

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2020

6. SHARE-BASED PAYMENTS continued

The Ceramic Industries Equity Incentive Scheme

The Ceramic Industries (Pty) Ltd Equity Incentive Scheme ("EIS") was implemented with effect from 1 July 2013. The purpose of the scheme is to incentivise selected employees by giving them the opportunity to acquire shares in Ceramic. The scheme will also ensure that the goals of those employees will be aligned with the goals of the other shareholders.

In terms of the rules of the EIS, grants will be made at the discretion of the Ceramic Remuneration Committee ("Remcom") on 1 July each year. Per the scheme rules, 20% of the grants will be unconditional but the remaining 80% will be conditional on the achievement of performance targets set by the Remcom.

There will be two vesting dates which will be on the second and fourth anniversary dates of the original grant date. Per the scheme rules, 25% of the grants will vest on the first vesting date and 75% will vest on the second vesting date.

The scheme has been classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. Details of the valuation assumptions for grants issued and outstanding at 30 June 2020 are as follows:

Grant date	1 July 2017	30 May 2018	1 July 2019
Notional share awards outstanding:			
– Unconditional	19 000	3 250	12 000
– Conditional	60 000	11 250	48 000
Share price	R241,46	R241,46	R241,46
Interest rate – zero yield curve	7,33% – 7,58%	6,77%	6,50%
Dividend yield curve	2,21%	2,21%	2,21%

Included as an expense in profit or loss for the year was R10,1 million (2019: R12,4 million) relating to the current year amortisation of the share awards granted.

Share option reserve

The composition of the share schemes' reserve is as follows:

Company			Group	
2020 Rm	2019 Rm		2020 Rm	2019 Rm
52	15	Black Economic Empowerment transactions	52	15
33	39	Share Appreciation Rights Scheme	33	39
49	43	Staff Share Scheme	49	43
		Ceramic Share Schemes	146	123
134	97		280	220

Company			Group	
2020 Rm	2019 Rm		2020 Rm	2019 Rm
#	#	7. FINANCE INCOME		
1 520	285	Bank interest received	40	49
		Dividends received	34	22
1 520	285		74	71
#	#	8. FINANCE COST		
		Bank loans and overdraft	55	31
		Lease liability finance costs	26	21
#	#	Total finance cost	81	52

Less than R1 million.