FINANCIAL REVIEW CONTINUED

Notes to the condensed consolidated financial statements

for the year ended 30 September 2018

1. Reporting entity

Tharisa plc ('the Company') is a company domiciled in Cyprus. These condensed consolidated financial statements of the Company for the year ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in platinum group metals ('PGM') and chrome mining, processing, trading and the associated logistics. The Company is listed on the main board of the Johannesburg Stock Exchange and has a secondary standard listing on the main board of the London Stock Exchange.

2. Basis of preparation

Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the Listings Requirements of the Johannesburg Stock Exchange and as a minimum, contain the information required by International Accounting Standards 34: *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to obtain an understanding of the changes in the financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 30 September 2017. These condensed consolidated financial statements do not include all the information required for full consolidated financial statements prepared in accordance with IFRS. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2018, which have been prepared in accordance with IFRS and the Cyprus Companies Law, Cap.113.

These condensed consolidated financial statements were approved by the Board of Directors on 26 November 2018.

Use of estimates and judgements

Preparing the condensed consolidated 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 expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements at and for the year ended 30 September 2018.

Functional and presentation currency

The condensed consolidated financial statements are presented in United States Dollar ('US$') which is the Company's functional and presentation currency. Amounts are rounded to the nearest thousand.

Going concern

After making enquiries which include reviews of current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities and sensitivity analyses and considering the associated uncertainties to the Group's operations, the directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements and the condensed consolidated financial statements.

New and revised International Financial Reporting Standards and Interpretations

The Group has early adopted IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. The nature and effect of these adoptions are disclosed in note 3.

Several other amendments and interpretations apply for the first time for the year ended 30 September 2018. Other than IAS 7 *Disclosure Initiative (amendment)* as disclosed in note 19, these did not have an impact on the condensed consolidated financial statements of the Group.