ZIMPLATS HOLDINGS LIMITED

ARBN : 083 463 058

Directors' Report and Condensed Consolidated Interim Financial Statements

Half Year Ended 31 December 2018

ZIMPLATS HOLDINGS LIMITED
INDEX TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	PAGE
DIRECTORS' REPORT	1
APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	6
INDEPENDENT AUDITOR'S REVIEW REPORT	7
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	9
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	10
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	12

ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT

The Directors present the condensed consolidated interim financial statements of Zimplats Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') for the half year ended 31 December 2018, as well as the review report for the period.

Directors

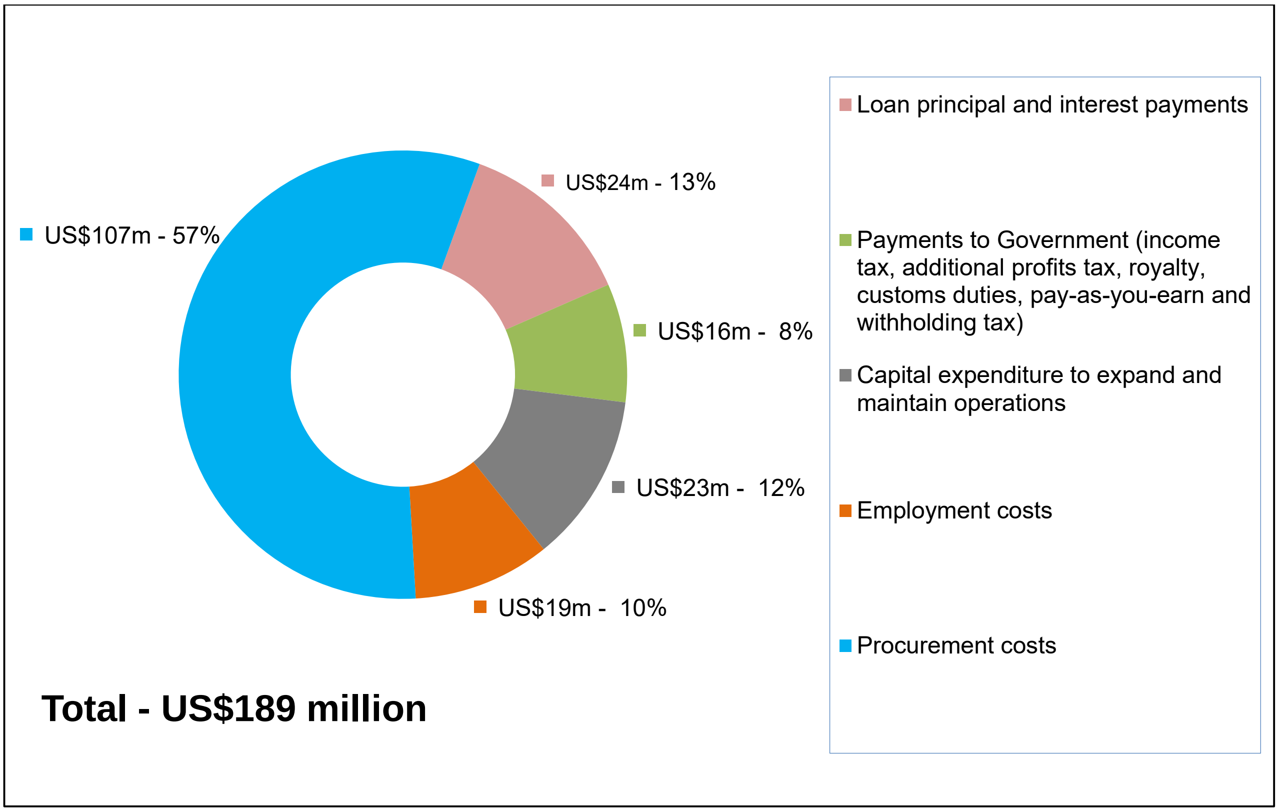
The directors of the Company during and since the end of the half year are set out below:

Dr Fholisani Sydney Mufamadi	Chairman-Non-executive
Alexander Mhembere	Chief Executive Officer
Stewart Magaso Mangoma	Chief Finance Officer
Meroonisha Kerber	Non-executive
Thandeka Nozipho Mgoduso	Non-executive
Alec Muchadehama	Non-executive
Nicolaas Johannes Muller	Non-executive
Dr Dennis Servious Madenga Shoko	Non-executive
Zacharius Bernadus Swanepoel	Non-executive
Nyasha Puza Siyabora Zhou	Non-executive

Review of performance

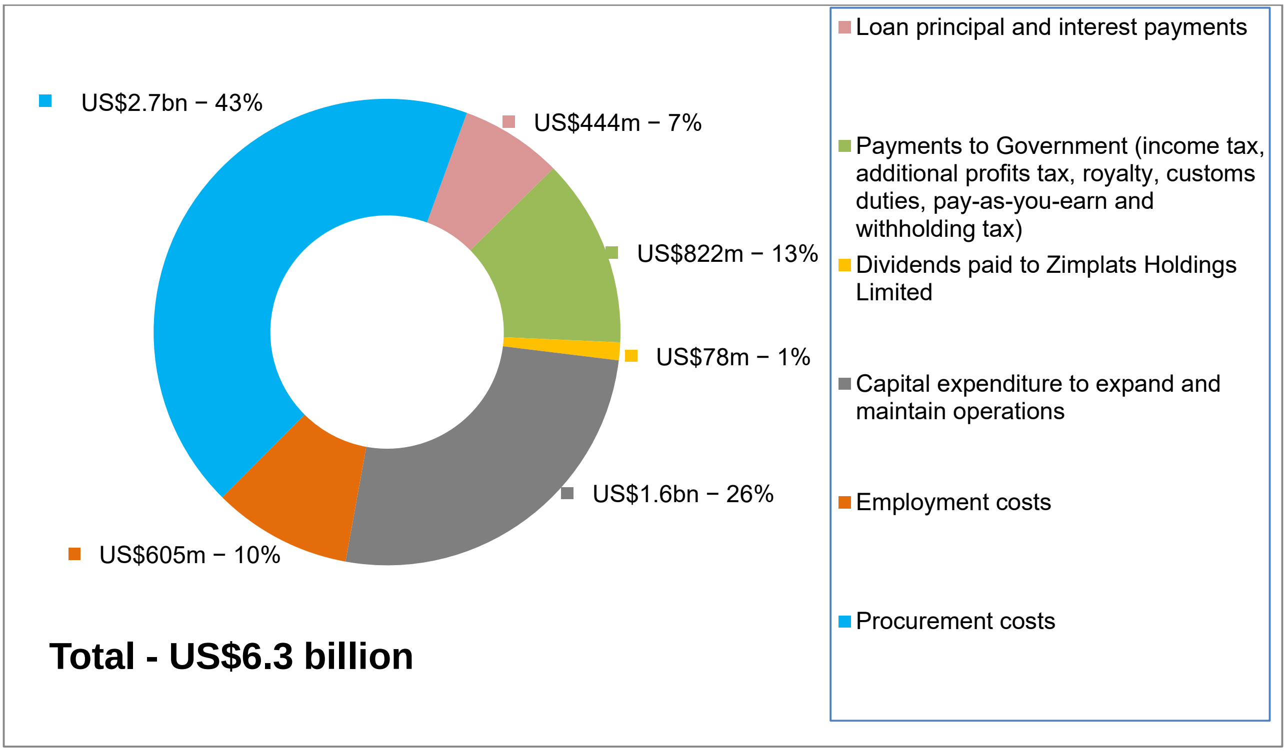
The Group's main purpose is the production of platinum group metals and associated metals from its Mineral Resources and Ore Reserves on the Great Dyke in Zimbabwe. At present, the Group's mining activities are operated by Zimbabwe Platinum Mines (Private) Limited (the 'operating subsidiary').

Zimbabwe Platinum Mines (Private) Limited cash utilisation (Half year ended 31 December 2018) – US$ millions



ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT

Zimbabwe Platinum Mines (Private) Limited cash utilisation (1 July 2001 to 31 December 2018) – US$ millions



Safety, Health and Environment

Two lost-time injuries were reported during the half year resulting in a lost-time injury frequency rate of 0.26, same as the comparative period last year.

An external safety, health and environment management systems (ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015) audit was conducted during the half year and no major non-conformities were reported.

The Group's employee wellness programmes continued to be effective during the half year focusing on the following:

- HIV and AIDS
- Mental health
- Occupational hygiene
- Non-communicable diseases

Rehabilitation of the old open-pit mines progressed well with 1 175 741 loose cubic meters moved to cover the voids compared to 179 020 loose cubic metres for the same period last year.

The Group's water conservation programmes worked well during the half year maintaining recycled water at 34% of the total water consumed.

Operations

Tonnes mined during the half year decreased by 5% to 3.3 million tonnes compared to the same period last year mainly due to the closure of the South Pit Mine in March 2018. The increase in production from the underground mines (mainly from Mupfuti and Bimha mines) of 266 300 tonnes was less than the contribution from the South Pit Mine (456 200 tonnes) in the same period last year.

ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT

Tonnes milled decreased by 1% to 3.31 million tonnes compared to the same period last year. This was mainly due to a decrease in the milling rates at the Selous Metallurgical Complex (SMC) concentrator arising from the change in particle size distribution after the closure of the South Pit Mine in April 2018.

Four elements (platinum, palladium, rhodium and gold) (4E) mill head grade at 3.23g/t remained largely unchanged from the same period last year reflecting sustained grade control at the Group's operations.

Platinum production for the half year decreased by 1% to 135 430 ounces from 136 152 ounces in line with the decrease in the volume of ore milled. 4E metal production for the half year also decreased by 1% to 273 655 ounces from 275 224 ounces in line with mill volumes.

The table below shows the total metal production for the half year.

Metal	Half year ended 31 December 2018	Half year ended 31 December 2017	Variance	Year ended 30 June 2018
Platinum (oz)	135 430	136 152	(1%)	270 717
Palladium (oz)	110 593	112 807	(2%)	223 112
Gold (oz)	15 573	14 514	7%	29 207
Rhodium (oz)	12 059	11 751	3%	23 879
Ruthenium (oz)	10 354	10 346	-	20 780
Iridium (oz)	5 000	4 786	4%	9 687
Silver (oz)	23 694	19 392	22%	49 570
Nickel (t)	2 636	2 505	5%	5 071
Copper (t)	1 881	1 913	(2%)	3 775
Cobalt (t)	40	48	(17%)	87

Sales

Platinum sold for the half year at 133 484 ounces was marginally higher than 132 823 ounces reported in the same period last year. The table below shows the metal sales volumes for the half year.

Metal	Half year ended 31 December 2018	Half year ended 31 December 2017	Variance (%)	Year ended 30 June 2018
Platinum (oz)	133 484	132 823	-	266 720
Palladium (oz)	110 465	110 500	-	222 105
Gold (oz)	15 649	14 495	8	29 508
Rhodium (oz)	11 838	11 513	3	23 752
Ruthenium (oz)	10 366	10 700	(3)	21 210
Iridium (oz)	4 958	4 954	-	9 853
Silver (oz)	25 154	25 480	(1)	50 798
Nickel (t)	2 594	2 533	2	5 073
Copper (t)	1 979	1 947	2	3 869
Cobalt (t)	34	44	(23)	77

ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT

Metal Prices

Prices for most of the metals, except platinum, gold, silver and copper, improved compared to what was achieved in the same period last year as shown in the table below.

Metal	Half year ended 31 December 2018 (Average)	Half year ended 31 December 2017 (Average)	Variance (%)	Year ended 30 June 2018 (Average)
Platinum (US$/oz)	818	936	(13)	939
Palladium (US$/oz)	1 055	947	11	977
Gold (US$/oz)	1 221	1 277	(4)	1 297
Rhodium (US$/oz)	2 391	1 199	99	1 562
Ruthenium (US$/oz)	250	89	181	149
Iridium (US$/oz)	1 418	938	51	1 001
Silver (US$/oz)	15	17	(12)	17
Nickel (US$/t)	12 354	11 045	12	12 459
Copper (US$/t)	6 135	6 577	(7)	6 746
Cobalt (US$/lb)	33	30	10	35

Financial

Revenue for the half year increased by 2% to US$291.8 million compared to the same period last year driven by a 1% increase in both metal prices and 4E sales volumes. The gross revenue per platinum ounce for the half year at US$2 186 was 1% higher than the US$2 154 reported during the same period last year.

Cost of sales at US$187.1 million was 2% higher than the same period last year's US$184 million mainly due to inflation. This was partly offset by the substitution of open-pit ore with lower cost underground ore following the closure of the South Pit Mine in April 2018 and decrease in depreciation arising from the conversion of upper ores resources to reserves.

Resultantly, the gross profit margin of 36% was the same as the prior comparative period.

Administrative expenses for the half year at US$28.1 million were 22% higher than the US$23 million reported during the same period last year mainly due to higher insurance premiums in the current period.

Selling and distribution expenses for the half year at US$1.1 million were 80% lower than same period last year due to the decrease in transport cost in line with the volume of material moved as no concentrates were exported in the current half year. Transportation of concentrates typically costs more than transportation of matte.

Royalty and commission expense for the half year increased by 74% from US$7 million reported in the same period last year to US$12.2 million due to increase in royalty rates after migrating from a special mining lease to a mining lease on 31 May 2018.

The half year ended 31 December 2018 benefited from export incentive of US$29.4 million (2017: US$5.6 million) and the recognition of a US$9.6 million refund due from the Zimbabwe Revenue Authority (ZIMRA). The refund arose from a court ruling in favour of the Group in respect of fines inappropriately levied by ZIMRA on the disputed customs duty rebates case.

Cash operating cost per platinum ounce produced improved by 3% to US$1 295 from US$1 331 reported in the same period last year due to the substitution of open-pit ore with lower cost underground ore, decrease in selling expenses as detailed above and lower cost of consumables sourced from South Africa which benefitted from the weakening of the South African Rand against the United States Dollar.

ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
DIRECTORS' REPORT

Resultantly, profit before income tax for the period at US$98.5 million was 60% higher than US$61.4 million recorded in the same period last year. Income tax for the half year at US$18.1 million (2017: US$40.3 million) resulted in a profit after tax for the period of US$80.4 million compared to US$21 million achieved in the same period last year.

At the end of the half year, the Group had bank borrowings of US$62.5 million (30 June 2018 and 31 December 2017: US$85 million) and a cash balance of US$99.5 million (30 June 2018: US$119 million and 31 December 2017: US$106.9 million).

Capital Projects

The redevelopment of Bimha Mine remains on schedule. Installation of the north underground crusher and the ore-conveyancing system were completed during the half year while the south underground crusher and ore-conveyancing system are scheduled for commissioning in August 2019. A total of US$76 million had been spent as at 31 December 2018 against a total project budget of US$101 million.

The development of Mupani Mine (the replacement for Ngwarati and Rukodzi mines) is ahead of schedule, targeting ore contact by August 2019 and full production in August 2025. A total of US$51 million had been spent as at 31 December 2018 against a total project budget of US$264 million.

Indigenisation and Economic Empowerment

The Group continues to engage with the Government of Zimbabwe with regard to Zimbabwe Platinum Mines (Private) Limited's indigenisation implementation plan.

Outlook

The future of the Company remains bright despite the pressures from soft commodity prices on the world market and the challenging Zimbabwean operating environment. Management continues to focus on achieving production volumes and preserving cash through cost management and optimisation of capital expenditure. The Company will continue to foster cordial working relationship with all its stakeholders.

A Mhembere
Chief Executive Officer
27 February 2019

ZIMPLATS HOLDINGS LIMITED
HALF YEAR ENDED 31 DECEMBER 2018
APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the condensed consolidated interim financial statements and related information in a manner that fairly presents the state of the affairs of the Company. These interim financial statements are prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

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

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

The condensed consolidated interim financial statements, as set out on pages 8 to 22 have been approved by the Board of Directors and are signed on its behalf by:

A Mhembere
Chief Executive Officer
27 February 2019

S M Mangoma
Chief Finance Officer

pwc

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the shareholders of Zimplats Holdings Limited

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Zimplats Holdings Limited and its subsidiaries (the "Group") as at 31 December 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other selected explanatory notes, set out on pages 8 to 22. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the International Financial Reporting Standard (IAS) 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the International Financial Reporting Standard (IAS) 34, 'Interim financial reporting'.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Harare

28 February 2019

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T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

ZIMPLATS HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 US$ 000 (Reviewed)	30 June 2018 US$ 000 (Audited)	31 December 2017 US$ 000 (Reviewed)
ASSETS				
Non-current assets				
Property, plant and equipment	6	1 099 828	1 086 705	1 012 992
Trade and other receivables	9	1 940	1 915	2 524
		1 101 768	1 088 620	1 015 516
Current assets				
Inventories	7	61 420	62 785	60 645
Prepayments	8	40 543	49 901	65 957
Trade and other receivables	9	194 776	180 091	202 630
Cash and balances with banks	10	99 527	118 981	106 871
		396 266	411 758	436 103
Total assets		1 498 034	1 500 378	1 451 619
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	11	10 763	10 763	10 763
Share premium	11	89 166	89 166	89 166
Retained earnings		910 725	895 370	913 778
		1 010 654	995 299	1 013 707
LIABILITIES				
Non-current liabilities				
Borrowings	12	-	42 500	42 500
Share based compensation		548	361	431
Deferred income taxes		261 388	243 372	142 047
Environmental rehabilitation provision		20 022	22 387	28 633
		281 958	308 620	213 611
Current liabilities				
Trade and other payables	13	79 458	81 018	90 926
Current income tax liabilities		62 689	72 241	89 809
Borrowings	12	62 500	42 500	42 500
Share based compensation		775	700	1 066
		205 422	196 459	224 301
Total equity and liabilities		1 498 034	1 500 378	1 451 619

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

The financial statements were authorised for issue by the board of directors and were signed on its behalf by:

A Mhembere
Chief Executive Officer

S Mangoma
Chief Finance Officer

27 February 2019

ZIMPLATS HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	Half year ended 31 December 2018 US$ 000 (Reviewed)	Half year ended 31 December 2017 US$ 000 (Reviewed)	Year ended 30 June 2018 US$ 000 (Audited)
Revenue	14	291 844	286 149	582 544
Cost of sales		(187 149)	(183 964)	(368 036)
Gross profit		104 695	102 185	214 508
Administrative expenses	15	(28 061)	(22 992)	(46 144)
Selling and distribution expenses		(1 112)	(5 425)	(4 363)
Royalty and commission expense		(12 203)	(7 018)	(15 200)
Other operating expenses	16	(1 342)	(7 818)	(4 610)
Other operating income	17	39 238	5 930	24 618
Operating profit		101 215	64 862	168 809
Finance income	18	782	1 272	2 353
Finance costs	19	(3 517)	(4 774)	(5 206)
Profit before income tax		98 480	61 360	165 956
Income tax expense	20	(18 123)	(40 312)	(163 316)
Profit for the period		80 357	21 048	2 640
Other comprehensive income				
Items that will not be reclassified to profit or loss		-	-	-
Items that may be reclassified to profit or loss:		-	-	-
- Gain on re-measurement of available-for-sale financial assets	17	-	-	527
- Reclassification of changes in the fair value of available-for-sale financial assets to profit or loss	17	-	-	(527)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period		80 357	21 048	2 640
Attributable to:				
Owners of Zimplats Holdings Limited		80 357	21 048	2 640
Non-controlling interests		-	-	-
		80 357	21 048	2 640
Earnings per share attributable to the ordinary equity holders of the Company:				
Basic earnings per share (cents)	21	75	20	2
Diluted earnings per share (cents)	21	75	20	2

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

ZIMPLATS HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Share capital US$ 000	Share premium US$ 000	Retained earnings US$ 000	Total US$ 000
Balance as at 1 July 2018	10 763	89 166	895 370	995 299
Total comprehensive income for the period	-	-	80 357	80 357
Profit for the period	-	-	80 357	80 357
Other comprehensive income for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividends paid (note 22)	-	-	(65 002)	(65 002)
	-	-	(65 002)	(65 002)
Balance as at 31 December 2018 (Reviewed)	10 763	89 166	910 725	1 010 654
Balance as at 1 July 2017	10 763	89 166	892 730	992 659
Total comprehensive income for the year	-	-	2 640	2 640
Profit for the year	-	-	2 640	2 640
Other comprehensive income for the year	-	-	-	-
Balance as at 30 June 2018 (Audited)	10 763	89 166	895 370	995 299
Balance as at 1 July 2017	10 763	89 166	892 730	992 659
Total comprehensive income for the period	-	-	21 048	21 048
Profit for the period	-	-	21 048	21 048
Other comprehensive income for the period	-	-	-	-
Balance as at 31 December 2017 (Reviewed)	10 763	89 166	913 778	1 013 707

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

ZIMPLATS HOLDINGS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	Half year ended 31 December 2018 US$ 000 (Reviewed)	Half year ended 31 December 2017 US$ 000 (Reviewed)	Year ended 30 June 2018 US$ 000 (Audited)
Cash flows from operating activities				
Operating profit		101 215	64 862	168 809
Adjustments for:				
Depreciation	6	34 619	33 669	65 450
Provision for obsolete inventories	7	-	473	1 233
Provision for share based compensation		2 032	236	(200)
Foreign exchange adjustment on trade and other payables		(397)	1 166	203
Gain on disposal of property, plant and equipment	17	-	(86)	(63)
Other receivables written-off	16	-	14	14
Impairment loss on property, plant and equipment	6	-	2 241	-
Treasury bill received in lieu of interest	17	-	-	(9 824)
Gain on re-measurement of available-for-sale financial assets	17	-	-	(527)
Changes in operating assets and liabilities				
Decrease/(increase) in inventories		1 365	(7 083)	(9 982)
Decrease in prepayments		9 358	31 733	47 789
Increase in trade and other receivables		(14 710)	(40 128)	(16 980)
(Decrease)/increase in trade and other payables	13	(1 163)	14 734	7 612
Cash generated from operations		132 319	101 831	253 534
Finance costs paid	12	(4 063)	(3 640)	(7 658)
Share based compensation payments		(1 770)	(942)	(942)
Payments made for environmental rehabilitation		(3 277)	(333)	(3 407)
Income taxes and withholding tax paid		(9 659)	(5 480)	(46 550)
Net cash generated from operating activities		113 550	91 436	194 977
Cash flows from investing activities				
Purchase of property, plant and equipment	6	(46 357)	(32 383)	(135 281)
Proceeds from disposal of property, plant and equipment		73	214	249
Proceeds from disposal of available for-sale financial assets	17	-	-	10 351
Finance income		782	1 272	2 353
Net cash utilised in investing activities		(45 502)	(30 897)	(122 328)
Cash flows from financing activities				
Repayments of borrowings	12	(22 500)	-	-
Dividends paid	22	(65 002)	-	-
Net cash utilised in financing activities		(87 502)	-	-
Net (decrease)/increase in cash and cash equivalents		(19 454)	60 539	72 650
Cash and cash equivalents at the beginning of the period		118 981	46 334	46 334
Exchange losses on cash and cash equivalents		-	(2)	(3)
Cash and cash equivalents at the end of the period	10	99 527	106 871	118 981

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Zimplats Holdings Limited (the 'Company') is a limited liability company domiciled in Guernsey, Channel Islands and listed on the Australian Stock Exchange (ASX). The condensed consolidated interim financial statements for the half year ended 31 December 2018 are for the group consisting of the Company and its subsidiaries (together the 'Group').

The Group's principal business is producing platinum group metals (which primarily include platinum, palladium, rhodium, iridium and ruthenium) and associated metals (nickel, gold, copper, cobalt and silver) mined from the Great Dyke in Zimbabwe.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the half year ended 31 December 2018 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

The condensed consolidated interim financial statements have been prepared on a going-concern basis as the directors believe that the Group will continue in operation for the foreseeable future.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2018 which were prepared in accordance with International Financial Reporting Standards (IFRS) and any public announcements made by Zimplats Holdings Limited during the interim reporting period.

The condensed consolidated interim financial statements are expressed in United States Dollars (US$). The condensed consolidated interim financial statements have been prepared under the historical cost convention except for liabilities for cash-settled share-based payment arrangements which are measured using a binomial option model.

Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, and corresponding interim period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

The following standards became effective on 1 January 2018 and were adopted by the Group on 1 July 2018.

3.1 IFRS 15 'Revenue from contracts with customers'

This standard replaces IAS 18, 'Revenue'. In accordance with the transition provisions in IFRS 15, the new rules were adopted retrospectively and the effect of the adoption reflected in current year opening retained earnings. The financial impact of the application of the revenue recognition adjustments to opening retained earnings was US$nil.

The Group's accounting policy has been revised to align with IFRS 15, and additional disclosures have been introduced, particularly on the disaggregation of revenue as per note 14.

Accounting policy for revenue
The Group sells white matte or concentrate which primarily consists of platinum, palladium, rhodium, iridium, ruthenium and associated metals (nickel, gold, copper, cobalt and silver). The products are sold to one customer, Impala Platinum Limited ('Impala'), a fellow subsidiary, under the terms of a contract. Performance obligations included in the sales contract are assessed to allocate the transaction price to the performance obligation in order to determine revenue to be recognised.

Revenue from the sale of white matte and concentrate is recognised when the product has been delivered to Impala where it is subjected to further processing in accordance with contractual terms. This is the point at which the performance obligation is satisfied and receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due. No element of financing is present due to short term nature of Group contracts and credit terms are consistent with market practice. Prices of the individual extracted metals are based on observable spot prices. Quantities of the metals contained in the white matte and concentrate are obtained from the assay report results from both the Group and Impala and agreed by the two parties.

Trade receivable pricing adjustments are disclosed separately within revenue as "revenue from movements in commodity prices" in the statement of comprehensive income (note 14).

Significant judgements made in applying IFRS 15 to contracts with customers
Due to the nature of the Group's revenue stream and contractual terms with the sole customer, no significant judgement in respect of the contract with the customer was necessary.

3 ACCOUNTING POLICIES (continued)

3.2 IFRS 9, 'Financial instruments'

IFRS 9 replaces the provisions of IAS 39, 'Financial instruments : Recognition and measurement' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from 1 July 2018 resulted in changes in accounting policies which are set out below.

The adoption of IFRS 9 will be applied retrospectively. The total impact on the Group's retained earnings as at 1 July 2018 was US$nil.

Financial assets
IFRS 9 adoption impacted the classification, but not measurement of financial assets. Loans and receivables (including cash and cash equivalents) carried at amortised cost were reclassified to financial assets at amortised cost. The Group intends to hold the assets to maturity, to collect contractual cash flows that consists solely of payments of principal and interest on the outstanding amount.

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

- Trade receivables for sales of inventory;
- Employee housing and vehicle purchase loans;
- Export incentives, and;
- Cash and cash equivalents.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss model was applied to the outstanding trade receivable balances at 1 July 2018 which resulted in a negligible amount of impairment. All trade receivable balances have been recovered in full for the past 5 years.

The 12 month expected credit loss model has been applied to the following financial assets as credit risk is considered to be low:

- Employee housing and motor vehicle purchase loans;
- Export incentives;
- Cash and cash equivalents.

Employee housing and motor vehicle purchase loans consist of loans advanced to the Group's employees in terms of the Group's housing and motor vehicle schemes. Employee housing and motor vehicle loans are secured by a second bond over residential properties and a certificate of title respectively. Ownership is only transferred after the loan has been paid in full. There is limited credit risk associated with these employee loans as repayments are deducted periodically through the payroll.

Export incentives are generally recovered within 45 days of receipt of sales proceeds. Due to their short term nature, they are considered to have a low credit risk.

The Group's cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The Group's cash is held at financial institutions with sound capital bases, which are considered to have a low credit risk and the expected credit losses were immaterial. The outcome of the 12 month expected credit loss model assessments on the above financial assets was immaterial at 1 July 2018, therefore no adjustment was made to opening retained earnings. At 31 December 2018, the expected credit losses were reassessed and no provisions were required.

Financial liabilities
The measurement and classification of financial liabilities will remain unchanged. All non-derivative financial liabilities will continue to be measured at amortised cost.

Accounting policy for financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contract. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss are added to, or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification
The Group classifies its financial assets in the financial assets at amortised cost category on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Purchases and sales of investments are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

3 ACCOUNTING POLICIES (continued)

3.2 IFRS 9, 'Financial instruments'(continued)

Accounting policy for financial instruments (continued)

Impairment of financial assets
The expected credit losses associated with its debt instruments carried at amortised cost are assessed by the Group on a forward looking basis. The impairment methodology applied is determined by whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, among others, include the failure of a debtor to engage in a repayment agreement with the Group.

The 12 month ECL model is applied to other receivables and financial assets at amortised cost. The expected credit loss allowance recognised during the period is therefore limited to 12 months expected losses. These instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

When financial assets at amortised cost (other than trade receivables) have an increase in credit risk, the lifetime ECL model, which is the result of all possible default events over the expected life of the financial instrument, is used to impair the asset.

The calculation of the loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical information, existing market conditions and forward looking estimates at the end of each reporting period.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2018, with the exception of changes in estimates that are required in determining the provision for deferred income taxes which have been aligned to the group's estimation process.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Group's annual financial statements for the period ended 30 June 2018.

There have been no significant changes in any risk management policies since year end.

5.2 Fair value estimation
Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on active markets.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-listed equity investments.

6 PROPERTY, PLANT AND EQUIPMENT	31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
Opening net book amount	1 086 705	1 016 647	1 016 647
Additions	46 357	135 281	32 383
Borrowing costs capitalised (note 19)	1 458	4 719	-
Environmental rehabilitation asset adjustment	-	(4 305)	-
Disposals	(12 986)	(39 770)	(1 254)
Accumulated depreciation on disposals	12 913	39 583	1 126
Impairment loss	-	-	(2 241)
Depreciation charge	(34 619)	(65 450)	(33 669)
Closing net book amount	1 099 828	1 086 705	1 012 992

The Group recognised an impairment loss of US$2.2 million during the half year ended 31 December 2017 after new information emerged that a significant portion of a certain piece of land held by the Group is taken up by a freeway reservation. It was subsequently confirmed by the relevant planning authority that the said land falls within an office park zone and that it is not situated within a freeway reservation. As a result, the impairment charge of US$2.2 million recorded during the half year ended 31 December 2017 was reversed.

7 INVENTORIES	31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
Ore, concentrate and matte stocks	13 041	16 326	19 207
Consumables	53 985	52 065	46 284
	67 026	68 391	65 491
Less: provision for obsolete consumables	(5 606)	(5 606)	(4 846)
	61 420	62 785	60 645
The movement in the provision for obsolete consumables is as follows:			
At the beginning of the period	5 606	4 373	4 373
Charged to the income statement during the period	-	1 233	473
At the end of the period	5 606	5 606	4 846

8 PREPAYMENTS			
Deposits on property, plant and equipment	31 545	37 714	49 953
Consumables and other operating expenditure	5 856	7 914	9 715
Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	-	-	5 094
Insurance premiums	3 142	4 273	1 195
	40 543	49 901	65 957

Deposits on property, plant and equipment mainly relate to amounts prepaid on capital equipment for Bimha Mine redevelopment, Mupani Mine development and advance payments for trackless mining machines.

9 TRADE AND OTHER RECEIVABLES			
Trade receivables due from related parties (note 23c)	170 823	161 642	185 639
Value added tax receivable	14 562	12 614	13 300
Export incentive	5 457	1 123	477
Other receivables	5 874	6 627	5 738
	196 716	182 006	205 154
Non - current assets	1 940	1 915	2 524
Current assets	194 776	180 091	202 630
	1 940	182 006	205 154

9 TRADE AND OTHER RECEIVABLES (continued)

Trade receivables comprise amounts due from Impala Platinum Limited (previously due from Impala Refining Services Limited), a related party, for sales of metal products.

As all contractual terms and conditions had been complied with, trade receivables were fully performing as at 31 December 2018, 30 June 2018 and 31 December 2017.

The other classes within trade and other receivables do not contain impaired assets. Based on the credit history of these classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

The carrying amounts of the Group's trade and other receivables are all denominated in US$.

The fair value of trade and other receivables approximate the carrying values due to their short term nature.

10 CASH AND BALANCES WITH BANKS	**31 December 2018 US$ 000**	**30 June 2018 US$ 000**	**31 December 2017 US$ 000**
Cash at bank	74 241	28 652	47 828
Short term deposits	25 272	90 312	59 010
Cash on hand	14	17	33
Cash and balances with banks	99 527	118 981	106 871
The exposure of cash and balances with banks by country is as follows:			
Australia	23	23	21
Isle of Man	1 000	1 001	1 003
Jersey	3 838	69 671	60 028
Zimbabwe	94 666	48 286	45 819
	99 527	118 981	106 871
Cash and balances with banks are denominated in US$ except the net exposures to foreign currency detailed below:			
	ZAR 000	ZAR 000	ZAR 000
Balances with banks (South African Rands - ZAR)	1	1	1
	AUD 000	AUD 000	AUD 000
Balances with banks (Australian Dollars - AUD)	23	32	27

Included in cash and cash equivalents are Real Time Gross Settlement ("RTGS") balances with banks in Zimbabwe. These bank balances are used for transacting on a daily basis in Zimbabwe. At the reporting date, these bank balances were pegged at an exchange rate of 1:1 with the United States dollar. The Reserve Bank of Zimbabwe ("RBZ") through Exchange Control Operation Guide 8 (ECOCAD 8) introduced a foreign payments priority list that has to be followed when making foreign payments. Any foreign payments made from the bank balances above are ranked based on the RBZ prioritisation criteria and paid subject to banks having adequate funds with its foreign correspondent bank.

11 SHARE CAPITAL AND SHARE PREMIUM	**31 December 2018 US$ 000**	**30 June 2018 US$ 000**	**31 December 2017 US$ 000**
Authorised			
500 000 000 ordinary shares of US$0.10 each	50 000	50 000	50 000
Issued and fully paid			
107 637 649 ordinary shares of US$0.10 each	10 763	10 763	10 763
Share premium	89 166	89 166	89 166
	99 929	99 929	99 929

The unissued shares are under the control of the directors subject to limitations imposed by the Companies (Guernsey) Law, 2008 and the Memorandum and Articles of Incorporation.

12 BORROWINGS

	31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
Non-current			
Bank borrowings	-	42 500	42 500
Current			
Bank borrowings	62 500	42 500	42 500
Total borrowings	62 500	85 000	85 000

The movement in borrowings is as follows:

	31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
At the beginning of the period	85 000	109 003	109 003
Interest accrued (note 19)	4 063	7 658	3 640
Decrease in revolving facility	-	(24 000)	(24 003)
Repayments	(26 563)	(7 658)	(3 640)
Capital	(22 500)	-	-
Interest	(4 063)	(7 658)	(3 640)
Movement in interest included in trade and other payables	-	(3)	-
At the end of the period	62 500	85 000	85 000

The fair values of non-current borrowings are based on discounted cash flows using the current borrowing rate. They are classified as level 3 in the fair value hierarchy (note 5.2) due to the use of unobservable inputs, including own credit risk.

The carrying amounts of the Group's borrowings are all denominated in US$.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
On demand and up to 6 months	20 000	-	-
6 months to 1 year	42 500	42 500	42 500
1 year to 2 years	-	42 500	42 500
2 years to 5 years	-	-	-
	62 500	85 000	85 000

Bank borrowings

Bank borrowings comprise a loan facility for general business purposes from Standard Bank of South Africa Limited. The loan is guaranteed by Impala Platinum Holdings Limited.

The loan is a revolving facility and bears interest at 3 months LIBOR plus 7% per annum. Capital repayments are required if the loan balance exceeds the available facility amount. The loan facility was renegotiated and is now repayable in three instalments of US$10 million on 31 January 2019, US$10 million on 28 February 2019 and US$42.5 million on 31 December 2019. The renegotiation did not result in any modifications to the measurement of the loan.

The Group had no undrawn bank borrowing facilities at 31 December 2018, 30 June 2018 and 31 December 2017.

Revolving facility

The Group has a US$34 million revolving facility with Standard Bank of South Africa Limited which is used for general working capital purposes. The facility is for an indefinite period (no maturity date), however, it is subject to annual exchange control approval which has been granted to 5 July 2019 by the Reserve Bank of Zimbabwe. The facility bears interest at 3 months LIBOR plus 2.6% per annum and it is secured by a cession of a portion of the Group's trade receivables.

At the reporting date, the undrawn balance on the revolving facility amounted to US$34 million (30 June 2018: US$34 million and 31 December 2017: US$nil).

		31 December 2018 US$ 000	30 June 2018 US$ 000	31 December 2017 US$ 000
13	**TRADE AND OTHER PAYABLES**			
	Trade payables	33 771	42 653	56 239
	Accruals	24 416	17 431	12 247
	Amounts due to related parties (note 23d)	8 794	8 313	10 871
	Leave pay provision	7 554	7 023	6 363
	Royalty and Minerals Marketing Corporation of Zimbabwe commission	2 375	2 058	3 495
	Other payables	2 548	3 540	1 711
		79 458	81 018	90 926

Trade payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short term nature.

		Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
	Movements in the statement of cash flows comprise:			
	Statement of financial position movement	(1 560)	9 908	7 815
	Foreign currency adjustment	397	(1 166)	(203)
	Withholding tax on dividend	-	(1 823)	-
		(1 163)	6 919	7 612
14	**REVENUE**			
	Revenue from contracts with customers	279 649	265 035	553 619
	Revenue from movements in commodity prices	12 195	21 114	28 925
		291 844	286 149	582 544
	The Group derives its revenue from the following metal products:			
	Palladium	115 890	102 899	200 398
	Platinum	95 681	111 847	223 334
	Rhodium	24 917	17 213	42 962
	Nickel	21 720	23 825	53 318
	Gold	17 297	16 884	34 585
	Copper	8 510	9 905	19 240
	Ruthenium	4 194	1 038	2 512
	Iridium	3 204	2 053	5 124
	Cobalt	326	360	825
	Silver	105	125	246
		291 844	286 149	582 544
15	**ADMINISTRATIVE EXPENSES**			
	Employee benefit expenses	13 313	12 285	25 081
	Insurance	4 316	2 255	5 016
	Information, communication and technology	2 662	2 513	4 272
	Corporate costs	4 718	3 773	6 139
	Corporate social responsibility costs	1 988	1 245	3 308
	Depreciation	510	279	1 048
	Consulting fees	251	321	502
	Non-executive directors' fees	183	181	380
	Independent auditor's remuneration	38	38	234
	Operating lease expenses	82	102	164
		28 061	22 992	46 144

	Half year ended 31 December 2018	Half year ended 31 December 2017	Year ended 30 June 2018
16 OTHER OPERATING EXPENSES	**US$ 000**	**US$ 000**	**US$ 000**
Foreign exchange losses	1 027	1 166	203
Impairment loss on property, plant and equipment (note 6)	-	2 241	-
Tax penalties and interest charges	-	4 393	4 393
Other receivables written off	-	14	14
Other expenses	315	4	-
	1 342	7 818	4 610
17 OTHER OPERATING INCOME			
Export incentive (note 17.1)	29 431	5 616	13 566
Treasury bill received in lieu of interest on the RBZ debt (note 17.2)	-	-	9 824
Gain on re-measurement of available-for-sale financial assets (note 17.2)	-	-	527
Customs duty rebate fine refund (note 17.3)	9 554	-	-
Gain on disposal of property, plant and equipment	-	86	63
Other income	253	228	638
	39 238	5 930	24 618

17.1 In May 2016, the Reserve Bank of Zimbabwe ("RBZ") introduced an export incentive scheme to promote the export of goods and services in order for the Zimbabwean economy to benefit from the liquidity derived from exports. The Group has been entitled to a 2.5% export incentive on the export proceeds received in Zimbabwe. During the year, the export incentive was revised from 2.5% to 5% backdated to the period from January 2018 to 30 September 2018 and further increased to 10% from October 2018 onwards. Export incentive is accrued when the Group has received export proceeds in Zimbabwe.

17.2 In March 2018, the Government of Zimbabwe issued to the Group's main operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, a treasury bill with a nominal value of US$11.3 million and a maturity date of 24 November 2020 in settlement of interest on the historic US$34 million owed by the RBZ to the operating subsidiary.

The treasury bill was designated as an available-for-sale financial asset and was initially recognised at a fair value of US$9.8 million at a discount rate of 5%. The Group subsequently disposed the treasury bill during the financial year ending 30 June 2018 for a consideration of US$10.4 million which resulted in the Group realising a gain on re-measurement of US$0.5 million.

17.3 The written judgment in the customs duties matter was issued by the High Court of Zimbabwe on 12 September 2018. The presiding judge ruled that the Zimbabwe Revenue Authority ("ZIMRA") was not entitled to impose the fines that it had levied on the Group's main operating subsidiary.

As the Group had previously settled the disputed liabilities on a without prejudice basis pending the determination of the court case, the net impact of the judgment is that ZIMRA is required to refund to the Group the amount of the fines imposed of US$9.6 million.

	Half year ended 31 December 2018	Half year ended 31 December 2017	Year ended 30 June 2018
18 FINANCE INCOME	**US$ 000**	**US$ 000**	**US$ 000**
Interest earned on short term deposits with financial institutions	721	397	486
Interest earned on ZETDC prepayment	-	875	1 458
Interest earned on staff vehicle loan scheme	61	-	374
Other	-	-	35
	782	1 272	2 353
19 FINANCE COSTS			
Interest expense on bank borrowings (note 12)	4 063	3 640	7 658
Unwinding of the environmental rehabilitation provision	912	1 134	2 267
Borrowing costs capitalised (note 6)	(1 458)	-	(4 719)
	3 517	4 774	5 206

20 INCOME TAX EXPENSE

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
Corporate tax	-	10 401	19 559
Additional profits tax	-	31 224	43 488
-Current period	-	31 224	49 555
-Adjustment in respect of prior periods	-	-	(6 067)
Withholding tax	107	1 823	2 080
Current income tax	107	43 448	65 127
Deferred income tax	18 016	(3 136)	98 189
Income tax expense	18 123	40 312	163 316

21 EARNINGS PER SHARE

21 a) Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period.

	Half year ended 31 December 2018	Half year ended 31 December 2017	Year ended 30 June 2018
Profit attributable to equity holders of the Company (US$000)	80 357	21 048	2 640
Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share	107 637 649	107 637 649	107 637 649
Basic earnings per share (cents)	75	20	2

21 b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group did not have any shares with a potential dilutive impact (30 June 2018: nil and 31 December 2018: nil)

	Half year ended 31 December 2018	Half year ended 31 December 2017	Year ended 30 June 2018
Profit attributable to equity holders of the Company (US$000)	80 357	21 048	2 640
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share.	107 637 649	107 637 649	107 637 649
Diluted earnings per share (cents)	75	20	2

22 DIVIDENDS

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
Dividends paid	65 002	-	-

A final dividend of US$65 million (equating to US$0.60 per ordinary share) for the year ended 30 June 2018 was declared and and paid to shareholders on record as at 7 September 2018.

23 RELATED PARTIES

The Company is controlled by Impala Platinum B.V. which owns 87% of the ordinary shares of Zimplats Holdings Limited. The ultimate holding company is Impala Platinum Holdings Limited ("Implats") (incorporated in South Africa) which owns a 100% equity interest in Impala Platinum B.V.

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
23 RELATED PARTIES (continued)			
23.1 Related party transactions and balances			
a) Revenue			
Sales of metal products to:			
Impala Platinum Limited (note 14)	291 844	-	-
Impala Refining Services Limited (note 14)	-	286 149	582 544
	291 844	286 149	582 544

With effect from 1 July 2018, to give effect to an internal restructuring exercise within the Implats group, Impala Refining Services Limited Limited ("IRS"), the Group's only customer, ceded and assigned all of its rights, title and interest in, and delegated its obligations under the offtake agreement with Zimbabwe Platinum Mines (Private) Limited to Impala Platinum Limited ("Impala"), a fellow Implats subsidiary. Following the restructure, the offtake agreement will continue on the same terms and conditions and Impala will continue to discharge the obligations that were previously discharged by IRS under and in terms of the offtake agreement.

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
b) Support services			
Support services rendered to Zimbabwe Platinum Mines (Private) Limited by Impala Platinum Limited	890	3 641	3 010

Support services provided to the operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, mainly relate to information, communication and technology systems.

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
c) Amounts due from related parties			
Impala Platinum Limited (note 9)	170 823	-	-
Impala Refining Services Limited (note 9)	-	185 639	161 642
	170 823	185 639	161 642

The amounts due from related parties are due three to five months after date of sale and bear no interest.

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
d) Amounts due to related parties			
Impala Platinum Limited (note 13)	8 794	10 871	8 313

The amounts due to Impala Platinum Limited bear no interest and have no fixed repayment terms.

24 CAPITAL COMMITMENTS

	Half year ended 31 December 2018 US$ 000	Half year ended 31 December 2017 US$ 000	Year ended 30 June 2018 US$ 000
Capital expenditure contracted for at the end of the reporting period but not yet incurred	75 476	69 078	77 458

The capital commitments will be financed from internal resources and borrowings as referred to in note 12. The capital commitments will be incurred in the next 12 months from the reporting date.

25 CONTINGENCIES

The Group filed legal proceedings in the Special Court for Income Tax Appeals and the High Court of Zimbabwe in relation to various historical tax matters and these cases are pending in the courts. The Group has on a without prejudice basis settled the disputed liabilities involved in these cases.

A service provider filed an application at the High Court seeking an order that an alleged agreement between the Group and the service provider should be implemented, or, alternatively, that the Group should pay damages to the amount of US$4 million. The matter was heard in the High Court and, following an application by the Group, the High Court granted an order dismissing the service provider's claim. The service provider has lodged an appeal with the Supreme Court against the High Court judgement.

While recognising the inherent difficulty of predicting the outcome of legal proceedings, the directors believe, based upon current knowledge and after consulting with legal counsel, that the legal proceedings currently pending against the Group should not have a material adverse effect on the financial position of the Group.

26 EVENTS AFTER THE REPORTING PERIOD

The board of directors declared an interim dividend of US$20 million (equating to 18.58 US cents per share) on 8 February 2019. The ex-dividend and record dates for the dividend are 19 and 20 February 2019 respectively. These financial statements do not reflect this dividend payable in accordance with the requirements of International Accounting Standard “IAS”) 10, ‘Events after the reporting period’ and IAS 1, ‘Presentation of financial statements’.

The Reserve Bank of Zimbabwe ("RBZ") presented its Monetary Policy Statement on 20 February 2019 and 'denominated Real Time Gross Settlement balances as an electronic currency known as RTGS dollars which became legal tender in Zimbabwe. With effect from 22 February 2019, the RTGS dollars are tradable against foreign currencies on an interbank foreign exchange market. All of the RTGS balances at the reporting date will be utilised to settle current obligations in the form of statutory payments including local taxes and other local creditors. The monetary policy statement pronouncements are not expected to have a bearing on the understanding of these financial statements.

There are no significant events after the statement of financial position date that have a bearing on the understanding of these financial statements.