Items that may be reclassified into the income statement dependent on the outcome of a future event		**12 302**	162 862
Gain on revaluation to available-for-sale listed investments, after taxation		—	32 933
Gains on revaluation to market value of available-for-sale listed investments	4	—	77 024
Deferred capital gains taxation thereon	15	—	(44 091)
Exchange differences on translation of foreign operations		**12 302**	129 929*
— recorded by joint-venture entity and foreign listed associate		**8 511**	127 810
— recorded by foreign subsidiary		**3 791**	2 119
Items that may not be reclassified into the income statement dependent on the outcome of a future event		**46 975**	17 206
Gain on revaluation to market value of financial assets measured at fair value through other comprehensive, after taxation		**43 295**	—
Gain on revaluation to market value of financial assets measured at fair value through other comprehensive income	4	**55 792**	—
Deferred capital gains taxation thereon	15	**(12 497)**	—
Actuarial gains in pension fund, after taxation	14	**3 680**	17 206
Total comprehensive income for the year, net of taxation		**6 023 209**	5 355 070
Less: Comprehensive income attributable to non-controlling shareholders		**(33 753)**	(57 709)
Attributable to shareholders of the holding company		**5 989 456**	5 297 361

* *This balance was disaggregated in the current year to disclose other comprehensive income recorded by the group's joint-venture entity, foreign listed associate and foreign subsidiary, separately in accordance with IAS 1:* Presentation of Financial Statements, *and the comparative amounts were restated accordingly.*

Consolidated statement of cash flow

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Cash (utilised by)/generated from operating activities		**(1 618 275)**	185 515
Net cash generated from operations		**668 470**	2 342 134
Cash generated from operations	27.1	**1 677 633**	1 968 533
Dividend income	21	**55 462**	17 778
Movements in working capital	27.2	**(1 064 625)**	355 823
Interest income		**557 437**	470 425
Finance costs	27.3	**(47 737)**	(12 835)
Taxation paid	27.4	**(527 186)**	(683 139)
Dividends paid to shareholders of the holding company	27.5	**(3 071 354)**	(2 512 926)
Dividends attributable to treasury shares, utilised within the group	27.5	**802 095**	656 207
Dividends paid to non-controlling shareholders		**—**	(74 351)
Cash retained from investing activities		**2 756 654**	2 632 751
Proceeds from disposal of available-for-sale listed investments		**—**	86 706
Acquisition of interests in associates		**(59 795)**	(66 584)
Additions to property, plant and equipment	2	**(499 572)**	(404 121)
Dividend received from joint-venture entity	1	**3 315 000**	3 000 000
Proceeds on disposal of property, plant and equipment		**1 021**	16 750
Cash generated from financing activities		**807 092**	4 753
Movement in overdraft	20	**807 092**	4 753
Cash resources			
— increase for the year		**1 945 471**	2 823 019
— at beginning of year		**8 449 797**	5 626 778
— at end of year	9	**10 395 268**	8 449 797

Consolidated statement of changes in equity

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Share capital			
Balance at beginning and end of year	11	**698**	698
Share premium			
Balance at beginning and end of year	12	**264 092**	264 092
Treasury shares			
Balance at beginning of year		**(5 065 510)**	(5 062 848)
Acquired during the year		**(1 930)**	(2 662)
Balance at end of year	13	**(5 067 440)**	(5 065 510)
Retained earnings			
Balance at beginning of year		**30 633 535**	27 370 925
Profit for the year		**5 932 037**	5 119 329
Ordinary dividends declared during the year	26	**(2 269 259)**	(1 856 719)
Final dividend No 123 of 1200 cents (2018: 800 cents) per share – declared 5 September 2018		**(1 675 284)**	(1 116 856)
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share – declared on 25 February 2019		**(1 396 070)**	(1 396 070)
Less: Dividends attributable to treasury shares		**802 095**	656 207
Balance at end of year		**34 296 313**	30 633 535
Other reserves			
Balance at beginning of year		**258 537**	76 433
Other comprehensive income		**57 419**	182 104
– fair value adjustment on financial assets measured at fair value through other comprehensive income (2018: gain after taxation arising on revaluation of available-for-sale listed investments)		**43 295**	32 933
– foreign currency translation reserve arising on consolidation		**10 444**	131 965
– actuarial gains in pension fund, after taxation	14	**3 680**	17 206
Balance transferred to non-controlling shareholders' deficit		**(37 605)**	—
Balance at end of year	14	**278 351**	258 537
Equity attributable to shareholders of the holding company		**29 772 014**	26 091 352
Non-controlling shareholders' deficit			
Balance at beginning of year		**(40 990)**	(24 348)
Share of total comprehensive income/(loss)		**33 753**	(16 642)
Total comprehensive income for the year, net of taxation		**33 753**	57 709
– profit for the year		**31 895**	55 673
– other comprehensive income for the year		**1 858**	2 036
Dividends paid to non-controlling shareholders		**—**	(74 351)
Balance transferred from other reserves		**37 605**	—
Balance at end of year		**30 368**	(40 990)
Total equity		**29 802 382**	26 050 362

Notes to the consolidated financial statements

for the year ended 30 June 2019

1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2018: 50%) interest in Assmang Proprietary Limited (Assmang), a South African company which it jointly controls with African Rainbow Minerals (ARM) which is also listed on the JSE. Assmang mines iron and manganese ores and produces manganese alloys. In accordance with IFRS, the results of Assmang are accounted for by Assore using the equity method. The financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2019.

	2019 R'000	2018 R'000
Consolidated income statement of Assmang		
Turnover	**35 613 171**	27 548 235
Cost of sales	**(18 445 160)**	(16 206 770)
Gross profit	**17 168 011**	11 341 465
Other operating income	**1 298 861**	1 356 756
Other operating expenses	**(4 943 576)**	(3 469 816)
Profit from operations	**13 523 296**	9 228 405
(Loss)/profit from joint-venture entity	**(1 120 950)**	236 606
Income from investments	**614 102**	597 514
Finance costs	**(96 203)**	(68 046)
Profit before taxation	**12 920 245**	9 994 479
Taxation	**(3 822 504)**	(2 920 956)
Profit for the year, net of taxation	**9 097 741**	7 073 523
Other comprehensive income	**18 631**	265 267
Total comprehensive income for the year, net of taxation (group interest therein 50% (2018: 50%)) (refer "Equity accounted results for Assmang" below)	**9 116 372**	7 338 790
Dividends declared during the year	**6 630 000**	6 000 000
Abridged consolidated statement of financial position of Assmang		
Total assets		
Non-current assets	**27 153 112**	26 509 377
Current assets		
Inventories	**4 961 281**	4 392 486
Trade and other receivables	**7 473 455**	5 522 327
Financial assets	**187 845**	228 367
Cash resources	**6 104 583**	5 014 065
	45 880 276	41 666 622
Total liabilities		
Non-current liabilities		
Deferred taxation	**6 358 502**	5 809 009
Long-term provisions	**1 079 186**	897 397
Trade and other payables	**84 519**	89 217
Current liabilities		
Trade and other payables	**2 664 249**	1 819 476
Short-term provisions	**983 207**	960 674
Taxation	**308 326**	206 184
Financial liabilities	**31 250**	—
	11 509 239	9 781 957
Net assets	**34 371 037**	31 884 665
Proportion of the group's ownership	**50%**	50%
Carrying amount of investment		
Opening balance	**15 984 321**	15 327 400
Share of profit, net of taxation	**4 536 396**	3 524 287
Share of other comprehensive income, net of taxation	**9 315**	132 634
Less: Dividends received	**(3 315 000)**	(3 000 000)
Carrying amount of investment in statement of financial position	**17 215 032**	15 984 321

	2019 R'000	2018 R'000
1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)		
Carrying amount of investment (continued)		
Capital expenditure	**4 407 332**	3 082 204
Capital commitments	**3 847 951**	2 844 692
— contracted for	**1 755 706**	941 078
— not contracted for	**2 092 245**	1 903 614
Equity accounted results of Assmang		
Total comprehensive income for the year, net of taxation	**9 116 372**	7 338 790
Less: Other comprehensive income from operations	**(18 631)**	(265 267)
Assmang profit after taxation	**9 097 741**	7 073 523
50% thereof	**4 548 870**	3 536 761
Group consolidation adjustments	**(12 474)**	(12 474)
Share of profit from joint-venture entity after taxation per income statement	**4 536 396**	3 524 287
Impairment of assets		
The carrying values of the following assets were fully impaired at year-end, as no future economic benefits were expected to arise from these operations:		
— property, plant and equipment of Sakura Ferroalloys Sdn Bhd (Malaysia) (Sakura)	**625 874**	—
— investment in associate of joint venture	**387 542**	—
— Black Rock — winder	**41 911**	—
— feasibility studies relating to manganese operations	**—**	51 900
	1 055 327	51 900

2019 saw several major ferroalloy producers announce production cuts in an attempt to curb losses and achieve a more balanced ferroalloy market, which was, and remains oversupplied. Elevated input costs and weak alloy prices pressurised profit margins, which are not expected to recover in the short term. Accordingly, by way of using a discounted cash flow model, management at Sakura have recorded an impairment charge against its property, plant and equipment of Malaysian ringgit (MYR) 338 million, of which Assmang's equity-accounted portion (54,36%) amounts to R626 million. In addition, management at Assmang have assessed Assmang's equity-accounted carrying value its joint venture investment in Sakura, in comparison to its determined fair value (less cost to sell) and have recorded an additional impairment charge in this respect of R388 million. Assore's 50% share of the sum of these charges amounts to R507 million.

	Cost 2019 R'000	Accumulated depreciation and impairment charges 2019 R'000	Carrying amount 2019 R'000	Cost 2018 R'000	Accumulated depreciation and impairment charges 2018 R'000	Carrying amount 2018 R'000
2 PROPERTY, PLANT AND EQUIPMENT						
At year-end						
Land and buildings	**212 515**	**(43 189)**	**169 326**	208 992	(30 829)	178 163
Plant, machinery and equipment	**794 220**	**(330 512)**	**463 708**	716 193	(273 532)	442 661
Vehicles	**250 403**	**(164 463)**	**85 940**	204 453	(136 069)	68 384
Furniture, fittings and office equipment	**174 087**	**(132 636)**	**41 451**	170 929	(129 562)	41 367
Prospecting, exploration, mine development and decommissioning assets	**462 417**	**(328 481)**	**133 936**	364 387	(324 266)	40 121
Mine properties	**89 113**	**—**	**89 113**	89 113	(8 514)	80 599
Capital work-in-progress	**527 469**	**—**	**527 469**	281 430	—	281 430
	2 510 224	**(999 281)**	**1 510 943**	2 035 497	(902 772)	1 132 725

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

2 PROPERTY, PLANT AND EQUIPMENT (continued)

	Opening carrying amount R'000	Additions R'000	Disposals R'000	Reclassifi-cations R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Movement for the year — 2019						
Land and buildings	**178 163**	**1 856**	**(11)**	**(6 567)**	**(4 115)**	**169 326**
Plant, machinery and equipment	**442 661**	**27 073**	**(496)**	**52 034**	**(57 564)**	**463 708**
Vehicles	**68 384**	**5 190**	**(157)**	**52 968**	**(40 445)**	**85 940**
Furniture, fittings and office equipment	**41 367**	**9 236**	**(242)**	**4 339**	**(13 248)**	**41 452**
Prospecting, exploration, mine development and decommissioning assets	**40 121**	**13 664**	**(177)**	**85 226**	**(4 899)**	**133 935**
Mine properties	**80 599**	**—**	**—**	**8 514**	**—**	**89 113**
Capital work-in-progress	**281 430**	**442 553**	**—**	**(196 514)**	**—**	**527 469**
	1 132 725	**499 572**	**(1 083)**	**—**	**(120 271)**	**1 510 943**

	Opening carrying amount R'000	Additions R'000	Disposals R'000	Reclassifi-cations R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Movement for the year — 2018						
Land and buildings	159 476	39 629	(9 618)	(10 777)	(547)	178 163
Plant, machinery and equipment	418 482	21 254	(120)	51 375	(48 330)	442 661
Vehicles	141 198	3 514	(226)	(23 605)	(52 497)	68 384
Furniture, fittings and office equipment	70 027	17 636	(208)	(17 410)	(28 678)	41 367
Prospecting, exploration, mine development and decommissioning assets	834	38 818	—	506	(37)	40 121
Mine properties	81 580	—	—	3 685	(4 666)	80 599
Capital work-in-progress	1 934	283 270	—	(3 774)	—	281 430
	873 531	404 121	(10 172)	—	(134 755)	1 132 725

	2018 R'000
Impairment of assets	
The carrying values of the following assets were fully impaired at year-end as no future economic benefits were expected to arise from their continued use and therefore the remaining value-in-use was assessed at Rnil.	
Computer hardware (six servers)	9 519
The computer hardware impaired, and subsequently disposed of, was included to the furniture, fittings and office equipment asset category.	

		2019 R'000	2018 R'000
3	**INTANGIBLE ASSETS**		
	Mineral rights	**633 333**	659 722
	Carrying amount at beginning of year	**659 722**	709 624
	Amortised during the year	**(26 389)**	(49 902)
	Goodwill		
	Goodwill arising on the acquisition of Minerais U.S. LLC	**1 418**	1 418
	The directors are of the opinion that remaining goodwill recognised will be recovered in the form of future cash flows anticipated from Minerais U.S. LLC and is therefore not impaired		
	Licences	**—**	—
	Carrying amount at beginning of year	**—**	69
	Amortised during the year	**—**	(69)
		634 751	661 140
4	**FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (2018: AVAILABLE-FOR-SALE LISTED INVESTMENTS)**		
	Listed investments at cost	**157 839**	157 839
	Cumulative impairment charges included in retained earnings	**(53 398)**	(53 398)
	Opening balance	**(53 398)**	(170 929)
	Reversal of impairment below cost previously recognised	**—**	117 531
	Cumulative fair value adjustment included in other comprehensive income	**213 354**	157 562
	Opening balance	**157 562**	80 538
	Fair value adjustment at year-end disclosed in other reserves	**55 792**	77 024
	Fair value adjustment of remaining investments	**55 792**	119 456
	Profit on sale of available-for-sale listed investments	**—**	(42 432)
		317 795	262 003

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

5 INVESTMENT IN FOREIGN LISTED ASSOCIATE

	2019 R'000	2018 R'000
96 816 667 (2018: 81 316 667) shares in IronRidge Resources Limited (IronRidge) at cost	**245 332**	185 537
Cost at end of year, excluding goodwill	**173 685**	113 890
— share of net asset value (NAV) at beginning of year	**113 890**	50 306
— 15 500 000 (2018: 10 483 333) shares acquired during the year by way of a combination of rights issues and exercising the existing "creep" provisions contained in the shareholders' agreement	**59 795**	63 584
— goodwill	**71 647**	71 647
Share of equity losses to date	**(50 665)**	(27 348)
— balance at beginning of year	**(27 348)**	(13 224)
— share of equity losses for the year	**(23 317)**	(14 124)
Foreign currency translation reserve recorded in other comprehensive income*	**(7 280)**	(3 293)
— balance at beginning of year	**(3 293)**	(11 378)
— share of other comprehensive (loss)/income for the year	**(3 987)**	8 085
— carrying value at end of year	**187 387**	154 896

The investment represents 31,12% (2018: 28,91%) of IronRidge's ordinary share capital, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

IronRidge is registered in Australia and is a junior exploration company, with a portfolio of gold, lithium, bauxite, titanium and iron ore prospects in Africa and Australia.

In accordance with IFRS, IronRidge is accounted for on the equity accounting basis and the group's share of IronRidge's loss after taxation has been disclosed in the consolidated income statement. At year-end, the fair value of the group's investment, based on the AIM price, was R267 196 000 (2018: R410 386 000).

The financial information set out below has been extracted from the provisional results of IronRidge for the year ended 30 June 2019, converted to the group reporting currency as follows:

	2019 R'000	2018 R'000
Abridged income statement of IronRidge		
Revenue	**463**	506
Total reported comprehensive loss for the year	**(74 927)**	(48 864)
Abridged statement of financial position of IronRidge		
Non-current assets	**229 856**	87 823
Current assets		
— trade and other receivables	**642**	11 553
— other current assets	**2 176**	110 044
— cash resources	**63 543**	95 496
	296 217	304 916
Total liabilities		
Trade and other payables	**10 371**	10 244
Net assets	**285 846**	294 672
Portion owned by group (%)	**31,12**	28,91

** This balance was disaggregated into the balance at the beginning of the year and share of other comprehensive (loss)/income for the year, in the current year. The comparative balance has been similarly disaggregated.*

6 LONG-TERM LOANS

	2019 R'000	2018 R'000
Loan balances are receivable resulting from the below transactions:		
Disposal of subsidiary (refer note 36.1)	**1 000**	—
Loan granted in anticipation of the sale of Rustenburg Minerals (refer note 10)	**2 320**	—
Disposal of interest in associate (refer note 36.2)	**6 000**	6 000
	9 320	6 000

7 INVENTORIES

	2019 R'000	2018 R'000
Raw materials	**918**	1 130
Consumable stores	**113 555**	120 518
Work-in-progress	**158 565**	160 846
Finished goods	**1 740 279**	1 079 460
	2 013 317	1 361 954
Cost of inventory expensed included in cost of sales	**4 717 720**	4 660 559
Cost of inventory written down during the year included in cost of sales	**6 482**	11 334

8 TRADE AND OTHER RECEIVABLES

	2019 R'000	2018 R'000
Trade	**927 592**	585 526
Other	**749 688**	636 801
— commissions receivable	**583 533**	402 835
— dividend receivable	**—**	72 763
— interest receivable	**43 563**	25 831
— sundry receivables	**122 592**	135 372
	1 677 280	1 222 327

Trade receivables are non-interest-bearing and the terms range between 30 and 90 days (for more information on credit risk refer note 28.1).

Expected credit losses, under IFRS 9: *Financial Instruments,* which became effective 1 July 2018 are considered immaterial.

9 CASH RESOURCES

	2019 R'000	2018 R'000
Variable rate deposits and current	**10 342 608**	7 693 137
Cash on deposit, fixed deposit (including accrued interest)	**—**	686 000
Cash pledged in favour of bankers by a subsidiary company to secure environmental guarantees issued by them (refer note 32)	**52 660**	70 660
	10 395 268	8 449 797

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

10 DISPOSAL GROUPS HELD FOR SALE

On 17 November 2017, Assore, which owns 100% of the issued shares in Zeerust Chrome Mines Limited (Zeerust), entered into a sale of shares agreement. In terms of the agreement, Assore has agreed to sell all of its shares in Zeerust, with the transaction being contingent on certain suspensive conditions being met by 31 December 2018, the most significant of which was the consent required, in terms of the Mineral Resources and Petroleum Development Act, by the Department of Mineral Resources (DMR) for the transfer of the mining right from Zeerust (the section 11 transfer). The last of the above suspensive conditions were met on 15 November 2018, with DMR approval of the section 11 transfer, on which date Zeerust was sold for a purchase consideration of R1 million, payable by 15 November 2020 (refer note 6). The group realised a gain on disposal of Zeerust of R2 669 000 included as part of other income.

On 6 February 2018, Rustenburg Mineral Development Company Proprietary Limited (Rustenburg Minerals), in which the group has a 56% interest entered into a sale of business agreement. In terms of the agreement, Rustenburg Minerals agreed to sell its chrome mining business, comprising the assets and liabilities required for the income-earning activity of the chrome mining business. At the 2018 and 2019 financial year-end the sale was contingent upon certain suspensive conditions being met, with the purchase price being agreed at nominal value, payable to Rustenburg Minerals, for the transfer of its assets and liabilities. The agreement specifically excludes any contingent liabilities arising after the effective date, 1 October 2018, of the transaction.

Management regarded the net asset value to be disposed of as disposal groups.

These identified disposal groups comprised the following assets and liabilities at the reporting period.

These identified disposal groups comprised the following assets and liabilities at 30 June 2019:	**Rustenburg**	**Zeerust**	**Total**
Assets held-for-sale as part of identified disposal groups:			
— trade and other receivables	**287**	**—**	**287**
— cash resources	**1**	**—**	**1**
			288
Liabilities associated with assets held-for-sale:			
— trade and other payables	**651**	**—**	**651**
These identified disposal groups comprised the following assets and liabilities at 30 June 2018:			
Assets held-for-sale as part of identified disposal groups:			
— inventories	545	6	551
— trade and other receivables	259	190	449
— cash resources	273	78	351
			1 351
Liabilities associated with assets held-for-sale:			
— long-term provisions	9 950	1 607	11 557
— short-term provisions	4 293	1 033	5 326
— trade and other payables	251	40	291
			17 174

The asset value of Rustenburg Minerals and Zeerust (for the 2018 financial year only) have accordingly been disclosed as disposal groups held-for-sale in accordance with IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations.*

		2019 R'000	2018 R'000
11	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2018: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year		
	139 607 000 (2018: 139 607 000) ordinary shares of 0,5 cents each	**698**	698
12	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092
13	**TREASURY SHARES**		
	36 462 070 (2018: 36 455 970) ordinary shares in Assore Limited:		
	Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS 904)	**(2 692 555)**	(2 692 555)
	— 16 464 450 (11,79% of the issued share capital) acquired on 19 August 2011 at R163,00 per share	**(2 683 705)**	(2 683 705)
	— Securities transfer taxation thereon	**(8 850)**	(8 850)
	Owned by the Assore Employee Trust	**(15 857)**	(13 927)
	— balance at beginning of year 55 970 shares (2018: 47 646 shares)	**(13 927)**	(11 265)
	— 6 100 (2018: 8 224) 0,01% (2018: 0,01%) of the issued share capital acquired during the year at an average price of R314,58 (2018: R316,32) per share	**(1 915)**	(2 633)
	— Transaction costs thereon	**(15)**	(29)
	Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)	**(2 359 028)**	(2 359 028)
	— 19 935 550 (14,28% of the issued share capital) acquired over the 2006 to 2010 financial years at an average cost of R118,00 per share	**(2 352 354)**	(2 352 354)
	— Transaction and warehousing costs thereon	**(6 674)**	(6 674)
	Balance at end of year	**(5 067 440)**	(5 065 510)

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

	2019 R'000	2018 R'000
14 OTHER RESERVES		
Foreign currency translation reserve arising on consolidation	**33 216**	60 377
— Balance at beginning of year	**60 377**	(71 588)
— Arising on consolidation	**10 444**	131 965
Balance transferred to non-controlling shareholders' deficit	**(37 605)**	—
Accumulated actuarial gains in Assore pension fund	**103 841**	100 161
— Balance at beginning of year	**100 161**	82 955
— Net actuarial gains per statement of comprehensive income	**3 680**	17 206
— Actuarial gains for the year	**5 112**	23 897
Less: Deferred taxation thereon (refer note 15)	**(1 432)**	(6 691)
After tax fair value adjustment arising on the revaluation of financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments at year-end):	**141 294**	97 999
— Gross fair value adjustment (refer note 4)	**213 354**	157 562
Less: Deferred capital gains taxation (refer note 15)	**(72 060)**	(59 563)
	278 351	258 537
15 DEFERRED TAXATION LIABILITY		
At year-end		
Arising on temporary differences		
— accelerated capital allowances	**467 672**	384 445
— revaluation of financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments)	**35 829**	23 332
— pension fund surplus	**39 630**	36 189
— prepaid expenditure	**1 227**	1 358
— revaluation of trade receivables	**(822)**	—
— valuation of inventories	**(2 349)**	(1 435)
— share-based payment liability	**—**	(4 904)
— income received in advance	**13 523**	(12 812)
— provisions raised	**(83 619)**	(80 733)
	471 091	345 440
Movement for the year		
Balance at beginning of year	**345 440**	283 778
Arising on temporary differences in income statement	**111 722**	10 880
— accelerated capital allowances	**83 227**	71 400
— revaluation of financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments)	**—**	(511)
— pension fund surplus	**2 009**	3 418
— prepaid expenditure	**(131)**	525
— revaluation of trade receivables	**(822)**	—
— valuation of inventories	**(914)**	(1 449)
— share-based payment liability	**4 904**	(4 904)
— income received in advance	**26 335**	(3 689)
— provisions raised	**(2 886)**	(53 910)
Arising on temporary differences included in other comprehensive income or loss	**13 929**	50 782
— revaluation of financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments) at year-end	**12 497**	44 091
— actuarial gains on pension fund	**1 432**	6 691
As above	**471 091**	345 440

		2019 R'000	2018 R'000
16	**LONG-TERM PROVISIONS**		
	Environmental obligations		
	Provision against cost of decommissioning assets	**80 488**	65 840
	Balance at beginning of year	**65 840**	36 187
	Provisions raised during the year	**9 381**	26 671
	Unwinding of discount on the provision	**5 267**	2 982
	Provision for cost of environmental restoration	**34 888**	34 940
	Balance at beginning of year	**34 940**	43 865
	Provisions utilised during the year	**(2 350)**	(12 502)
	Unwinding of discount on the provision	**2 298**	3 577
	Employee benefit liability	**82 807**	77 416
	Balance at beginning of year	**77 416**	47 626
	Provisions raised during the year	**42 904**	41 199
	Payments made during the year	**(37 513)**	(11 409)
	Leave pay	**1 717**	—
	Balance at beginning of year	**—**	—
	Transferred from short-term provisions	**1 717**	—
	Transfer to disposal groups held-for-sale	**—**	(11 557)
	Long-term provisions recorded by subsidiary disposed of (refer note 36.1)	**(1 646)**	—
	Balance at end of year	**198 254**	166 639
	The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 5,66% and 8,21% (2018: 6,30% and 8,25%) and the nominal discount rates vary between 5,66% and 8,21% (2018: 6,30% and 8,25%).		
17	**SHARE-BASED PAYMENT LIABILITY**		
	Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled share-based payment transactions during the year, using the Monte Carlo valuation technique	**30 502**	17 513

EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the EPRs and resultant cash payment is linked to the Assore share price on the date of the payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at a rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date.

At 30 June 2019, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R14 180 000 (2018: R12 795 000). The number of EPRs that have vested to date amount to 200 560 (2018: 187 127), and have a combined intrinsic value of R2 331 200 (2018: R2 281 000).

The following assumptions were used in determining the fair value of the EPRs:
- dividend yield, between 1,87% and 4,31% (2018: 1,87% and 4,01%)
- expected volatility, between 38,54% and 50,02% (2018: 41,64% and 51,73%)
- risk-free interest rate between 6,72% and 7,16% (2018: 7,65% and 8,18%)

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

		2019 R'000	2018 R'000
18	**TRADE AND OTHER PAYABLES**		
	Trade	**2 038 062**	1 893 422
	Other	**49 883**	146 165
		2 087 945	2 039 587
	Trade and other payables are non-interest-bearing and terms vary between 30 and 90 days.		
19	**SHORT-TERM PROVISIONS**		
	Bonuses	**53 922**	78 492
	Balance at beginning of year	**78 492**	74 917
	Provisions raised during the year	**64 695**	146 821
	Payments made during the year	**(89 265)**	(143 246)
	Leave pay	**50 071**	44 880
	Balance at beginning of year	**44 880**	40 757
	Provisions raised during the year	**35 512**	11 053
	Payments made during the year	**(28 604)**	(6 930)
	Transfer between long and short-term provisions	**(1 717)**	—
	Environmental compliance	**5 000**	5 000
	Balance at beginning of year	**5 000**	9 469
	Provisions utilised during the year	**—**	(4 469)
	Transfer to disposal groups held-for-sale	**—**	(291)
	Short-term provisions recorded by subsidiary disposed of (refer note 36.1)	**(18)**	—
		108 975	128 081
20	**OVERDRAFT**		
	Owing at end of year	**1 391 564**	584 472
	Foreign subsidiary, Minerais U.S. LLC, maintains a US dollar (USD) denominated overdraft facility with a South African bank which provides it with the ability to borrow up to an aggregate of USD100 million (2018: USD97,5 million) to finance inventory and trade receivables all of which are insured against default. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% above LIBOR which at year-end was 2,37% (2018: 1,93%). The overdraft is guaranteed by the holding company.		
21	**REVENUE**		
	Revenue comprises		
	Revenue from contracts with customers (refer note 33)	**7 594 030**	7 267 158
	Sales of mining and beneficiated products	**6 206 877**	6 204 239
	Revenue from shipping services	**124 724**	83 914
	Commissions on sales and technical fees	**1 262 429**	979 005
	Fair value adjustment on receivables relating to chrome ores (in terms of IFRS 9)	**(69 858)**	13 793
	Investment income	**612 899**	520 146
	Interest income#	**557 437**	502 368
	Dividends received from financial assets measured at fair value through other comprehensive income (2018: available-for-sale investments)	**55 462**	17 778
	Other	**3 398**	3 640
		8 140 469	7 804 737

Based on effective interest rates

	2019 R'000	2018 R'000
22 PROFIT BEFORE TAXATION		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
Income		
Foreign exchange gains	**40 971**	59 827
— realised	**4 753**	19 809
— unrealised	**36 218**	40 018
Gain on disposal of investment in subsidiary company (refer note 36.1)	**2 669**	—
Profit on disposal of property, plant and equipment	**495**	6 697
Expenditure		
Amortisation of intangible assets (refer note 3)	**26 389**	49 971
Cost of inventories written down (refer note 7)	**6 482**	11 334
Depreciation and impairment charges of property, plant and equipment (refer note 2)	**120 271**	134 755
Depreciation	**120 271**	125 236
— land and buildings	**4 115**	547
— plant, machinery and equipment	**57 564**	48 330
— vehicles	**40 445**	52 497
— furniture, fittings and office equipment	**13 248**	19 159
— prospecting, exploration, mine development and decommissioning assets	**4 899**	37
— mine properties	**—**	4 666
Impairment of furniture, fittings and office equipment	**—**	9 519
Impairment of non-financial assets (refer note 36.2)	**—**	21 564
Realised foreign exchange losses	**200**	6 896
Loss on disposal of property, plant and equipment	**557**	119
Operating lease expenses	**8 915**	12 320
Professional fees	**76 129**	56 344
Secretarial fees	**628**	604
Mining royalty taxes	**67 909**	138 938
— chrome	**66 707**	138 543
— other	**1 202**	395
Staff costs		
— salaries and wages (included in cost of sales)	**700 867**	683 997
— salaries and wages (including executive directors' emoluments)	**330 853**	369 012
— contributions to medical aid funds	**6 246**	6 660
— pension fund costs (refer note 35)	**31 419**	26 805
23 FINANCE COSTS		
Paid and accrued on:		
Unwinding of discount on provisions (refer note 16)	**7 565**	6 559
Overdraft facility	**47 737**	12 835
	55 302	19 394

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

	2019 R'000	2018 R'000
24 TAXATION		
South Africa normal taxation		
— current year	**509 208**	631 079
— provision relating to prior years	**72**	(12 230)
Deferred taxation		
— arising on temporary differences in current year	**111 722**	10 880
— prior year temporary differences no longer recognised	**(8 259)**	—
Dividend withholding tax, paid on treasury shares	**16 583**	13 287
Securities transfer taxation on redemption of preference shares	**430**	905
Withholding tax on management fees paid in foreign jurisdiction	**—**	1 625
	629 756	645 546
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies, which are not on care and maintenance at year-end, for which no deferred taxation assets have been raised. These losses are current and have not expired.	**78 859**	72 589
Reconciliation of the taxation charge as a percentage of profit before taxation	**%**	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Exempt income	**(0,12)**	(1,30)
Disallowable expenditure#	**1,49**	1,06
Income from controlled foreign company (CFC) qualifying for foreign tax rebates	**(0,40)**	—
Provision relating to prior years	**0,01**	(0,53)
Deferred taxation assets not recognised	**(0,29)**	—
Securities transfer taxation on redemption of preference shares	**0,02**	0,04
Dividend withholding tax, paid on treasury shares	**0,80**	0,57
Withholding tax on management fees paid in foreign jurisdiction	**—**	0,07
Utilisation of available tax loss	**0,18**	—
Effective tax rate	**30,27**	27,91

Disallowable expenditure relates to legal and professional fees and other expenses of a capital nature not qualifying for deductions

25 EARNINGS AND HEADLINE EARNINGS PER SHARE

	2019	2018
Earnings and headline earnings per share (cents)		
Earnings per share (basic and diluted)	**5 751**	4 963
Headline earnings per share (basic and diluted)	**6 187**	4 953
The above calculations were determined using the following information:		
	R'000	R'000
Earnings		
Profit attributable to shareholders of the holding company	**5 932 037**	5 119 329
Headline earnings		
Earnings as above	**5 932 037**	5 119 329
Adjusted for:		
Impairment of non-financial assets in joint-venture entity	**328 025**	18 684
— before taxation (refer note 1)	**333 893**	25 950
— taxation effect	**(5 868)**	(7 266)
Impairment of investment in associate by joint-venture entity	**193 771**	—
— before taxation	**193 771**	—
— taxation effect	**—**	—
Gain on disposal of investment in subsidiary company in joint-venture entity	**(70 987)**	—
— before taxation	**(91 478)**	—
— taxation effect	**20 491**	—
Gain on disposal of investment in subsidiary company	**(2 669)**	—
— before taxation	**(2 669)**	—
— taxation effect	**—**	—
Loss on disposal of property, plant and equipment in joint-venture entity	**1 544**	1 731
— before taxation	**1 990**	2 230
— taxation effect	**(446)**	(499)
Loss/(profit) on disposal of property, plant and equipment in subsidiaries	**48**	(5 105)
— before taxation (refer note 23)	**62**	(6 578)
— taxation effect	**(14)**	1 473
Profit on disposal of available-for-sale listed investments	**—**	(42 432)
— before taxation	**—**	(42 432)
— taxation effect	**—**	—
Impairment of non-financial assets	**—**	15 526
— before taxation (refer note 36.2)	**—**	21 564
— taxation effect	**—**	(6 038)
Impairment of furniture, fittings and office equipment in subsidiaries	**—**	6 854
— before taxation	**—**	9 519
— taxation effect	**—**	(2 665)
Gain on disposal of investment in associate	**—**	(5 835)
— before taxation	**—**	(8 104)
— taxation effect	**—**	2 269
	6 381 769	5 108 752
Shares in issue		
Weighted number of ordinary shares in issue ('000)		
Ordinary shares in issue	**139 607**	139 607
Treasury shares held in trust	**(36 462)**	(36 456)
Weighted average number of shares in issue for the year	**103 145**	103 151

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

		2019 R'000	2018 R'000
26	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 123 of 1 200 cents (2018: 800 cents) per share — declared on 5 September 2018	**1 675 284**	1 116 856
	Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share — declared on 25 February 2019	**1 396 070**	1 396 070
	Total dividend for the year	**3 071 354**	2 512 926
	Less: Dividends attributable to treasury shares	**(802 095)**	(656 207)
		2 269 259	1 856 719
	Per share (cents)	**2 200**	1 800
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share — declared on 25 February 2019	**1 396 070**	1 396 070
	Final dividend No 125 of 1 400 cents (2018: 1 200 cents) per share — declared on 4 September 2019	**1 954 498**	1 675 284
	Less: Dividends attributable to treasury shares	**(875 090)**	(800 800)
		2 475 478	2 270 554
	Per share (cents)	**2 400**	2 200
27	**NOTES TO THE STATEMENT OF CASH FLOW**		
27.1	**Cash generated from operations**		
	Profit before taxation	**2 080 609**	2 312 472
	Adjusted for:		
	— depreciation of property, plant and equipment	**120 271**	125 236
	— amortisation of intangible assets	**26 389**	49 971
	— interest income	**(557 437)**	(502 368)
	— dividends received	**(55 462)**	(17 778)
	— finance costs	**55 302**	19 394
	— net foreign exchange gains	**(40 771)**	(52 931)
	— cash-settled share-based payment charges	**12 989**	10 271
	— movement in long-term provisions	**31 615**	38 963
	— cost of inventories written down	**6 482**	11 334
	— payment received on long-term loans	**253**	—
	— net loss/(profit) on disposal of property, plant and equipment	**62**	(6 578)
	— gain on disposal of investment in subsidiary company	**(2 669)**	—
	— profit on sale of available-for-sale listed investments	**—**	(42 432)
	— impairment of non-financial assets	**—**	21 564
	— impairment of furniture, fittings and office equipment	**—**	9 519
	— gain on disposal of investment in associate	**—**	(8 104)
		1 677 633	1 968 533

		2019 R'000	2018 R'000
27	**NOTES TO THE STATEMENT OF CASH FLOW** (continued)		
27.2	**Movements in working capital**		
	Movement in inventories	**(651 363)**	(138 922)
	Movement in trade and other receivables	**(454 953)**	(117 995)
	Movement in trade and other payables	**48 358**	747 333
	Payments against short-term provisions	**(19 106)**	(150 176)
	Movement in foreign currency translation	**12 439**	15 583
		(1 064 625)	355 823
27.3	**Finance costs**		
	Finance costs per income statement	**(55 302)**	(19 394)
	Unwinding of discount on environmental obligations (refer note 16)	**7 565**	6 559
		(47 737)	(12 835)
27.4	**Taxation paid**		
	Unpaid at beginning of year	**(24 059)**	(72 532)
	Charged to the income statement	**(629 756)**	(645 546)
	Movement in deferred taxation (refer note 15)	**111 722**	10 880
	Unpaid at end of year	**14 907**	24 059
		(527 186)	(683 139)
27.5	**Dividends paid to shareholders of the holding company**		
	Unpaid at beginning of year	**(4 307)**	(3 112)
	Declared during the year (refer note 26)	**(3 071 354)**	(2 512 926)
	Dividends attributable to treasury shares (refer note 26)	**802 095**	656 207
	Unpaid at end of year, included in other payables	**4 640**	4 307
		(2 268 926)	(1 855 524)

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- credit risk
- liquidity risk
- market risk

Details of the group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the consolidated annual financial statements together with information regarding management of capital.

The boards of the individual companies in the group (boards) have overall responsibility for the establishment and oversight of the risk management framework. These boards have delegated these responsibilities to the group's Executive Committee, which is responsible for the development and monitoring of risk management within the group. The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the group.

The roles and responsibilities of the committees include:

- approval of all counterparties;
- approval of new instruments;
- approval of the group's foreign exchange transaction policy;
- approval of the investment policy;
- approval of treasury policy; and
- approval of long-term funding requirements.

The internal auditors undertake regular and ad hoc reviews of risk management, controls and procedures, the results of which are monitored by the Assore Audit and Risk Committee.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

28.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The group minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Certain customers which have a well-established credit history are allowed to transact on open account. The group maintains credit insurance on certain accounts in South Africa and all accounts established in the United States.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts involved. The group receivables have a low risk of default and these have not suffered material credit losses in the past. Therefore expected losses, as measured in terms of IFRS 9 are considered immaterial.

Credit exposure and concentrations of credit risk

The carrying value of the financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all financial assets held and recognised in the statement of financial position.

	2019 R'000	2018 R'000
Cash resources	10 395 268	8 449 797
Trade receivables	927 592	585 526
— local	37 441	226 196
— foreign*	890 151	359 330
Other receivables (refer note 8)	749 688	636 801
	12 072 548	9 672 124

	2019 Carrying amount of receivables not impaired R'000	2018 Carrying amount of receivables not impaired R'000
Trade receivables	927 592	585 526
Not past due, not impaired	883 992	555 207
Past due, not impaired as considered recoverable*	43 600	30 319
Other receivables		
Not past due, not impaired	749 688	636 801
	1 677 280	1 222 327

** 90% of these receivables are insured.*

28.2 Liquidity risk

The Executive Committee manages the liquidity structure of the group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the group as a whole. Updated cash flow information and projections of future cash flows are received by the Executive Committee from the group companies on a regular basis depending on the type of funding required. Measures have been introduced to ensure that the cash flow information received is accurate and complete.

Surplus funds are deposited with large South African banks, either on call, or on term deposits, taking into account the Executive Committee's views on interest rates.

Undrawn credit facilities

In terms of the Memorandum of Incorporation (MoI) of the holding company, its borrowing powers are unlimited.

The holding company has facilities in place to issue letters of credit and bank guarantees where required and to ensure liquidity (refer note 20). Subsidiary company, Minerais U.S. LLC, has a banking facility in place secured by a holding company guarantee, to finance its inventory and receivables, which bear interest at a rate linked to LIBOR. At year-end, the facility was USD100 million (2018: USD97,5 million), of which USD99 million (2018: USD42,6 million) was utilised.

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

28.2 Liquidity risk (continued)

Exposure to liquidity risk

The following table indicates the anticipated timing of cash flows for the group's financial assets and liabilities, including guarantees at year-end as determined by contractual maturity date including interest receipts and payment.

	Carrying amount R'000	Total expected cash flows R'000	Contracted maturity date Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2019						
Financial assets						
Financial assets measured at fair value through other comprehensive income*	**317 795**	**317 795**	**—**	**—**	**—**	**317 795**
Financial assets measured at fair value through profit and loss*	**3 354**	**3 354**	**—**	**—**	**—**	**3 354**
Long-term loans	**9 320**	**9 320**	**—**	**—**	**9 320**	**—**
Trade and other receivables	**1 677 280**	**1 677 280**	**1 677 280**	**—**	**—**	**—**
Cash resources	**10 395 268**	**10 395 268**	**10 395 268**	**—**	**—**	**—**
	12 403 017	**12 403 017**	**12 072 548**	**—**	**9 320**	**321 149**
Financial liabilities						
Trade and other payables	**2 087 945**	**2 087 945**	**2 087 945**	**—**	**—**	**—**
Overdrafts	**1 391 564**	**1 391 564**	**1 391 564**	**—**	**—**	**—**
Guarantees	**359 817**	**359 817**	**359 817**	**—**	**—**	**—**
	3 839 326	**3 839 326**	**3 839 326**	**—**	**—**	**—**
2018						
Financial assets						
Listed and unlisted investments*	269 571	269 571	—	—	—	269 571
Long-term loan	6 000	6 000	—	—	6 000	—
Trade and other receivables	1 222 327	1 222 327	1 222 327	—	—	—
Cash resources	8 449 797	8 449 797	8 449 797	—	—	—
	9 947 695	9 947 695	9 672 124	—	6 000	269 571
Financial liabilities						
Trade and other payables	2 039 587	2 039 587	2 039 587	—	—	—
Overdrafts	584 472	584 472	584 472	—	—	—
Guarantees	359 797	359 797	359 797	—	—	—
	2 983 856	2 983 856	2 983 856	—	—	—

 # These investments do not have contractual maturities.

28.3 Market risk

Market risk is defined as the risk that movements in market factors, in particular US dollar commodity prices and the US dollar/SA rand exchange rate will affect the group's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the group's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business's operations.

The group companies are responsible for the preparation and presentation of market risk information as it affects the relevant entity. Information is submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency, interest rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to members of the Executive Committee on a weekly basis, and forecasts against budget are prepared for the entire group on a monthly basis.

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

28.3 Market risk (continued)

28.3.1 Interest risk note

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The group is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other banking facilities. There is no fair value interest rate risk, as there are no fixed rate financial instruments.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from members of the Executive Committee and senior executives of its offshore interests. Interest rates are monitored on an ongoing basis and the policy is to maintain short-term cash surpluses adequate to meet the group's ongoing cash flow requirements at floating rates of interest.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was as follows:

	2019 R'000	2018 R'000
Variable rate instruments		
Liabilities		
Overdrafts (refer note 20)	1 391 564	584 472
Assets		
Cash resources (refer note 9)	10 395 268	7 763 797

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points in interest rates applicable to variable rate instruments at the reporting date would have increased profit after taxation by R32 413 000 (2018: R25 845 000). This assumes that all other variables remain constant. There is no impact on the group's equity. Net effect on profit or loss is equal but opposite for a 50 basis points decrease in interest rates on the variable instruments listed above.

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

28.3.2 Commodity price and currency risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in metal and mineral prices. The group also has transactional foreign exchange exposures, which arise from sales or purchases by the group in currencies other than the group's functional currency. These markets are predominantly priced in US dollar and to a lesser extent in euros which exposes the group to the risk that fluctuations in the SA rand exchange rates may have a positive or negative impact on current or future earnings.

The group manages its commodity price risk, to which it is exposed through its investment in Assmang, by concluding supply contracts with certain customers for periods of up to three months. Contracts with other customers contain retrospective pricing arrangements which may impact the group either positively or negatively. With respect to its exposure to foreign currency fluctuations, the group constantly reviews the extent to which its foreign currency exposures are covered by forward exchange contracts, taking into account changes in operational forecasts and market conditions and the group's hedging policy (refer "Forward exchange contracts and other commitments" below).

The group's exposure to currency risk at year-end was as follows:

	2019 R'000	2018 R'000
Foreign receivables included in trade receivables (refer note 28.1)		
— USD denominated	890 151	359 330
Foreign overdraft (refer note 20)		
— USD denominated	1 391 564	584 472
Total exposure at year-end	2 281 715	943 802

Foreign currency sensitivity analysis

A 5% strengthening of the rand against the US dollar would have decreased profit or loss for the year by R82 142 000 (2018: R33 976 000) as a result of revaluation of foreign denominated balances. A 5% weakening of the rand against the abovementioned currencies would have had an equal but opposite effect on profit and loss, on the basis that all other variables remained constant.

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

28.3 Market risk (continued)

Forward exchange contracts and other commitments

The group undertakes economic hedging of receivables denominated in USD at times when the rand/US dollar exchange rate appears volatile. The level of exposure on these limited hedging activities did not exceed USD100 million (2018: USD100 million) at any stage during the year.

A foreign subsidiary had forward commitments with regard to its inventory of ores, alloys and metals, which for accounting purposes are regarded as executory contracts and are therefore not included in the statement of financial position, but can be summarised as follows:

	2019		2018	
	Foreign currency amount USD'000	**Presentation currency notional amount R'000**	Foreign currency amount USD'000	Presentation currency notional amount R'000
Purchase contracts				
USD	**15 500**	**217 871**	42 700	585 844
Sales contracts				
USD	**24 900**	**349 999**	58 500	802 620

Equity price risk

The group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments recorded as financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments) was R318,0 million (2018: R262,0 million). A decrease of 1% on the relevant market index would have an impact of approximately R3,2 million (2018: R2,6 million) on comprehensive income. An increase of 1% in the value of the listed investments would have had an equal but opposite effect other comprehensive income. With the group's adoption of IFRS 9: *Financial Instruments* on 1 July 2018, any change in the value of its listed and unlisted investments do not impact profit or loss, as these financial assets are measured at fair value through other comprehensive income.

Notes to the consolidated financial statements continued

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29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The categorisation of each class of financial asset and liability in terms of IFRS 9: *Financial Instruments* (2018: IAS 39: *Financial Instruments: Recognition and Measurement*) is included below:

	In terms of IFRS 9				
	Financial assets measured at fair value through other comprehensive income R'000	Financial assets measured at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total carrying value R'000
2019					
Financial assets					
Financial assets measured at fair value through other comprehensive income	317 795		—		317 795
Financial assets measured at fair value through profit and loss	—	3 354	—		3 354
Long-term loan	—	—	9 320		9 320
Trade and other receivables	—	—	1 677 280		1 677 280
Cash resources	—	—	10 395 268		10 395 268
	317 795	3 354	12 081 868		12 403 017
Financial liabilities					
Trade and other payables				2 087 945	2 087 945
Taxation				14 907	14 907
Overdrafts				1 391 564	1 391 564
				3 494 416	3 494 416

The classification of financial assets and liabilities is included below:

	In terms of IAS 39			
	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
2018				
Financial assets				
Listed and unlisted investments	269 571	—		269 571
Long-term loan	—	6 000		6 000
Trade and other receivables	—	1 222 327		1 222 327
Cash resources	—	8 449 797		8 449 797
	269 571	9 678 124		9 947 695
Financial liabilities				
Trade and other payables			2 039 587	2 039 587
Taxation			24 059	24 059
Overdrafts			584 472	584 472
			2 648 118	2 648 118

Determination of fair values

Listed investments disclosed as financial assets measured at fair value through other comprehensive income and unlisted investments disclosed as financial assets measured at fair value through profit or loss (2018: Listed and unlisted investments) are valued using quoted market prices. The values of other investments and forward exchange contracts are determined using directly observable inputs. The carrying amounts of all other financial assets and liabilities approximate their fair values.

29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments:
Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;
Level 2: valuation techniques using inputs, which are directly or indirectly observable; and
Level 3: valuations based on data that is not observable.

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value. The following assets, all measured at level 1, were required to be recorded at fair value as follows:

	2019 R'000	2018 R'000
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale listed investments)	**317 795**	262 003
Financial assets measured at fair value through profit or loss (2018: Available-for-sale unlisted investments)	**3 354**	7 568
	321 149	269 571

30 CAPITAL MANAGEMENT

The board's policy regarding capital management is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise total equity and borrowing facilities. The group manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the group on a continuous basis.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices. Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that as far as possible the deposit can be mined on a sustainable basis to the end of its estimated life.

There were no changes in the group's approach to capital management during the year.

31 COMMITMENTS

At year-end, the group had the following commitments:

	2019 R'000	2018 R'000
Capital		
Expenditure authorised and contracted for	**357 213**	229 906
Expenditure authorised but not contracted for	**38 693**	102 583
	395 906	332 489
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	**1 366**	1 310
After one year but not more than five years	**3 275**	3 149
The group's commitments will be met by future anticipated cash flows	**4 641**	4 459

32 CONTINGENT LIABILITIES

	2019 R'000	2018 R'000
Guarantees issued		
Guarantees issued by holding company to bankers to secure short-term export facility#	**180 000**	180 000
Cash-covered guarantees issued by bankers to the Department of Mineral Resources for rehabilitation required on the group's mines (refer note 9)	**52 660**	70 660
Performance guarantees issued to third parties by subsidiary companies	**21 244**	21 244
Financial guarantee issued to third party by subsidiary company	**105 913**	87 893
	359 817	359 797

The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility. The facility was unused at year-end

Notes to the consolidated financial statements continued

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33 SEGMENTAL INFORMATION

The following segments are separately monitored by management and form the group's reportable segments:

Joint venture mining and beneficiation

Assore's principal investment is its 50% share in Assmang Proprietary Limited (Assmang).

Assmang's operations are managed by commodity mined and, where applicable, beneficiated at various works operations. Accordingly, this segment is further analysed as follows:

- iron ore (Iron Ore division);
- manganese ore and alloys (Manganese division); and
- charge chrome (Chrome division).

For purposes of presenting segmental information, disclosure is made of the entire value of the information pertaining to Assmang, with the portion attributable to the other joint-venture partner (50%) shown as part of the consolidation adjustments. On 1 March 2019, Assmang concluded the disposal of Machadodorp Works.

Dwarsrivier

Dwarsrivier is a 100% owned subsidiary, which mines chrome ores.

Marketing and shipping

In terms of the joint-venture arrangement with Assmang, Assore and certain of its subsidiaries are responsible for the marketing and shipping of Assmang's product. In addition, another subsidiary provides consulting and engineering expertise to Assmang and other group companies.

Other mining activities, eliminations and adjustments

This segment contains the chrome operations managed by Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), Zeerust Chrome Mines Limited (Zeerust), the pyrophyllite and ceramic operations of Wonderstone Limited and adjustments necessary to give effect to the impact of equity-accounting the results of Assmang and other consolidation adjustments.

Rustenburg Minerals was identified as a disposal group held-for-sale at 30 June 2019 and Zeerust was disposed with effect on 15 November 2018 (refer note 10).

33 SEGMENTAL INFORMATION (continued)

R'000	Joint venture mining and beneficiation: Iron Ore division	Joint venture mining and beneficiation: Manganese division	Joint venture mining and beneficiation: Chrome division	Sub-total	Dwarsrivier	Marketing and distribution	Other mining activities, eliminations and adjustments[1]	Total
Year to 30 June 2019								
Revenues								
Third party	21 410 200	14 817 073	—	36 227 273	3 720 788	4 304 376	(36 111 968)	8 140 469
Inter-segment	—	—	—	—	—	148 694	(148 694)	—
Total revenues	21 410 200	14 817 073	—	36 227 273	3 720 788	4 453 070	(36 260 662)	8 140 469
Revenue from contracts with customers	19 208 702	14 785 776	—	33 994 478	3 717 428	3 876 602	(33 994 478)	7 594 030
Cost, insurance and freight (CIF) and cost and freight (CFR)	9 963 383	10 454 919	—	20 418 302	1 101 677	—	(20 418 302)	1 101 677
Free on board (FOB) and free carrier (FCA)	9 245 319	4 330 857	—	13 576 176	2 615 751	2 614 173	(13 576 176)	5 229 924
Commissions	—	—	—	—	—	1 262 429	—	1 262 429
Other revenue[2]	615 858	31 297	—	647 155	73 218	576 468	(680 544)	616 297
Fair value adjustments to contract revenue[3]	1 585 640	—	—	1 585 640	(69 858)	—	(1 585 640)	(69 858)
Total revenue	21 410 200	14 817 073	—	36 227 273	3 720 788	4 453 070	(36 260 662)	8 140 469
Contribution to profit/(loss) for the year[4]	6 796 084	2 301 657	—	9 097 741	516 024	1 003 439	(9 166 351)	1 450 853
Contribution to headline earnings[5]	6 795 378	3 216 100	—	10 011 478	516 024	1 008 818	(5 154 552)	6 381 768
Impairment of financial and non-financial assets	(41 911)	(1 013 415)	—	(1 055 326)	—	—	1 055 326	—
Statement of financial position								
Consolidated total assets	24 087 673	21 792 602	—	45 880 275	3 473 323	30 299 954	(45 547 281)	34 106 271
Consolidated total liabilities	6 836 841	4 672 405	—	11 509 246	963 671	3 291 566	(11 460 594)	4 303 889
Other information								
Finance income	582 805	31 297	—	614 102	73 218	565 471	(695 354)	557 437
Finance costs	43 676	52 527	—	96 203	7 524	35 531	(83 956)	55 302
Depreciation and amortisation	1 456 856	680 988	—	2 137 844	105 665	10 271	(2 133 509)	120 271
Taxation	2 568 972	1 253 532	—	3 822 504	159 748	460 262	(3 812 758)	629 756
Capital expenditure	2 097 646	2 309 686	—	4 407 332	485 306	11 085	(4 404 151)	499 572

[1] *The majority of adjustments are relating to Assmang which is equity accounted.*
[2] *Mainly dividends and interest.*
[3] *Provisional to final price adjustment.*
[4] *Profit after taxation, before joint venture entity and associates.*
[5] *Includes equity-accounted results of Assmang and IronRidge.*

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

33 SEGMENTAL INFORMATION (continued)

R'000	Joint venture mining and beneficiation: Iron Ore division	Joint venture mining and beneficiation: Manganese division	Joint venture mining and beneficiation: Chrome division	Sub-total	Dwarsrivier	Marketing and shipping	Other mining activities, eliminations and adjustments[1]	Total
Year to 30 June 2018								
Revenues								
Third party	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 974 210	(28 237 486)	7 804 737
Inter-segment	—	—	—	—	—	18 305	(18 305)	—
Total revenues	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Revenue from contracts with customers	14 673 168	12 818 447	180 309	27 671 924	3 791 405	3 472 369	(27 752 454)	7 183 244
Cost, insurance and freight (CIF) and cost and freight (CFR)	5 790 880	7 095 257	—	12 886 137	842 187	—	(12 886 137)	842 187
Free on board (FOB) and free carrier (FCA)	8 882 288	5 723 190	180 309	14 785 787	2 949 218	2 493 364	(14 866 317)	5 362 052
Commissions	—	—	—	—	—	979 005	—	979 005
Other revenue[2]	630 807	41 189	—	671 996	87 554	520 146	(671 996)	607 700
Fair value adjustments to contract revenue[3]	(168 659)	—	—	(168 659)	13 793	—	168 659	13 793
Total revenue	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Contribution to profit/(loss) for the year[4]	3 343 512	3 771 662	(41 650)	7 073 524	875 378	703 879	(6 985 855)	1 666 926
Contribution to headline earnings[5]	3 343 350	3 807 585	(41 650)	7 109 285	875 378	710 733	(3 586 644)	5 108 752
Impairment of financial and non-financial assets	—	(51 900)	—	(51 900)	—	(9 519)	12 490	(48 929)
Statement of financial position								
Consolidated total assets	23 149 661	17 988 956	524 319	41 662 936	3 884 794	25 300 630	(41 475 033)	29 373 327
Consolidated total liabilities	6 076 881	3 190 147	426 352	9 693 380	1 071 744	1 859 703	(9 301 862)	3 322 965
Other information								
Finance income	578 044	19 471	—	597 515	87 554	407 224	(572 147)	520 146
Finance costs	33 855	34 191	—	68 046	5 304	12 474	(66 430)	19 394
Depreciation and amortisation	1 400 776	593 768	8 287	2 002 831	130 794	16 066	(2 024 455)	125 236
Taxation	1 431 656	1 489 299	—	2 920 955	277 438	317 189	(2 870 036)	645 546
Capital expenditure	1 780 830	1 285 846	15 528	3 082 204	333 804	32 971	(3 044 858)	404 121

1 *The majority of adjustments are relating to Assmang which is equity accounted.*
2 *Mainly dividends and interest.*
3 *Provisional to final price adjustment.*
4 *Profit after taxation, before joint venture entity and associates.*
5 *Includes equity-accounted results of Assmang and IronRidge.*

33 SEGMENTAL INFORMATION (continued)

Geographical information

Geographical segment by location of customers

An analysis of the geographical locations to which product are supplied is set out below:

	2019 Assmang revenue by segment R'000	2019 Subsidiaries revenue by segment R'000	2019 Total R'000	2018 Assmang revenue by segment R'000	2018 Subsidiaries revenue by segment R'000	2018 Total R'000
Customers by locations						
Far East	**27 078 509**	**3 136 015**	**30 214 524**	19 960 513	3 352 102	23 312 615
Europe	**4 769 203**	**151 345**	**4 920 548**	2 507 924	77 110	2 585 034
USA	**684 999**	**2 876 644**	**3 561 643**	976 274	2 740 625	3 716 899
South Africa	**3 597 098**	**1 976 465**	**5 573 563**	4 625 716	1 634 900	6 260 616
Other — foreign	**97 464**	**—**	**97 464**	104 834	—	104 834
Total	**36 227 273**	**8 140 469**	**44 367 742**	28 175 261	7 804 737	35 979 998

Notes:

1. There are no customers whose off-take represents more than 10% of revenue (2018: Rnil).
2. The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11: *Joint Arrangements*.

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34 RELATED PARTIES

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.

The following entities were identified as related parties to the group:

African Mining and Trust Company Limited (AMT)	Subsidiary company
Assmang Proprietary Limited (Assmang)	Joint-venture entity
Assore Employee Trust (AET)	Controlled empowerment entity
Boleng Trust (Boleng)	Controlled empowerment entity
Cato Ridge Alloys Proprietary Limited (Cato Ridge JV)	Joint-venture of Assmang
Ceramox Proprietary Limited (deregistered 28 June 2019)	Subsidiary company
Dakot Wear Ceramics Proprietary Limited (Dakot) (2018 shareholding: 40%, disposed of 29 April 2018)	Associate
Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier)	Subsidiary company
Erf 1263 Parkview Extension 1 Proprietary Limited (Parkview)	Subsidiary company
Erven 27 and 28 Illovo Proprietary Limited (Erven 27 & 28)	Subsidiary company
Erven 40 and 41 Illovo Proprietary Limited (Erven 40 & 41)	Subsidiary company
Fricker Road Trust (Fricker)	Controlled empowerment entity
General Nominees Proprietary Limited (General Nominees)	Subsidiary company
Group Line Projects Proprietary Limited (Groupline)	Subsidiary company
IronRidge Resources Limited (IronRidge) (shareholding: 31,12% (2018: 28,91%))	Foreign associate
Krantzberg Mines Limited (Krantzberg)	Subsidiary company
Main Street 350 Proprietary Limited (Main Street 350)	Controlled empowerment entity
Main Street 460 Proprietary Limited (Main Street 460)	Controlled empowerment entity
Main Street 904 Proprietary Limited (Main Street 904)	Controlled empowerment entity
Minerais Holdings Proprietary Limited (Minerais Holdings)	Subsidiary company
Minerais U.S. LLC (Minerais U.S.)	Foreign subsidiary company
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company
Oresteel Investments Proprietary Limited (Oresteel)	Ultimate holding company
Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals) (shareholding: 56% (2018: 56%))	Subsidiary company
Sakura Ferroalloys SDN BHD (Sakura)	Joint-venture of Assmang
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company
Wonderstone Limited (Wonderstone)	Subsidiary company
Wonderstone 1937 Limited (deregistered 28 June 2019)	Subsidiary company
Xertech Proprietary Limited (Xertech)	Subsidiary company
Zeerust Chrome Mines Limited (Zeerust) (disposed of 15 November 2018)	Subsidiary company

34 RELATED PARTIES (continued)

34.1 Details of significant transactions with related parties

		2019 R'000	2018 R'000
AMT	Commissions received from Assmang	**558 183**	418 368*
	Technical fees received from Assmang	**21 264**	14 722*
	Technical fees received from Sakura	**10 681**	10 361#
Assmang	Commissions paid to Minerais U.S. (through Ore & Metal)	**31 856**	22 401
Ore & Metal	Commissions received from Assmang	**564 422**	425 448*
	Commissions received from Cato Ridge JV	**38 083**	32 053*
	Commissions received from Sakura	**34 372**	33 515*
	Interest income on loan to Sakura	**7 447**	—
	Management fee received from Sakura	**3 497**	—
Sakura	Commissions paid to Minerais U.S.	**15 579**	8 229#
Sumitomo	Commissions paid by Ore & Metal	**296 757**	204 412
Key management personnel			
— directors of the holding company	Directors' fees for services to Assore	**3 025**	118 361^
	Directors' fees from other group companies	**108**	108#
	Other remuneration*	**68 049**	60 333^
— other members of key management of the holding company	Directors' fees from other companies	**72**	72#
— members of key management personnel of subsidiary companies	Remuneration, including directors' fees	**114 698**	118 361^
	Post-employment benefits	**12 752**	12 914
34.2 Amounts payable to/receivable balances from related parties			
AMT	Amount receivable from Assmang	**7 266**	7 170#
	Amount receivable from Sakura	**748**	1 361#
Assmang	Amount payable to Ore & Metal	**2 310**	506#
Cato Ridge JV	Amount payable to Ore & Metal	**21 859**	18 668#
Minerais U.S.	Amount payable to Assmang, including Cato Ridge JV (through Ore & Metal)	**153 790**	115 959#
Ore & Metal	Amounts payable to Assmang	**791 964**	549 082*
	Amount payable to/(receivable from) Cato Ridge JV	**47 458**	(30 027)*
	Amount receivable from Sakura	**6 341**	18 077*
	Loan to Sakura including accrued interest	**98 510**	—
Sakura	Amount receivable from Minerais U.S.	**140 607**	177 605#
Sumitomo	Amounts receivable from Assmang (through Ore & Metal)	**58 641**	18 576

* *These balances were disaggregated from the prior year to separately disclose commissions on sales and technical fees received from Assmang as well as totals and balances from/to Assmang, Sakura and Cato Ridge JV.*

Related-party transactions or balances have been disclosed as additional information in the current financial year, for which comparatives were included accordingly.

^ *Remuneration (including executive directors) to subsidiary companies was disaggregated in the current year to disclose directors' fees for services to Assore, other remuneration and remuneration, including directors' fees, separately, with comparative amounts being restated accordingly.*

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34 RELATED PARTIES (continued)

34.3.1 Subsidiary with a material non-controlling interest

Minerais U.S. LLC (Minerais) a limited liability company registered in the state of New Jersey in the United States and Canada. Minerais is responsible for the marketing and sales administration of the group's products in these countries. The group holds a 51% (2018: 51%) interest in Minerais.

	2019 R'000	2018 R'000
Abridged income statement of Minerais U.S. LLC		
Turnover	**2 549 423**	2 400 838
Total comprehensive profit (group interest therein 51% (2018: 51%))	**29 945**	62 120
Abridged statement of financial position of Minerais U.S. LLC		
Non-current assets	**2 240**	2 220
Current assets		
Inventories	**1 422 152**	738 902
Trade and other receivables	**429 345**	508 698
Cash resources	**17 606**	11 990
Total assets	**1 871 343**	1 261 810
Current liabilities		
Trade and other payables	**183 340**	485 875
Ore and Metal Agency balance	**153 790**	115 988
Overdrafts	**1 391 564**	584 472
Total liabilities	**1 728 694**	1 186 335
Net assets	**142 649**	75 474
Proportion of the group's ownership (%)	**51,0**	51,0
Accumulated non-controlling interest (at 49%)	**69 898**	40 337

34.3.2 Subsidiary with a material non-controlling interest

Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), the principal business of which is the mining of chrome ores in the vicinity of Rustenburg, is a subsidiary of AMT. The group holds a 56% (2018: 56%) interest in Rustenburg Minerals.

	2019 R'000	2018 R'000
Abridged income statement of Rustenburg Minerals		
Turnover	**—**	—
Total comprehensive profit (group interest therein 56% (2018: 56%))	**(3 913)**	(9 116)
Abridged statement of financial position of Rustenburg Minerals		
Current assets		
Inventories	**—**	545
Trade and other receivables	**287**	259
Cash resources	**1**	273
Total assets	**288**	1 077
Long-term provisions	**—**	9 950
Share-payment liability	**—**	2 907
Loans from group companies	**190 429**	181 456
Current liabilities		
Short-term provisions	**—**	250
Trade and other payables	**651**	4 293
Total liabilities	**191 080**	198 856
Net liabilities	**(190 792)**	(197 779)
Proportion of the group's ownership (%)	**56,0**	56,0
Accumulated non-controlling interest (at 44%)	**(83 948)**	(87 023)

35 RETIREMENT BENEFIT INFORMATION

Pensions

Assore Limited is a holding company which operates through its joint-venture entities and various subsidiary and associate companies and, as such, does not have any employees.

All subsidiary companies provide retirement benefits through either a defined contribution fund (termed "umbrella fund") or a defined benefit fund.

Defined contribution fund

The group and employees contribute 10% and 5% of pensionable salary to the umbrella fund respectively. Contributions to the fund amounted to R1,7 million (2018: R2,0 million) and the value amounted to R11,8 million (2018: R14,7 million) at year-end. The decrease in the value of the fund is due to the retrenchments which occurred at Rustenburg Minerals during the year.

Defined benefit — Assore pension fund

In terms of the Pension Funds Act, the Assore pension fund is actuarially valued every three years. The most recently completed statutory actuarial valuation was performed as at 1 July 2017 and revealed a 121,4% funding level. An interim check was performed for funding purposes as at 1 July 2019, which revealed a 134,1% funding level (2018: 129,7%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2019 R'000	2018 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	**435 471**	423 600
Current service cost	**31 377**	31 200
Interest cost	**42 130**	40 435
Actuarial gain — assumptions	**(48 512)**	(32 743)
Benefits paid	**(45 506)**	(27 021)
Benefit obligation at end of year	**414 960**	435 471
Movement in plan assets		
Fair value of plan assets at beginning of year	**564 716**	516 744
Expected return on plan assets	**42 088**	44 830
Actuarial loss on plan assets — experience and assumptions	**(43 400)**	(8 846)
Employer contributions	**29 420**	30 261
Employee contributions	**9 178**	8 748
Benefits paid	**(45 506)**	(27 021)
Fair value of plan assets at end of year	**556 496**	564 716
Net surplus at year-end per statement of financial position	**141 536**	129 245
Components of periodic expense		
Current service cost	**31 377**	31 200
Interest cost	**42 130**	40 435
Expected return on plan assets	**(42 088)**	(44 830)
Net pension cost for the year	**31 419**	26 805
Plan assets invested as follows:	**%**	%
Equity securities	**58**	60
Debt securities	**35**	33
Property	**2**	2
Other (cash, cash awaiting investment, bank account)	**5**	5
	100	100

Notes to the consolidated financial statements continued

for the year ended 30 June 2019

35 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

The maturity profile of the benefit obligation at the end of the year is as follows:

	2019 R'000	2018 R'000
Due within one year	**31 318**	17 170
Due within two years	**13 117**	25 157
Due within three years	**14 709**	11 206
Due within four years	**28 695**	12 624
Due within five years	**22 119**	26 946
Due between six and 10 years	**131 631**	161 216
Due thereafter	**173 371**	181 152
	414 960	435 471
Expected contribution next year	**35 503**	33 026
Actual return on assets for the year comprises:	**5 194**	36 967
— expected return on plan assets for the year	**47 601**	49 843
— actuarial (losses)/gains on plan assets	**(42 407)**	(12 876)

Actuarial assumptions

The above valuations are based on the following principal actuarial assumptions:

	%	%
— Expected return on plan assets	**8,58**	9,51
— Pre-retirement interest rate	**9,56**	9,51
— Post-retirement interest rate	**4,97**	4,48
— Price inflation rate	**5,83**	6,41
— Salary inflation rate	**6,53**	7,41
— Pension increases	**4,37**	4,81

Other assumptions

Mortality rate for members still in service assumed at zero.

Pension mortality PA (90) — ultimate table, adjusted for two years' additional longevity since the previous year-end.

Merit salary increases per sliding scale depending on age starting at 5,5% per annum below age 25, and reducing to 0,5% above age 50.

Spouse's benefits for active members — on average, husbands are assumed to be two years older than their wives, and married at date of retirement.

For current pensioners, their actual marital status and, where applicable, the exact age of their spouse has been taken into account.

Set out below is a quantitative sensitivity analysis, based on a 1% movement, on the principal assumptions referred to above:

2019 Assumptions	**Pre-retirement interest increase**	**Pre-retirement interest decrease**	**Post-retirement interest increase**	**Post-retirement interest decrease**	**Price inflation increase**	**Price inflation decrease**	**Salary inflation increase**	**Salary inflation decrease**	**Pension increases increase**	**Pension increases decrease**
Impact on defined benefit obligation (R'000)	**(31 688)**	**38 286**	**(42 166)**	**31 340**	**78 110**	**(50 183)**	**38 739**	**(32 547)**	**60 242**	**(30 609)**
2018 Assumptions	Interest increase	Interest decrease	Post-retirement increase	Post-retirement decrease	Price inflation increase	Price inflation decrease	Salary escalation increase	Salary escalation decrease	Pension increases increase	Pension increases decrease
Impact on defined benefit obligation (R'000)	(34 773)	46 407	(26 689)	54 250	84 753	(53 880)	46 407	(31 047)	63 837	(30 616)

36 DISPOSAL OF BUSINESS INTERESTS

36.1 Disposal of subsidiary

The group disposed of its interest in a wholly owned subsidiary, Zeerust Chrome Mines Limited (Zeerust), on 15 November 2018 (effective date), recorded as a disposal group held-for-sale as at 30 June 2018 (refer note 10).

	R'000
The following assets and liabilities were disposed of as part of the above transaction:	
Trade and other receivables	375
Long-term provisions	(1 646)
Short-term provisions	(18)
Trade and other payables	(380)
Net liabilities disposed of	(1 669)
Disposal proceeds receivable (refer note 6)	(1 000)
Gain on disposal of investment in subsidiary company included in other income	(2 669)

36.2 Disposal of interest in associate

During April 2017, Wonderstone Limited (Wonderstone), a wholly owned subsidiary, acquired a 40% shareholding in Dakot Wear Ceramics Proprietary Limited (DWC). DWC produces milling media, technical ceramics and other associated products and is located in Gingindlovu, KwaZulu-Natal.

At 31 December 2017, management determined that the carrying value of the investment would not be recovered through its operations and accordingly the investment was impaired.

In an agreement concluded on 29 April 2018, the group secured a sale of all of its shares held in DWC for R6 000 000, refer note 6, payable over a period of five years, with the outstanding amount being secured by way of a special notarial bond in favour of subsidiary company Wonderstone.

	R'000
Share of loss in associate (2018)	2 087

37 EVENT AFTER REPORTING PERIOD

Disposal of subsidiary

Subsequent to year-end, on 14 August 2019, wholly owned subsidiary Wonderstone entered into a sale of shares agreement to dispose of its investment in Group Line Projects Proprietary Limited (Group Line), a wholly owned subsidiary of Wonderstone.

In terms of the agreement, Wonderstone agreed to sell its entire shareholding in Group Line for a purchase price of R6 million.

Net asset value of Group Line business disposed of	R'000
— property, plant and equipment	1 928
— inventories	11 828
— trade and other receivables	10 367
— cash resources	4 964
— trade and other payables	(5 778)
— short-term provisions	(402)
	22 907
Sale proceeds receivable	(6 000)
Loss on disposal of investment in subsidiary company	16 907

As the sale of shares agreement in respect of Group Line was only entered into subsequent to year-end, the criteria in terms of IFRS 5 for this subsidiary to be identified as disposal group held-for-sale were not met.

Dividend declared

On 4 September 2019, the board declared a final dividend of 1 400 cents per share, amounting to R1 954,5 million, which was paid to shareholders on 30 September 2019.

Dividend received

On 10 September 2019, a dividend of R2 billion was received from Assmang.

Company statement of financial position

as at 30 June 2019

	Note	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**2 029 910**	2 029 910*
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale investments)	2	**317 795**	262 125
Financial assets measured at fair value through profit and loss		**122**	—
Investment in foreign listed associate	3	**242 149**	185 537
Loans to group companies	1	**3 053 304**	3 616 279*
Long-term loan		**1 000**	—
		5 644 280	6 093 851
Current assets			
Other receivables	4	**655 487**	662 516
Taxation		**1 256**	—
Cash resources	5	**3 781 970**	1 986 119
		4 438 713	2 648 635
Total assets		**10 082 993**	8 742 486
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	6	**698**	698
Share premium	7	**264 092**	264 092
Retained earnings		**9 640 592**	8 336 736
Other reserves	8	**141 292**	97 997
Total equity		**10 046 674**	8 699 523
Non-current liabilities			
Deferred taxation	9	**—**	23 332
Current liabilities			
Other payables		**5 068**	14 425
Taxation		**—**	2 144
Amounts due to group companies	1	**31 251**	3 062
		36 319	19 631
Total equity and liabilities		**10 082 993**	8 742 486

** These balances have been restated from the prior year, refer note 1.*

Company income statement

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Revenue	10	**4 588 593**	3 523 835
Investment income		**4 588 593**	3 523 835
— dividends received from joint-venture entity		**3 315 000**	3 000 000
— dividends received from subsidiaries		**750 000**	—
— preference dividends received from empowerment entities		**266 126**	290 280
— interest income#		**238 637**	216 491
— dividends received from financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments)		**18 808**	16 926
— dividends received from financial assets measured at fair value through profit or loss		**22**	138
Profit on disposal of available-for-sale investments		**—**	42 432
Other income		**1 000**	703
IFRS 9 fair value adjustments on loans to structured entities		**(42 825)**	—
Administrative expenses		**(39 495)**	(18 611)
Impairment of financial assets		**—**	(1 384)
Profit before taxation	11	**4 507 273**	3 546 975
Taxation	12	**61 522**	58 348
Profit for the year		**4 445 751**	3 488 627

Based on effective interest rates.

Company statement of comprehensive income

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Profit for the year (as above)		**4 445 751**	3 488 627
Items that may be reclassified into the income statement dependent on the outcome of a future event		**—**	32 933
Gain on revaluation to market value/original cost of available-for-sale listed investment	2	**—**	77 024
Deferred capital gains taxation thereon		**—**	(44 091)
Items that may not be reclassified into the income statement dependent on the outcome of a future event		**43 295**	—
Gain on revaluation of financial assets measured at fair value through other comprehensive income	2	**55 792**	—
Deferred capital gains taxation thereon		**(12 497)**	—
Total comprehensive income for the year, net of taxation		**4 489 046**	3 521 560

Company statement of cash flow

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Cash generated from operating activities		**1 416 461**	881 876
Net cash generated from operating activities		**4 322 162**	3 269 001
Cash (utilised by)/generated by operations	14.1	**(39 495)**	13 219
Dividends received		**4 364 319**	3 307 344
Movements in working capital	14.2	**(2 662)**	(51 562)
Interest income		**238 637**	184 037
Taxation paid	14.3	**(73 318)**	(59 430)
Dividends paid	14.4	**(3 071 020)**	(2 511 732)
Cash (utilised by)/generated from investing activities		**(60 795)**	23 121
Acquisition of interest in foreign listed associate		**(59 795)**	(63 585)
Proceeds on disposal of available-for-sale investments		**—**	86 706
Increase in long-term loan		**(1 000)**	—
Cash generated from/(utilised by) financing activities		**440 185**	(701 561)
Preference shares redeemed		**171 900**	321 200
Movement in inter-company loans		**268 285**	(1 022 761)
Cash resources			
— increase for the year		**1 795 851**	203 436
— at beginning of year		**1 986 119**	1 782 683
— at end of year	5	**3 781 970**	1 986 119

Company statement of changes in equity

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Share capital			
Balance at beginning and end of year	6	**698**	698
Share premium			
Balance at beginning and end of year	7	**264 092**	264 092
Other reserves			
Balance at beginning of year		**97 997**	64 553
Other comprehensive income for the year, after taxation		**43 295**	33 444
Balance at end of year	8	**141 292**	97 997
Retained earnings			
Balance at beginning of year		**8 336 736**	7 361 035
Adjustment of opening retained earnings with adoption of IFRS 9: *Financial Instruments* (1 July 2018)		**(70 541)**	—
Restated opening balance		**8 266 195**	7 361 035
Profit for the year		**4 445 751**	3 488 627
Ordinary dividends declared during the year		**(3 071 354)**	(2 512 926)
Final dividend No 123 of 1 200 cents (2018: 800 cents) per share — declared on 5 September 2018	13	**(1 675 284)**	(1 116 856)
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share — declared on 25 February 2019	13	**(1 396 070)**	(1 396 070)
Balance at end of year		**9 640 592**	8 336 736
Total equity		**10 046 674**	8 699 523

Notes to the company financial statements

for the year ended 30 June 2019

	2019 R'000	2018 R'000
1 INVESTMENT IN GROUP COMPANIES		
Joint-venture entity (refer below)	**468 153**	468 153
Subsidiary companies (refer below)	**1 561 757**	1 561 757*
	2 029 910	2 029 910
Investment in joint-venture entity		
Assmang Proprietary Limited (Assmang)		
1 774 103 (2018: 1 774 103) ordinary shares at cost	**468 153**	468 153
Investment in subsidiary companies (refer note 15)		
Shares at cost	**1 561 757**	1 037 150
Reconciliation of loans to group companies		
Closing balance, at fair value in accordance with IFRS 9 (2018: Loan accounts receivable)	**3 053 304**	3 616 279*
Opening balance, at amortised cost in accordance with IAS 39	**3 616 279**	
Fair value adjustments:		
— prior to 1 July 2018 (cumulative)	**(97 974)**	
— at 30 June 2019	**(42 825)**	
Payments made during the year	**(422 176)**	
Current accounts payable	**(31 250)**	(3 062)
Per note 15	**3 022 054**	3 613 217

Loan accounts receivable include cumulative redeemable preference shares in the amount of R2 727 million (2018: R3 547 million), issued to structured entities (SEs), recognised as subsidiary companies, with an interest rate of 75% (2018: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited (SBSA), and with no fixed terms of redemption. Loan accounts payable are interest-free with no fixed terms of repayment. The redemption is dependent on the declaration of the Assore dividends to its shareholders, including SEs. The SEs are contractually obliged to utilise any dividends received to settle unpaid preference dividends prior to redemption of the preference shares.

To date, the fair value adjustment on the preference shares, in terms of IFRS 9, amounted to R141 million, by way of using a discounted cash flow model, using a risk-free rate as the discounted rate. Refer note 16.2 for a contractual cash flow analysis on the loans to group companies including preference shares.

Current accounts payable are interest-free and payable on demand.

	2019	2018
Accrued preference dividends from SEs (included as part of other receivables)	**631 158**	643 457

* During the 2019 financial year, it was determined that share premium of R524 607 000 paid for the investment in Main Street 350 Proprietary Limited (RF) in the 2010 financial year had been incorrectly classified as a loan receivable. This amount should have been included with investments in group companies.

The amount of the reclassification is the same for each of the financial years presented since and including 30 June 2010.

This error has no impact on the statements of comprehensive income or cash flows presented to date and eliminates in the group and therefore neither basic nor diluted earnings per share as reported by the group are impacted.

The impact of correcting the error in the financial statements presented in 2018 and 2017 is as follows:

Company statement of financial position	**2018 R'000**	**2017 R'000**
Increase in investment in group companies	524 607	524 607
Decrease in loans to group companies	(524 607)	(524 607)

		2019 R'000	2018 R'000
2	**FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (2018: AVAILABLE-FOR-SALE INVESTMENTS)**		
	Listed investments at cost	**157 842**	157 964
	Cumulative impairment charges included in profit or loss (retained earnings)	**(53 526)**	(53 526)
	Opening balance	**(53 526)**	(170 929)
	Reversal of impairment below cost previously recognised	**—**	117 403
	Cumulative fair value adjustment included in other comprehensive income	**213 479**	157 687
	Opening balance	**157 687**	80 663
	Fair value adjustment at year-end disclosed in other reserves	**55 792**	77 024
	Fair value adjustment of investment	**55 972**	119 456
	Profit on sale of available-for-sale investments	**—**	(42 432)
		317 795	262 125
3	**INVESTMENT IN FOREIGN LISTED ASSOCIATE**		
	96 816 667 (2018: 81 316 667) shares in IronRidge Resources Limited (IronRidge)		
	Balance at beginning of year	**185 537**	121 953
	Acquired during the year	**56 612**	63 584
	Balance at end of year	**242 149**	185 537
	The investment represents a 31,12% (2018: 28,91%) interest in the ordinary share capital of IronRidge, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.		
	IronRidge is registered in Australia and is a junior exploration company, with a portfolio of gold, bauxite, titanium and iron ore prospects in Africa and Australia.		
4	**OTHER RECEIVABLES**		
	Preference dividends receivable from empowerment entities*	**631 158**	643 706
	Interest on variable rate deposits and current accounts received after year-end	**23 890**	18 469
	Prepayments	**439**	341
		655 487	662 516
	** The impact of expected credit losses per IFRS 9:* Financial Instruments*, is immaterial to other receivables.*		
5	**CASH RESOURCES**		
	Variable rate deposits and current accounts	**3 781 970**	1 986 119
6	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2018: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year		
	139 607 000 (2018: 139 607 000) ordinary shares of 0,5 cents each	**698**	698
7	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092
8	**OTHER RESERVES**		
	Surplus arising on the revaluation of financial assets measured at fair value through other comprehensive income (2018: Available-for-sale listed investments to fair value at year-end)		
	Gross fair value adjustment at year-end	**213 354**	157 562
	Less: Deferred capital gains taxation thereon	**(72 062)**	(59 565)
		141 292	97 997

Notes to the company financial statements continued

for the year ended 30 June 2019

		2019 R'000	2018 R'000
9	**DEFERRED TAXATION**		
	Balance at beginning of year	**(23 332)**	20 249
	Arising on temporary differences in retained earnings with adoption of IFRS 9: *Financial Instruments* (1 July 2018)	**27 433**	—
	Restated opening balance	**4 101**	20 249
	Arising on temporary differences included in profit or loss		
	— IFRS 9: Fair Value adjustment of loans to structured entities	**8 396**	—
	Arising on temporary differences included in other comprehensive income		
	— gains on revaluation to fair value of financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments) at year-end	**(12 497)**	(43 581)
	Balance at end of year	**—**	(23 332)
	A deferred taxation asset of R3 600 000 was not recognised in the current year due to the company not having proven sufficient taxable income against which this asset could be utilised.		
10	**REVENUE**		
	Revenue comprises:		
	Dividends received	**4 349 956**	3 307 344
	Interest received[#]	**238 637**	216 491
		4 588 593	3 523 835
	[#] *Based on effective interest rates*		
11	**PROFIT BEFORE TAXATION**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Dividends received	**4 349 956**	3 307 344
	Ordinary dividends		
	— joint-venture entity	**3 315 000**	3 000 000
	— subsidiaries	**750 000**	—
	— financial assets measured at fair value through other comprehensive income (2018: Available-for-sale investments)	**18 808**	16 926
	— financial assets measured at fair value through profit and loss	**22**	138
	Preference dividends received from empowerment entities	**266 126**	290 280
	— Main Street 350 Proprietary Limited (RF)	**3 737**	26 475
	— Main Street 904 Proprietary Limited (RF)	**262 389**	263 805
	Interest received	**238 637**	216 491
	Gain on disposal of investment in subsidiary company	**1 000**	—
	Expenditure		
	Directors' remuneration		
	— directors' fees	**2 877**	2 724*

* *Details of directors' fees paid to directors of subsidiary companies are included in related-party disclosure to the consolidated financial statements (refer note 34).*

		2019 R'000	2018 R'000
12	**TAXATION**		
	South African normal tax		
	— current year	**69 918**	61 914
	— overprovision relating to prior year	**—**	(3 566)
	Deferred taxation		
	— reversal of temporary differences in current year (refer note 9)	**(8 396)**	—
		61 522	58 348
	Reconciliation of the taxation charge as a percentage of profit before taxation	**%**	%
	Statutory tax rate	**28,00**	28,00
	Adjusted for:		
	Dividend income	**(26,96)**	(26,53)
	Disallowable expenditure	**0,40**	0,18
	Deferred taxation asset not recognised	**(0,08)**	—
	Effective tax rate	**1,36**	1,65
13	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 123 of 1 200 cents (2018: 800 cents) per share — declared on 5 September 2018	**1 675 284**	1 116 856
	Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share — declared on 25 February 2019	**1 396 070**	1 396 070
		3 071 354	2 512 926
	Per share (cents)	**2 200**	1 800
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share — declared on 25 February 2019	**1 396 070**	1 396 070
	Final dividend No 125 of 1 400 cents (2018: 1 200 cents) per share — declared on 4 September 2019	**1 954 498**	1 675 284
		3 350 568	3 071 354
	Per share (cents)	**2 400**	2 200

Notes to the company financial statements continued

for the year ended 30 June 2019

		2019 R'000	2018 R'000
14	**NOTES TO THE STATEMENT OF CASH FLOW**		
14.1	**Cash (utilised by)/generated from operations**		
	Profit before taxation	**4 507 273**	3 546 975
	Adjusted for:	**(4 546 768)**	(3 533 756)
	— dividends received	**(4 349 956)**	(3 307 344)
	— interest received	**(238 637)**	(184 037)
	— impairment of non-financial assets	**—**	1 384
	— fair value adjustments on loans to structured entities in terms of IFRS 9	**42 825**	—
	— other income	**(1 000)**	(703)
	— profit on disposal of available-for-sale investments	**—**	(42 432)
	— other	**—**	(624)
		(39 495)	13 219
14.2	**Movements in working capital**		
	Movement in other receivables	**7 029**	(30 644)
	Movement in other payables, excluding unclaimed dividends	**(9 691)**	(20 918)
		(2 662)	(51 562)
14.3	**Taxation paid**		
	Unpaid at beginning of year	**(2 144)**	(3 226)
	Charged to the income statement	**(61 522)**	(58 348)
	Movement in deferred taxation (refer note 9)	**(8 396)**	—
	(Prepaid)/unpaid at end of year	**(1 256)**	2 144
		(73 318)	(59 430)
14.4	**Dividends paid**		
	Unpaid at beginning of year	**(4 306)**	(3 112)
	Declared during the year (refer note 13)	**(3 071 354)**	(2 512 926)
	Unpaid at end of year	**4 640**	4 306
		(3 071 020)	(2 511 732)

15 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES

	Issued share capital 2019/2018 R	Direct interest in share capital 2019/2018 %	Shares at cost# 2019 R'000	Shares at cost# 2018 R'000	Amounts due from/(to) subsidiary companies 2019 R'000	Amounts due from/(to) subsidiary companies 2018 R'000
Incorporated in South Africa						
Ordinary shares held directly						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	(30 612)	(3 062)
Ceramox Proprietary Limited(D)	100	100	1	1	—	—
Dwarsrivier Chrome Mine Proprietary Limited	1 630 293 002	100	1 035 834	1 035 834	—	—
Erf 1263 Parkview Extension 1 Proprietary Limited	1	100	—	—	—	—
Erven 27 and 28 Illovo Proprietary Limited	100	100	—	—	—	—
Erven 40 and 41 Illovo Proprietary Limited	100	100	—	—	—	—
Main Street 904 Proprietary Limited (RF)	1 000	—	—	—	(639)	—
Ore & Metal Company Limited	100 000	100	105	105	—	—
Wonderstone Limited	10 000	100	10	10	—	—
Xertech Proprietary Limited	1 000	100	—	—	—	—
			1 037 150	1 037 150	(31 251)	(3 062)
Ordinary shares held indirectly						
Groupline Projects Proprietary Limited	90	100	11 913	11 913	—	—
Minerais Holdings Proprietary Limited	100	100	10 887	10 887	—	—
Minerais U.S. LLC	17 756 100	51	11 418	11 418	—	—
Rustenburg Minerals Development Company Proprietary Limited	232 143	56	232 143	232 143	—	—
Wonderstone 1937 Limited(D)	45 940	100	35	35	—	—
			266 396	266 396	—	—
Companies holding group treasury shares for empowerment entities						
Main Street 350 Proprietary Limited (RF)	100	49	524 607	524 607	326 047	766 238
Main Street 460 Proprietary Limited (RF)	100	—	—	—	—	41
Main Street 904 Proprietary Limited (RF)	1 000	—	—	—	2 727 257	2 850 000
Companies provided against						
Zeerust Chrome Mines Limited (disposed of on 15 November 2018)	1 300 000	100	1 114	1 114	—	—
Incorporated in Namibia						
Krantzberg Mines Limited	500 000	100	—	—	—	—
			525 721	525 721	3 053 304	3 616 279
Sub-total			1 829 267	1 829 267	3 022 053	3 613 217
Less — held indirectly			(266 396)	(266 396)		
— provided against			(1 114)	(1 114)		
Per note 1			1 561 757	1 561 757	3 022 053	3 613 217

 # Represents investments of less than R1 000.
(D) Dormant companies; with Ceramox and Wonderstone 1937 being deregistered on 28 June 2019.

Notes to the company financial statements continued

for the year ended 30 June 2019

16 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- Credit risk
- Liquidity risk
- Market risk

Details of the company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the company's annual financial statements together with information regarding management of capital.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of risk management policies within the company. The committee meets on an ad hoc basis and regularly reports to the board on its activities. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The roles and responsibilities of the committee include:

- approval of all counterparties;
- approval of new instruments;
- approval of the company's foreign exchange transaction policy;
- approval of the investment policy;
- approval of treasury policy; and
- approval of long-term funding requirements.

The company also has an internal audit function, which undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

16.1 Credit risk

Credit exposure and concentration of credit risk

The carrying value of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets recognised in the statement of financial position:

	2019 R'000	2018 R'000
Loans to group companies (refer note 1)	**3 053 304**	3 616 279*
Other receivables — local	**655 488**	662 516
Cash resources (refer note 5)	**3 781 970**	1 986 119

** This balance has been restated from the prior year, refer note 1.*

16 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

16.2 Liquidity risk

The Executive Committee manages the liquidity structure of the company's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the company as a whole.

Surplus funds are deposited with large South African banks, either on call, or on term deposits, taking into account the Executive Committee's views on interest.

The borrowing capacity of the company is determined by its Memorandum of Incorporation in terms of which there is no restriction imposed on the borrowing powers.

Exposure to liquidity risk

The following are the cash flows of the company's financial assets, liabilities and guarantees at year-end as determined by contractual maturity date including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

			Contracted maturity date			
	Carrying amount R'000	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2019						
Financial assets						
Investment in group companies#	**2 029 910**	**2 029 910**	**—**	**—**	**—**	**2 029 910**
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale investments)#	**317 795**	**317 795**	**—**	**—**	**—**	**317 795**
Financial assets measured at fair value through profit and loss	**122**	**122**	**—**	**—**	**—**	**122**
Loans to group companies#*	**3 053 304**	**3 053 304**	**66 214**	**—**	**—**	**2 987 090**
Other receivables	**655 487**	**655 487**	**655 487**	**—**	**—**	**—**
Cash resources	**3 781 970**	**3 781 970**	**3 781 970**	**—**	**—**	**—**
	9 838 588	**9 838 588**	**4 503 671**	**—**	**—**	**5 334 917**
Financial liabilities						
Amounts due to group companies	**31 251**	**31 251**	**31 251**	**—**	**—**	**—**
Other payables	**5 068**	**5 068**	**5 068**	**—**	**—**	**—**
Guarantees	**1 407 360**	**1 407 360**	**1 407 360**	**—**	**—**	**—**
	1 443 679	**1 443 679**	**1 443 679**	**—**	**—**	**—**
2018						
Financial assets						
Investment in group companies#^	2 029 910	2 029 910	—	—	—	2 029 910
Financial assets#	262 125	262 125	—	—	—	262 125
Loans to group companies#*^	3 616 279	3 616 279	72 205	—	—	3 544 074
Other receivables	662 516	662 516	662 516	—	—	—
Cash resources	1 986 119	1 986 119	1 986 119	—	—	—
	8 556 949	8 556 949	2 720 840	—	—	5 836 109
Financial liabilities						
Amounts due to group companies	3 062	3 062	3 062	—	—	—
Other payables	14 425	14 425	14 425	—	—	—
Guarantees	1 335 081	1 335 081	1 335 081	—	—	—
	1 352 568	1 352 568	1 352 568	—	—	—

Investment in, and loans to, group companies and associates and financial assets measured at fair value through other comprehensive income (listed and unlisted) (2018: Available-for-sale investments) do not have contractual maturity dates, but have been presented in the "more than five years" column as the company does not intend disposing of these assets within the next five years.

* *Contracted cash flows for loans to group companies are determined by the ability of the company to declare dividends and therefore no projection is made of the cash flows, except for those based on dividends already declared.*

^ *These balances have been restated from the prior year, refer note 1.*

Notes to the company financial statements continued

for the year ended 30 June 2019

16 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

16.3 Market risk

Market risk is defined as the risk that movements in market risk factors will affect the company's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the company's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

Market risk information is prepared and submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency and interest rates and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared on a monthly basis.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was as follows:

	2019 R'000	2018 R'000
Variable rate instruments		
Assets		
Loan accounts receivable (refer note 1)	**3 053 304**	3 616 279*
Cash resources (refer note 5)	**3 781 970**	1 986 119

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points in interest rates at the reporting date would have increased profit after taxation by R24,6 million (2018: R22,1 million). This assumes that all other variables remain constant. There is no impact on the company's equity. Net effect on total comprehensive income after taxation is equal but opposite for a 50 basis point decrease on the financial instruments listed above.

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities, therefore a change in interest rates at the reporting date would not affect total comprehensive income.

Equity price risk

The company's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The company manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R318,0 million (2018: R262,0 million). A decrease of 1% in the market value of the investments would have an impact of approximately R3,2 million (2018: R2,6 million) on profit or loss, or other comprehensive income depending on whether or not the valuation of the security concerned is stated at below original cost. An increase of 1% in the value of the listed investments would only impact other comprehensive income, and would not have an effect on profit or loss.

** This balance has been restated from the prior year, refer note 1.*

17 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification of financial assets and liabilities is included below:

	IFRS 9				
	Financial assets measured at fair value through other comprehensive income R'000	Financial assets measured at fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total carrying value R'000
2019					
Financial assets					
Investment in group companies	—	—	2 029 910		2 029 910
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale investments)	317 795	—	—		317 795
Financial assets measured at fair value through profit and loss	—	122	—		122
Loans to group companies	—	3 053 304	—		3 053 304
Other receivables	—	—	655 487		655 487
Taxation	—	—	1 256		1 256
Cash resources	—	—	3 781 970		3 781 970
	317 795	3 053 426	6 468 623		9 839 844
Financial liabilities					
Amounts due from group companies				31 251	31 251
Other payables				5 068	5 068
				36 319	36 319

	IAS 39				
	Available-for-sale investments R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000
2018					
Financial assets					
Investment in group companies	—	—		1 505 303	1 505 303
Available-for-sale investments	262 125	—		—	262 125
Loans to group companies	—	4 140 886		—	4 140 886
Other receivables	—	662 516		—	662 516
Cash resources	—	1 986 119		—	1 986 119
	262 125	6 789 521		1 505 303	8 556 949
Financial liabilities					
Loans from group companies			3 062	—	3 062
Taxation			2 144	—	2 144
Other payables			14 425	—	14 425
			19 631	—	19 631

Notes to the company financial statements continued

for the year ended 30 June 2019

17 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (continued)

Determination of fair values

Listed investments disclosed as financial assets measured at fair value through other comprehensive income (2018: Available-for-sale listed investments) are valued using quoted market prices. The values of other investments and forward exchange contracts are determined using directly observable inputs. The carrying amounts of all other financial assets and financial liabilities approximate fair values.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;
Level 2: valuation techniques using inputs, which are directly or indirectly observable; and
Level 3: valuations based on data that is not observable.

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value.

The following assets and liabilities were measured as follows:

	2019 R'000	2018 R'000
Assets measured at fair value, measured at level 1		
Financial assets measured at fair value through other comprehensive income (2018: Available-for-sale investments)	**317 795**	262 125
Assets and liabilities measured at fair value, measured at level 2		
Fair value of loans due to group companies (net amount)	**—**	4 161 965*
Financial assets measured at fair value through profit and loss	**122**	—
Assets and liabilities measured at fair value, measured at level 3		
Fair value of loans to structured entities	**3 684 462**	—

The fair values of the loans to structured entities were determined by way of discounted cash flow valuation, which will be utilised to settle interest accruing on these loans at a percentage of the prime rate communicated by SBSA, and a published risk-free rate being applied to discount the net anticipated cash flow in respect of these loans.

The significant unobservable input used in the fair value measurements categorised within level 3 of the fair value hierarchy, and a quantitative sensitivity analysis as at 30 June 2019 are shown below:

Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
Discount rate	7,50% to 7,69%	1% increase/(decrease) in the discount rate would result in an increase/(decrease) in fair value of R214 341 000/ (R180 296 000)

** This balance has been restated in terms of IFRS 9, which the company adopted on 1 July 2018.*

18 CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lives which vary in accordance with current prices (refer Mineral Resources and Reserves). Decisions to exploit resources would be made at board level and only following the completion of a bankable study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise total equity. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

There were no changes in the company's approach to capital management during the year.

		2019 R'000	2018 R'000
19	**CONTINGENT LIABILITIES**		
	Contingent liabilities		
	Guarantee of USD100 million (2018: USD97,5 million) issued to bankers as security for facilities provided to a foreign subsidiary company	**1 407 360**	1 335 081
	The company holds a back-to-back guarantee of R180 million (2018: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		

20 RELATED PARTIES

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.

		2019 R'000	2018 R'000
The following significant related party transactions occurred during the year:			
Assore Employee Trust	Ordinary dividend received from Assore	**1 292**	1 228#
AMT	Management fees received from Assore	**173**	185
Assmang	Dividend paid to joint-venture investor	**3 315 000**	3 000 000
Dwarsrivier	Ordinary dividends paid to Assore	**750 000**	—
Main Street 350	Ordinary dividend received from Assore	**100 508**	82 234^
	Preference dividend paid to Assore	**3 738**	26 475*
Main Street 460	Dividend received from Assore	**338 074**	276 606^
Main Street 904	Dividend received from Assore	**362 218**	296 360^
	Preference dividend paid to Assore	**262 388**	263 805*
Oresteel	Ordinary dividend received from Assore	**1 610 180**	1 317 420#
Key management personnel	Directors' fees, net of taxes payable	**3 025**	2 724
The following amounts were payable to/receivable from related parties			
AMT	Balance receivable from Assore	**30 612**	3 062#
Main Street 904	Balance receivable from Assore	**639**	—
	Balance payable to Assore (redeemable preference shares, including accrued interest)	**3 358 415**	3 492 288#
Main Street 350	Loan balance payable to Assore	**326 047**	594 332#
	Balance payable to Assore (redeemable preference shares, including accrued interest)	**—**	172 689#

* *These amounts have been disaggregated in order to disclose preference dividends received from entities deemed to be subsidiary companies individually.*

^ *Disclosed as part of related parties information to the consolidated financial statements in the prior year (refer note 34).*

Related party transactions or balances have been disclosed as additional information in the current financial year, for which comparative balances are included accordingly.

21 EVENT AFTER REPORTING PERIOD

Subsequent to year-end, on 10 July 2019, the guarantee of USD100 million issued to bankers as security for facilities provided to a foreign subsidiary company was increased to USD120 million, refer note 19.

On 4 September 2019, the board declared a final dividend of 1 400 cents per share, amounting to R1 954,5 million, which was paid to shareholders on 30 September 2019.

On 10 September 2019, a dividend of R2 billion was received from Assmang.

Accounting policies

1 BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. Details of the accounting policies used in the preparation of the annual financial statements are set out below and are consistent with those applied in the previous year, except as stated under the heading "Changes in accounting policies".

1.1 Statement of compliance

The annual financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), the South African Companies Act, No 71 of 2008, as amended, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

1.2 Changes in accounting policies

The following new standards and amendments to IFRS became effective during the year:

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 2	*Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2*	January 2019	The IASB issued amendments to IFRS 2: *Share-Based Payment* in relation to the classification and measurement of share-based payment transactions. The amendments address two main areas: *The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction* The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. *The classification of a share-based payment transaction with net settlement features for withholding tax obligations* This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount to meet the employees' tax obligation associated with the share-based payment received. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employees' tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment (net share settlement feature). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature. The amendments have not had any impact on the results or disclosures of the group, which has a cash-settled share-based payment scheme.

1 BASIS OF PREPARATION (continued)

1.2 Changes in accounting policies (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 9	*Financial Instruments*	January 2018	IFRS 9, as Issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities. The group assessed the impact of this new standard on its financial year commencing 1 July 2018. Refer Item 2 New accounting standards for details of this assessment performed.
IFRS 15	*Revenue from Contracts with Customers*	January 2018	The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The group assessed the impact of this new standard on its financial year commencing 1 July 2018. Refer Item 2 New accounting standards for details of this assessment performed.
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	January 2018	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration. This interpretation has not had any impact on the results or disclosures of the group.

Accounting policies continued

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective

The group has not applied the following new IFRS and IFRIC revised and amended standards and interpretations, which have been issued, as they are not yet effective:

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IAS 1 and IAS 8	*Definition of Material — Amendments to IAS 1 and IAS 8*	January 2020	In October 2018, the IASB issued amendments to IAS 1: *Presentation of Financial Statements* and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. *Obscuring information* The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated. *New threshold* The amendments replaced the threshold "could influence", which suggests that any potential influence of users must be considered, with "could reasonably be expected to influence" in the definition of "material". In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. *Primary users of the financial statements* The current definition refers to "users" but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term "users" may be interpreted too widely. *Other amendments* The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8. Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term "obscuring information" in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2019.

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IAS 12	*Income Tax consequences of payments on financial instruments classified as equity*	January 2019	The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated profits distributed to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on Its results in the financial year commencing 1 July 2019.
IAS 19	*Plan Amendment, Curtailment or Settlement — Amendments to IAS 19 Employee Benefits*	January 2019	The amendments to IAS 19: *Employee Benefits* address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. *Determining the current service cost and net interest* When accounting for defined benefit plans under IAS 19, the standard requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is calculated by applying the discount rate to the net defined benefit asset/liability by the discount rate, both determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to: 1. Determine current service costs for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit asset/liability reflecting the benefit offered under the plan and the plan assets after that event. 2. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit asset/ liability reflecting the benefits offered under the plan and the plan assets after that event and the discount rate applied to remeasure that net defined benefit asset/liability. *Effect on asset ceiling requirements* A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change. The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income or loss. This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts. As the amendments apply prospectively to plan amendments, curtailments or settlements that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering a plan amendment, curtailment or settlement after first applying the amendments might be affected. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2019.

Accounting policies continued

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IAS 23	*Borrowing costs eligible for capitalisation*	January 2019	The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2019.
IAS 28	*Long-term interests in associates and joint ventures — Amendments to IAS 28*	January 2019	The amendments clarify that an entity applies IFRS 9: *Financial Instruments* to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: *Investments in Associates and Joint Ventures.* The amendments will eliminate ambiguity in the wording of the standard. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2019.
IFRS 3	*Previously held Interests in a joint operation*	January 2019	The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
IFRS 3	*Definition of a Business — Amendments to IFRS 3*	January 2020	The IASB issued amendments to the definition of a business in IFRS 3: *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. *Minimum requirements to be a business* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have "the ability to contribute to the creation of outputs" rather than "the ability to create outputs". *Market participants' ability to replace missing elements* Prior to the amendments, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business, "if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes". The reference to such integration is now deleted from IFRS 3 and the assessment must be based on what has been acquired in its current state and condition.

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 3 (continued)			*Assessing whether an acquired process Is substantive* The amendments specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organised workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs. *Narrowed definition of outputs* The amendments narrowed the definition of outputs to focus on goods or services provided to customers, investment income (such as dividends or interest) or other income from ordinary activities. The definition of a business in Appendix A of IFRS 3 was amended accordingly. *Optional concentration test* The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Entities may elect to apply the concentration test on a transaction-by-transaction basis. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if an entity elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner. The amendments could also be relevant in other areas of IFRS (e.g., they may be relevant where a parent loses control of a subsidiary and has early adopted Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), refer below.) The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2020.

Accounting policies continued

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 9	*Prepayment Features with Negative Compensation — Amendments to IFRS 9*	January 2019	Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the sole payments of principal and interest (SPPI) criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small. Most likely, the costs to terminate a "plain vanilla" interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement. *Modification or exchange of a financial liability that does not result in derecognition* In the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss. The IASB made this comment in the basis for conclusions to the amendments as it believes that the existing requirements in IFRS 9 provided an adequate basis for entities to account for modifications and exchanges of financial liabilities and that no formal amendment to IFRS 9 was needed in respect of this issue. The IASB stated specifically that this clarification relates to the application of IFRS 9. As such, it would appear that this clarification does not need to be applied to the accounting for modification of liabilities under IAS 39: *Financial Instruments: Recognition and Measurement*. Any entities that have not applied this accounting under IAS 39 are therefore likely to have a change of accounting on transition. As there is no specific relief, this change needs to be made retrospectively. It is not anticipated that this amendment will have an impact on group results, as no prepayments with negative compensation features are recorded.

Accounting policies continued

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28*	TBD	The amendments address the conflict between IFRS 10: *Consolidated Financial Statements* and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions. The group will determine the impact of the amendments on its results once an effective date has been determined by the IASB.
IFRS 11	*Joint Arrangements — Previously held interests in a joint operation*	January 2019	A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. The group is in the process of determining the impact of the amendments on its results and will adopt amendments having a material impact on its results in the financial year commencing 1 July 2019.
IFRS 16	*Leases*	January 2019	The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17: *Leases*. The standard includes two recognition exemptions for lessees — leases of "low-value" assets (assets with a value of approximately R70 000 per individual lease asset, e.g., personal computers and short-term leases (i.e., leases with a lease term of 12 months or less)). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments and/or any modifications to the lease contract). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities whereas the interest portion will be presented as cash flow from operating activities. Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The group is, however, not a lessor under any agreements, and accordingly no consideration is given into IAS 17's lessor accounting requirements for group disclosure. The group performed a detailed impact assessment and implementation analysis of IFRS 16, focusing on reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key policy decisions were required. Refer Item 2 New accounting standards for details of this assessment performed.

Accounting policies continued

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 17	*Insurance contracts*	January 2021	In May 2017, the IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4: *Insurance Contracts.* IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. As the group is not currently impacted by IFRS 4: *Insurance Contracts*, it is not anticipated that IFRS 17 will impact its results.
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*	January 2019	In June 2017, the IASB issued IFRIC Interpretation 23 which clarifies application of the recognition and measurement requirements in IAS 12: *Income Taxes* when there is uncertainty over income tax treatments. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following: • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The group is in the process of determining the impact of this interpretation on its results and will adopt a material impact on its results in the financial year commencing 1 July 2019.
The Conceptual Framework		January 2020	The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The Conceptual Framework is accompanied by a Basis for Conclusions. The board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The group is in the process of determining the impact of the Conceptual Framework on its results and will adopt the Conceptual Framework in the financial year commencing 1 July 2020.

All other new standards, amendments and other interpretations issued not yet effective are not considered to have a material impact on the results or disclosures of the group.

Accounting policies continued

2 NEW ACCOUNTING STANDARDS

The group adopted IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers* on 1 July 2018, and will adopt IFRS 16: *Leases* during its financial year commencing 1 July 2019.

2.1 IFRS 9: *Financial Instruments* (IFRS 9)

IFRS 9 has replaced IAS 39: *Financial Instruments: Recognition and Measurement* and applies to the classification and measurement of financial assets and financial liabilities, their impairment and hedge accounting. The group adopted the new standard on 1 July 2018 which is the group's effective date of adoption and no comparative information was restated. The classification and measurement of financial assets and liabilities adopted by the group will remain mostly unchanged, except for available-for-sale investments, which will be classified as financial assets measured at fair value through other comprehensive income which cannot be reclassified into the income statement dependent on the outcome of a future event. The impact of this is that fair value gains and losses will not be recognised in the income statement but will remain in other comprehensive income (FVOCI). This represents a change from the previous treatment of gains and losses recorded on remeasurement of these investments, which required impairment losses as well as gains and losses on disposal to be recognised in the income statement.

Financial assets measured at fair value through profit and loss, previously disclosed as available-for-sale unlisted investments, relates to investments in unit trusts, on which dividends and interest is earned and recorded in the income statement. Funds Invested with these unit trusts are in turn reinvested in local and global assets, e.g. bonds and cash equities. These instruments can be requested to be withdrawn for a cash consideration of the number of units elected for withdrawal. These investments are regarded as being puttable instruments in debt securities of the financial institutions these assets are held with.

Classification and measurement of financial assets and financial liabilities

Under IFRS 9, financial assets are either classified as amortised cost, FVOCI or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The following tables indicates the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 July 2018.

Group accounts impact

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 R'000	New carrying amount under IFRS 9 R'000
Listed investments	Available-for-sale listed investments	FVOCI	262 003	262 003
Unlisted investments	Available-for-sale unlisted investments	FVTPL	7 568	7 568
Long-term loans	Loans and receivables	Amortised cost	6 000	6 000
Trade and other receivables	Loans and receivables	Amortised cost	1 222 327	1 222 327
Cash resources	Loans and receivables	Amortised cost	8 449 797	8 449 797
Total financial assets			9 947 695	9 947 695
Trade and other payables	Amortised cost	Amortised cost	2 039 587	2 039 587
Taxation	Amortised cost	Amortised cost	24 059	24 059
Overdrafts	Amortised cost	Amortised cost	584 472	584 472
Total financial liabilities			2 648 118	2 648 118

Company accounts impact

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 R'000	New carrying amount under IFRS 9 R'000
Listed investments	Available-for-sale listed investments	FVOCI	262 003	262 003
Unlisted investments	Available-for-sale unlisted investments	FVTPL	122	122
Loans to structured entities	Loans and receivables	FVOCI	4 259 939	4 161 965*
Loans to other group companies	Loans and receivables	Amortised cost	47	47
Other receivables	Loans and receivables	Amortised cost	662 516	662 516
Cash resources	Loans and receivables	Amortised cost	1 986 119	1 986 119
Total financial assets			7 170 746	7 072 772
Other payables	Amortised cost	Amortised cost	14 425	14 425
Taxation	Amortised cost	Amortised cost	2 144	2 144
Amounts due to group companies	Amortised cost	Amortised cost	3 062	3 062
Total financial liabilities			19 631	19 631

* *The fair value adjustment of loans to structured entities in accordance with IFRS 9:* Financial Instruments *resulted in a transition adjustment of R97 974 000 (R70 541 000 net of taxation) recorded in retained earnings on 1 July 2018.*

Accounting policies continued

2 NEW ACCOUNTING STANDARDS (continued)

2.1 IFRS 9: *Financial Instruments* (IFRS 9) (continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the group's accounting policies related to financial liabilities.

Impairment of financial assets

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. IFRS 9 requires the group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15. The group applies the simplified approach to trade receivable balances and the general approach to all other financial assets. Refer item: 10.5 Impairment of financial assets below.

The impact of the expected credit losses on financial assets classified at amortised cost in the group was determined as being negligible.

2.2 IFRS 15: *Revenue from Contracts with Customers* (IFRS 15)

IFRS 15 was issued in May 2014, and amended in April 2016, and will supersede all current revenue recognition requirements under IFRS. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity shall recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The group's revenue is primarily derived from the sale of commodity products. The timing of the revenue recognition is dependent on the sales contract terms as documented in the International Commercial terms (Incoterms). In terms of IFRS 15, there was no change in the revenue recognised for free on board (FOB) shipments. The shipping service for all export sales shipped using the cost, insurance and freight (CIF) and cost and freight (CFR) Incoterms, represents a separate performance obligation, i.e. the sale and shipment of goods represent two performance obligations. The primary performance obligation is the supply of the commodity, in which instance the revenue will be recognised once the buyer takes control of the goods. This will not result in a change in revenue recognition from IAS 18: *Revenue* to IFRS 15. The other performance obligation is the delivery of the shipping service where the revenue earned will be recognised over the period that the service is rendered.

Some of the group's sales transactions contain provisional pricing features which are considered fair value adjustments in terms of IFRS 9. IFRS 15 states that if a contract is partially within the scope of this standard and partially in the scope of another standard (IFRS 9), an entity will first apply the separation and measurement requirements of the other standard(s). Consequently, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and the group will be required to account for these adjustments in accordance with IFRS 9 as price adjustments considered fair value adjustments and will be disclosed separately in the revenue note.

In the comparative period, majority of sales were FOB and therefore the deferral of revenue component was negligible. The application of IFRS 15 did not result in changes to the revenue recognised arising from commission income.

The group has elected to adopt a full retrospective approach to the adoption of the standard. The impact on the reported gross profit for the period is negligible and did not require adjustment.

2.3 IFRS 16: *Leases* (IFRS 16)

IFRS 16 was issued in January 2016 and it replaces IAS 17: *Leases*, and its related interpretation, and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The group intends to adopt IFRS 16 using the modified retrospective approach, with its application becoming effective from 1 July 2019, with the cumulative impact of its adoption to 30 June 2019 being recognised as at 1 July 2019, without restatement of comparative results.

Accounting policy effective as of 1 July 2019

Leases, in terms of IFRS 16, apply to the recognition, measurement, presentation and disclosure of leases. Certain leases are exempt from the standard, including leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 results in the recognition of right-of-use assets and a related lease liability, which was not previously recognised in the statement of financial position.

IFRS 16 includes two recognition exemptions for lessees:

1. The short-term lease exemption — leases with a duration of less than a year may be expensed in the income statement on a straight-line basis.
2. The low value lease exemption — for example personal computers, etc.

The group assesses whether a contract is or contains a lease, at inception of a contract. The group recognised all lease liabilities and corresponding right-of-use assets on the statement of financial position.

2 NEW ACCOUNTING STANDARDS (continued)

2.3 IFRS 16: *Leases* (IFRS 16) (continued)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The group uses its incremental borrowing rate if this rate cannot be readily determined. Where a lease contains an extension option which the group can exercise without negotiation, lease payments for the extension period are included in the lease liability if the group is reasonably certain that it will exercise the option. Any variable lease payments not dependent on an index or rate are excluded from the calculation of lease liabilities. As such, contracts with variable payments are not included in lease liabilities nor is a right-of-use asset recognised. Lease liabilities are presented separately in the statement of financial position, allocated to non-current and current liabilities respectively. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments include the fixed lease payment less any lease incentives, variable lease payments that are dependent on an index or rate, the residual value guaranteed by the lessee (i.e. payable by the lessee), and any penalties for terminating the lease (where applicable).

A lease liability will be remeasured and adjusted when:

- There is a change in the lease term or the conditions to exercise a purchase option has changed, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- Lease payments change due to a change in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability will be remeasured by discounting the revised lease payments using the initial discount rate (unless the change in lease payments is due to a change in an interest rate, in which case a revised discount rate is used);
- There is a modification to a lease contract and the modification is not accounted for as a separate lease. The lease liability will be remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs and restoration costs as applicable. All right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses.

Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of financial performance over the lease term. All lease payments are split between capital and interest. The capital repayment portion will be presented within the cash flow statement as part of cash flow from financing activities, whereas the interest portion will be presented as cash flow from operating activities. Any payments made before the commencement date of the lease is included in cash flow from financing activities.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements

In applying the group's accounting policies, management has made the following judgements, including those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

Consolidation of special-purpose vehicles

The Boleng Trust and Fricker Road Trust (the trusts) are broad-based community trusts which are for the benefit of historically disadvantaged South Africans (HDSAs) as contemplated in the Mining Charter. The trusts are invested in special-purpose vehicles (SPVs), namely Main Street 350 Proprietary Limited (RF), Main Street 460 Proprietary Limited (RF) and Main Street 904 Proprietary Limited (RF). The group has considered the requirements of IFRS 10: *Consolidated Financial Statements* in assessing whether it controls the trusts and the SPVs, both of which are structured entities (SEs) as defined in IFRS 12: *Disclosure of Interests in Other Entities*. Based on the contractual terms (namely those contained in the relationship agreements which govern the operation of SEs) the voting rights in the SEs are not considered to be the dominant factor in determining control. Factors such as design and purpose of the SEs, the fact that the SEs are indebted to the group, together with the restrictions placed on the Assore shares held by the SEs (either directly or indirectly) have resulted in the group's management concluding that the SEs (the trusts and the SPVs) are controlled by the group and have therefore been consolidated in the group financial statements in order to comply with the requirements of IFRS 10. Similarly, since the Assore Employee Trust (also an SE), which is operated by the group and the SPV in which the trust is invested, is indebted to the group, it has been consolidated in the group financial statements in accordance with IFRS 10. Accordingly, the Assore shares controlled by these SEs are accounted for as treasury shares (refer item 14).

Consolidation of foreign subsidiary

Minerais U.S. LLC (Minerais U.S.) is an international marketing and distributorship concern which imports metallic ores, ferroalloys and metals used in the steel, foundry and die casting industries. The group, through wholly owned subsidiary Ore & Metal Company Limited (Ore & Metal) indirectly owns 51% of Minerais U.S. in the form of 510 Class A membership units, which it acquired on 21 October 1999. The group considered the requirements of IFRS 10: *Consolidated Financial Statements* in respect of this investment, and concluded that it controls Minerais U.S. as it has power over it (by virtue of contractual agreement with minority shareholders), has exposure to variable returns from its involvement with Minerais U.S., from the rights attached to the majority of membership units held, and lastly has the ability to use its power over Minerais to affect the amount of returns from this investment. The group, through Ore & Metal, can use its power of Minerais in operational matters, to the likes of funding requirements in the form of the Assore guarantee to Minerais, that can impact profitability from this foreign operation, impacting the group's returns on this investment. As the group controls this business, the results of Minerais U.S. are accordingly consolidated as part of group results.

Accounting policies continued

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Project risk and exploration expenditure

In evaluating whether expenditures meet the criteria to be capitalised, the group utilises several different sources of information, including:

- the degree of certainty over the mineralisation of the orebody;
- commercial risks including, but not limited to, country risks; and
- prior exploration knowledge available about the target orebody, which reduces the level of risk associated with the capitalisation of this expenditure to an acceptable level.

Production stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at the surface mining operations.

The group is required to identify the separately identifiable components of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s). Refer note 2 to the consolidated financial statements.

Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. An environmental liability assessment is conducted by an independent adviser on an annual basis to assess the adequacy of the environmental rehabilitation provisions. A risk of material adjustment exists due to the inherent uncertainty surrounding the future life of the mines, the forward-looking nature of the provisions and the uncertainty regarding the underlying assumptions. Refer note 16 to the consolidated financial statements.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mines, based on proven and probable ore reserves. The group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the orebody, and require complex geological judgements to interpret the data. Changes in the reserve or resource estimates may impact the carrying value of exploration and mining assets in terms of depreciation charged and possible impairment. Refer note 2 to the consolidated financial statements.

Depreciation based on units of production

Costs related to the development and infrastructure of the mine to the stage when economically accessible reserves are to be extracted, are depreciated over the entire proven and probable reserves for the relevant mineral resource. Subsequent development and infrastructure costs incurred in accessing mineral resources are depreciated over the expected proven and probable reserves expected to be extracted for each phase of the planned mining activity, considering reasonably certain plans for ongoing economically feasible mining activity. Refer note 2 to the consolidated financial statements.

Impairment of non-financial assets

The group assesses each cash-generating unit annually to determine whether any indicators of impairment exist. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may consider. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a cash-generating unit. Refer note 2 to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Estimation uncertainty (continued)

Provision for expected credit losses (ECLs) of trade receivables

The trade and other receivables in the group are non-interest-bearing and the terms range between 30 and 90 days. The group does not have a history of credit losses. The group has a very stringent credit policy and outstanding debtors are monitored on a weekly basis in order to ensure that payment terms are being met. Refer item: 10.5 Impairment of financial assets.

4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Assore Limited, its joint-venture entity, its subsidiaries and its investment in associates as at 30 June 2019, using consistent accounting policies. All intra-group balances and transactions, including unrealised profits and losses arising from intra-group transactions, have been eliminated on consolidation.

4.1 Subsidiary companies

Investments in subsidiary companies are accounted for at cost less impairments in the separate company financial statements, and with subsidiary companies being consolidated as part of group financial statements. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date that the group gains control until the date that the group ceases to control the subsidiary. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to these transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests (NCI) represent the portion of profit or loss and equity not held by the group which are presented separately in the consolidated income statement and statement of comprehensive income and within equity in the consolidated statement of financial position. The NCI is allocated its share of the total comprehensive income/(losses) for the period, even if that results in a deficit balance.

4.2 Joint ventures

Investments in joint ventures are accounted for in the company at cost less impairments. Investments in joint ventures are accounted for using the equity method. Carrying amounts of the investment are adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to joint ventures are included in the carrying amount of the investment and are not amortised nor individually tested for impairment.

The consolidated income statement and statement of comprehensive income reflect the group's share of the results of operations of joint ventures. Where changes have been recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in its statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint ventures.

At each reporting date, the group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss in the "Share of profit from joint-venture entity, after taxation" in the consolidated income statement.

On loss of joint control over a joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.3 Associates

The group's investment in its associate is accounted for using the equity method. The group's share of its profit or loss is based on the associate's most recent audited financial statements or unaudited interim statements drawn up to the date of the group's statement of financial position. Investments in associates are accounted for in the company at cost less impairments. The carrying value of the investment in associate is adjusted to recognise the group's share of the net assets, including the carrying value of goodwill.

The carrying value of the associate is reviewed on a regular basis and if there is objective evidence that an impairment in this amount has occurred because of one or more events during the year, the investment is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss in the "Share of profit of an associate" in the income statement.

The income statement and statement of other comprehensive income (OCI) reflect the group's share of the results of operations of associates. Any change in OCI of that investee is presented as part of the group's OCI. In addition, where changes have been recognised directly in the equity of the associates, the group recognises its share of any changes, when applicable, in its statement of changes in equity.

The aggregate of the group's share of profit or loss of associates are separately shown in the income statement and represents the profit or loss after tax of the associates.

The group's share of losses in associates that exceed its interest are not recognised unless the group has an obligation to fund such losses.

On loss of significant influence over an associate, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Accounting policies continued

5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

5.1 General

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when future economic benefits are no longer expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. When an item of plant and equipment comprises several significant components each with different useful lives, these components are recorded and depreciated separately. Expenditure incurred to replace or modify a significant component of plant is capitalised and the remaining book value of the original component is derecognised in the income statement.

The costs of adding to, replacing part of, or servicing an item, following a major inspection, are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

5.2 Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets, as incurred by the group's joint-venture entity, whose results are equity-accounted for, ceases when the mine is commissioned and ready for production.

Where the benefits of production stripping costs are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, resulting in the creation of mining flexibility and improved access to orebodies to be mined in the future, the costs are recognised as a non-current asset. These are referred to as stripping activity assets, if:
- future economic benefits (being improved access to the orebody concerned) are probable;
- the component of the orebody for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If these criteria are not met, the production stripping costs are charged to the income statement as operating costs.

The stripping activity asset is initially measured at cost, which consists of the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the orebody and an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the orebody that became more accessible because of the stripping activity. Based on proven and probable Reserves, the units-of-production method is used to determine the expected useful life of the identified component of the orebody that became more accessible.

5.3 Prospecting, exploration, mine development and decommissioning assets

Costs related to property acquisitions and mineral and surface rights related to exploration are capitalised and depreciated over a maximum period of 25 years. All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and from which a future economic benefit stream is highly probable.

Although not currently incurred by the group, exploration expenditure incurred on greenfield sites where the company does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed after which the expenditure is capitalised.

Exploration expenditure incurred on brownfield sites, adjacent to any mineral deposits which are already being mined or developed, is expensed as incurred until the company has obtained enough information from all available sources to ameliorate the identified project risk areas and which indicates by means of a prefeasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised and depreciated on a straight-line basis over a maximum period of 25 years.

Engineering and technical activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Underground mine development includes all directly attributable development costs, to the likes of drilling and blasting, ventilation installation, loading and hauling and other support structure costs, including those incurred prior to the commencement of stoping, are capitalised when incurred.

5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

5.4 Depreciation

Depreciation of the various types of assets is determined on the following bases:

Mineral and prospecting rights
Mineral Reserves, which are being depleted, are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years. Mineral rights which are not being depleted are not amortised.

Land and buildings
Land is not depreciated. Owner-occupied properties, which are designed for a specific use, are only depreciated if carrying value exceeds estimated residual value, in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives. Depending on the group operations, buildings are depreciated over a minimum of 15 years, but no longer than a period of 25 years.

Mine and industrial properties are depreciated to estimated residual values at the lesser of life-of-mine and expected useful life of the asset on the straight-line basis.

Plant, machinery and equipment
Mining plant, machinery and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 25 years (being the remaining life of the mine), and the units-of-production method based on estimated proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant, machinery and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

Vehicles
Vehicles are depreciated on the straight-line basis. The annual depreciation rates used vary between five and nine years.

Furniture and fittings
Furniture and fittings are depreciated on the straight-line basis. The annual depreciation rates used vary between three and 10 years.

Office equipment
Office equipment is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

Computer hardware
Computer hardware is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

Computer software
Computer software is depreciated on the straight-line basis. The annual depreciation rate used vary between three and five years.

Capital work-in-progress
Capital work-in-progress is not depreciated and is transferred to the category to which it pertains when the asset is available for use as intended.

Mining development assets
Mining development assets are depreciated using the units-of-production method based on proven and probable ore reserves. The tons used to determine depreciation include all the proven and probable ore reserves that management expects to access within the respective phase. The proven and probable ore reserves of other phases are adjusted to include those reserves that management determines will be extracted from these areas that are to be developed (refer item 3.2 Depreciation based on units of production) once it has been determined that these other phases of mining will be undertaken.

6 INTANGIBLE ASSETS

Intangible assets other than goodwill

Intangible assets represent proprietary technical information. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period varies between three and five years. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are not amortised and are subjected to annual impairment reviews.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Internally generated intangible assets are not capitalised, and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

7 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 as a change to profit and loss. If the consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

In addition, the group elects the accounting policy to record business combination transactions involving entities under common control at the carrying value thereof, and accordingly no goodwill or bargain purchase gain will result from these transactions.

8 IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at each reporting date whether there is an indication that the carrying value of an asset or a CGU may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset/CGU.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets/CGUs recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset/CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such reversal is recognised in profit or loss, and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

9 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups (the assets) are classified as held for sale if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use.

This condition will only be regarded as met if, amongst others, the assets are available-for-sale in their present condition and the sale transaction is highly probable.

For a sale transaction to be highly probable, management must be committed to a plan to sell the assets, an active programme to locate a buyer to complete the plan must have been initiated, and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification as held-for-sale.

Non-current assets and disposal groups held for sale are measured at the lower of their previous carrying amounts and the fair values less costs to sell and is ceased to be depreciated from the date of classification as held-for-sale.

None of the group's non-current assets or disposal groups held for sale in management's view met the definition of discontinued operations at the reporting period, as the assets:
- did not represent either a separate major line of business or a geographical area of operations, or
- were part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- were a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

10 FINANCIAL INSTRUMENTS

10.1 Recognition and measurement

Financial assets — policy applicable after 1 July 2018

The recognition and measurement of financial instruments depend on their classification as described below. Financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income. The classification depends on the business model for managing the financial assets and whether the instrument's contractual cash flows represent "solely payments of principal and interest" (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following criteria are satisfied:
- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest.

Financial assets held at fair value through other comprehensive income

The equity investments are classified as financial assets measured at fair value through other comprehensive income.

All investments are initially and subsequently recognised at fair value.

Gains or losses on subsequent measurement are recognised in other comprehensive income.

10 FINANCIAL INSTRUMENTS (continued)

10.1 Recognition and measurement (continued)

The fair value of equity investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis.

Loans (interest and non-interest-bearing)
The business model for these loans is to collect contractual cash flows from the financial assets and the cash flows are solely payments of interest and principal amounts on specific dates, therefore these loans are classified as financial assets at amortised cost. The loans are initially measured at fair value and subsequently at amortised cost.

The loans and preference shares to the special-purpose vehicles are classified as fair value through profit or loss as they are interest-free with no fixed terms of repayment. These receivables are in substance non-recourse loans, as repayment of these loans are linked to the underlying shares in the special purpose vehicle, and therefore do not meet the SPPI criteria and as a result must be held at fair value through profit or loss. They are measured at fair value initially as well as subsequently. All transaction costs are expensed. Under IAS 39 these financial assets were subsequently measured at amortised cost.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently at amortised cost and are classified as financial assets at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less but exclude any restricted cash that is not available for use by the group and therefore is not considered highly liquid.

Cash and cash equivalents are initially recognised at fair value and subsequently stated at amortised cost and satisfy the criteria to be classified as financial assets at amortised cost.

Borrowings (interest and non-interest-bearing)
The recognition and measurement of interest and non-interest-bearing borrowings fall within the definition of financial liabilities at amortised cost. The borrowings are initially measured at fair value and subsequently at amortised cost.

Trade and other payables
Trade and other payables are initially recognised at fair value, including any transaction costs directly associated with the payable, and subsequently measured at amortised cost.

Financial assets — policy applicable before 1 July 2018
Available-for-sale investments
All investments are initially recognised at fair value, including acquisition charges associated with the investment. After initial recognition, available-for-sale investments are subsequently measured at fair value, which equates to market value.

Gains or losses on subsequent measurement of available-for-sale investments are recognised in other comprehensive income until the investment is disposed of, or its original cost is considered to be impaired, at which time the cumulative gain previously reported in other comprehensive income and the impairment below the cost, where considered significant or prolonged, is reclassified to the income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently at amortised cost and are classified as loans and receivables. An impairment charge is recognised when there is evidence that an entity will not be able to collect all amounts due in accordance with the original terms of the receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The impairment amount is charged to the income statement when it arises.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less but exclude any restricted cash that is not available for use by the group and therefore is not considered highly liquid.

Cash and cash equivalents are initially recognised at fair value and subsequently stated at amortised cost.

Preference shares, trade and other payables
Preference shares, trade and other payables are initially recognised at fair value, including any transaction costs directly associated with the borrowing, and subsequently stated at amortised cost, being the initial recognised obligation less any repayments made and any other adjustments plus interest accrued.

Interest and non-interest-bearing loans and borrowings
All loans and borrowings are initially recognised at their fair value, being the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest and non-interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by considering any issue costs, and any discount or premium on settlement.

Gains or losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Accounting policies continued

10 FINANCIAL INSTRUMENTS (continued)

10.2 Derivative financial instruments and hedging

If the group uses derivative financial instruments, such as forward currency contracts, to hedge its risks associated with foreign currency fluctuations, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting and any gains or losses arising from changes in fair value on derivatives are recognised directly in the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

10.3 Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with any resulting differences being recognised in profit or loss.

10.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

10.5 Impairment of financial assets

Policy applicable after 1 July 2018

The group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the group applies the simplified approach in calculating ECLs. Therefore, the group recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date, adjusted for forward-looking factors specific to the debtors and the economic environment.

For any other financial assets carried at amortised cost (i.e. long-term loan balances which are due in more than 12 months), the ECL is based on the 12-month ECL. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. For trade receivables, this includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment including forward-looking information. The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The group considers a financial asset in default when:

- contractual payments are 90 days past due; or
- internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full, without recourse by the group.

Related-party transactions

An assessment of the expected credit losses relating to related-party receivables is undertaken upon initial recognition and each financial year by examining the financial position of the related party and the market in which the related party operates applying the general approach of the ECL impairment model of IFRS 9.

10 FINANCIAL INSTRUMENTS (continued)

10.5 Impairment of financial assets (continued)

Policy applicable before 1 July 2018

The group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired, which is determined on the following bases:

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred in respect of a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (i.e. excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised, are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed what the amortised cost would have been had the impairment not been recognised at the reversal date.

Available-for-sale investments

Decreases, which in the opinion of management are significant and prolonged, in the fair value of available-for-sale investment, which are below their original cost are recorded in the income statement. Management's opinion of decreases that are significant and prolonged is dependent on the relative materiality of these fluctuations in relation to the market values of these investments. Impairments recorded against available-for-sale equity instruments in the income statement are not reversed, but rather subsequent increases in fair value are recorded in other comprehensive income.

11 INVENTORIES

Inventories are valued at the lower of cost and net realisable value with due allowance being made for obsolescence and slow-moving items. The cost of inventories, which is determined on a weighted average cost basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

12 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in South African currency (rand), which is the group's functional and presentation currency. Transactions in other currencies are dealt with as follows:

12.1 Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the spot rate at the date the transactions first qualify for recognition. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the functional currency spot rates of exchange at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using functional currency spot rates on the date when the fair value was determined.

Foreign exchange gains or losses arising from foreign exchange transactions, whether realised or unrealised, are included in the determination of profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year. However, where fair value adjustments of non-monetary items are recognised in other comprehensive income, exchange differences arising on the translation of these non-monetary items are also recognised in other comprehensive income.

12.2 Foreign entities

The assets and liabilities of subsidiaries with a different functional currency are translated at the rate of exchange ruling at the statement of financial position date. The income statements of these subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are reclassified in the income statement as a component of the gain or loss on disposal.

13 ENVIRONMENTAL REHABILITATION EXPENDITURE

The estimated cost of final rehabilitation, comprising the liability for decommissioning of assets and restoration, is based on current legal requirements and existing technology and is reassessed annually and disclosed as follows:

13.1 Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is recognised in property, plant and equipment when the decommissioning provision gives access to future economic benefits. The unwinding of the obligation is included in the income statement as finance costs.

Accounting policies continued

13 ENVIRONMENTAL REHABILITATION EXPENDITURE (continued)

13.1 Decommissioning costs (continued)

The estimated cost of decommissioning obligations is reviewed annually and adjusted for legal, technological and environmental circumstances that affect the present value of the obligation for decommissioning. The related decommissioning asset is amortised using the lesser of the related asset's estimated useful life or units-of-production method based on estimated proven and probable ore reserves.

13.2 Restoration costs

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and is charged to the income statement based on the units of production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine. Cost estimates are not reduced by the potential proceeds from the sale of assets.

13.3 Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Any subsequent changes to assumptions in estimating an obligation are added or deducted from the decommissioning asset to which it relates. Reductions over and above the remaining carrying value of the asset are recognised in the income statement.

14 TREASURY SHARES

Own equity instruments acquired are regarded as treasury shares and are accounted for as a reduction in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares, as these transactions are recognised directly in equity.

15 TAXATION

15.1 Current taxation

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in other comprehensive income or equity is recognised in the statement of other comprehensive income or equity and not in profit or loss.

15.2 Deferred taxation

Deferred tax is provided, using the balance sheet method on temporary differences at the date of the statement of financial position, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:
- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except:
- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in the statement of other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

15.3 Value added taxation (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT except:
- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

15.4 Mining royalty taxation

Provision for mining royalties is made with reference to the condition specified as contained in the Mining and Petroleum Resources Royalty Act, for the transfer of refined and unrefined mined resources, upon the date such transfer is affected. These costs are included in other expenses.

15 TAXATION (continued)

15.5 Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends distributed to shareholders. Dividends paid to companies, certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the receipt period.

16 PROVISIONS

Provisions are recognised when:

- a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reasonable estimate of the amount of the obligation can be made.

A present obligation is considered to exist when it is probable that an outflow of economic benefits will occur. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

17 REVENUE

17.1 Revenue from contracts with customers

Sale of mining and beneficiated products

The group's revenue is primarily derived from the sale of commodity products. The timing of revenue recognition is dependent on the sales contract terms as documented in the International Commercial terms (Incoterms).

Revenue is recognised for free on board (FOB) and deliver at place (DAP) shipments once the commodity products are loaded onto the vessel. The shipping service for all export sales shipped using the cost, insurance and freight (CIF) and cost and freight (CFR) Incoterms, represents a separate performance obligation, i.e. the sale and shipment of goods represent two performance obligations. The primary performance obligation is the supply of the commodity products, in which instance the revenue will be recognised once the buyer takes control of the goods. The other performance obligation is the delivery of the shipping service where the revenue earned will be recognised over the period that the service is rendered.

Any subsequent changes because of differences between the initial specifications of the material sold and the agreed concluding condition of the material finally invoiced (commonly referred to as the "outturn results") will be subject to the constraint on estimates of variable consideration. Any subsequent changes that result in differences between initial to final outturn results will be recognised as an adjustment to revenue.

Revenue in terms of contracts with customers will be recognised when control passes to the customer and will be measured at the amount the entity expects to be entitled to, being the estimate of the price expected to be received at the end of the quotational period (QP), i.e. using the most recent estimate of the metal content of the commodity product (based on the initial outturn results) and the estimated forward price. However, there may be a material change in the commodity price from the date control passes to the customer compared to the date of the final invoice.

This movement from provisional to final price is linked to the movement in either quoted indices or what is agreed to as current pricing in the market at the time the final price is confirmed. The price adjustments are considered fair value adjustments and will be disclosed separately in the revenue note.

Technical fees and commissions on sales

Revenue from technical fees and commissions on sales are recognised as the services are rendered which is on the date the control of goods passes in the underlying transaction.

17.2 Other revenue

Interest received

Interest received is recognised using the effective interest rate method, i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Dividends received

Dividends received are recognised when the shareholders' right to receive the payment is established.

18 SHARE-BASED PAYMENT TRANSACTIONS

Certain employees of the group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Monte Carlo valuation technique. The fair value is expensed over the period until the vesting date with the recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

Accounting policies continued

19 POST-EMPLOYMENT BENEFITS

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. The cost of providing benefits under defined benefit plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised in profit or loss on the earlier of:
- the date of the plan amendment or curtailment; or
- the date that the group recognises restructuring-related costs.

The net interest cost is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation in profit or loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. The value of any defined benefit asset recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The rate at which contributions are made to defined contribution funds is fixed and is recognised as an expense when employees have rendered services in exchange for those contributions. No liabilities are raised in respect of the defined contribution fund, as there is no legal or constructive obligation to pay further contributions should the fund not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to all defined contribution funds are expensed in profit and loss when incurred.

20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities in the statement of financial position but disclosed in the notes to the financial statements.

21 DEFINITIONS

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and after adjusting for non-controlling interests divided by the weighted number of shares outstanding during the period.

Headline earnings comprise earnings for the year, adjusted for profits or losses on items of a capital nature. Headline earnings have been calculated in accordance with Circular 4/2018 issued by the South African Institute of Chartered Accountants. Adjustments against earnings are made after considering attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Cash resources

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value. Bank overdrafts have been separately disclosed in the statement of financial position.

Cost of sales

All costs directly related to the production of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales.

Dividends per share

Dividends declared during the year divided by the weighted number of ordinary shares in issue.

Incoterms

Incoterms (international commercial terms) is a set of standardised export pricing terms developed by the International Chamber of Commerce (ICC) and which is endorsed by the United Nations Commission on International Trade Law (UNCITRAL).

Corporate information

EXECUTIVE DIRECTORS
Desmond Sacco (Chairman)#
CE Walters (Chief executive officer)
PE Sacco (Deputy chief executive officer and marketing director)
RA Davies (Chief financial officer)º
BH van Aswegen (Group technical and operations director)º

NON-EXECUTIVE DIRECTORS
EM Southey (Deputy chairman and lead independent director)#†*
DN Aitken†
TN Mgodusoº†
S Mhlarhi†*
WF Urmson# º†*

 # Member of the Remuneration committee
º Member of the Social and Ethics committee
† Independent
** Member of the Audit and Risk committee*

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