FOSKOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 2016

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BOARD AUDIT AND RISK COMMITTEE REPORT

This report is provided by the Board Audit and Risk Committee (BARC) in respect of the 2016 financial year of Foskor (Pty) Limited in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Act). The BARC's function is guided by a detailed charter which is informed by the Act and the King Report on Corporate Governance (King III) and approved by the Board.

MEMBERSHIP

The BARC was appointed by the Board of Directors in respect of the 2016 financial year. The Committee is a committee of the Board of Directors with specific statutory responsibilities to the shareholders in terms of the Companies Act.

The members are:

- Mr Nkosemntu Nika (Chairman) – Independent
- Ms Nondumiso Medupe – Independent
- Mr Gerrit van Wyk – IDC representative
- Ms Lesego Sennelo – Manyoro consortium representitive

PURPOSE

The purpose of the BARC is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.

EXECUTION OF FUNCTIONS

The BARC has executed its duties and responsibilities during the financial year in accordance with its terms of reference as they relate to the Group's accounting, internal auditing, internal control and financial reporting practices.

During the year under review the Committee, among other matters:

- In respect of the External Auditor and the External Audit, the Committee among other matters:
  - Appointed KPMG Inc and Ngubane & Co Inc as the External Auditor for the financial year ended 31 March 2016, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor. The BARC confirms that the auditor is accredited.
  - Approved the external audit engagement letter, the plan and the budgeted audit fees payable to the External Auditor.
  - Reviewed the audit, evaluated the effectiveness of the auditor and its independence and evaluated the External Auditor's internal quality control procedures.
  - Determined the nature and extent of all non-audit services provided by the External Auditor and approved all non-audit services undertaken.
  - Considered whether any reportable irregularities were identified and reported by the External Auditors in terms of the Auditing Profession Act, 2005, and determined that there were none.
- In respect of the financial statements, the Committee among other matters:
  - Confirmed the going concern as the basis of preparation of the Annual Financial Statements.
  - Examined and reviewed the Annual Financial Statements, as well as all financial information disclosed to the public prior to submission and approval by the Board.
  - Ensured that the Annual Financial Statements fairly present the financial position of the Company and of the Group as at the end of the financial year as well as the results of operations and cash flows for the financial year, and considered the basis on which the Company and the Group was determined to be a going concern.
  - Reviewed the External Auditor's audit report.
  - Reviewed the representation letter relating to the Group financial statements which was signed by management.
  - Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- In respect of internal control and internal audit, the Internal Audit function provides a written assessment on the effectiveness of internal controls and internal financial controls to the BARC for recommendation to the Board. For the year under review, there were no material breakdowns in internal control, including internal financial controls, corporate governance, risk management and in maintaining effective material control systems.
- In respect of forensic audit, the fraud prevention and ethics programme approach implemented includes prevention, detection, investigation and resolution through the Internal Audit function. Fraud and other irregular activities are reported through the tip-offs anonymous hotline or directly to the Internal Audit function. Effective implementation of the recommendations and outcomes emanating from the investigations are continuously monitored and reported to the Executive Committee and the BARC.
- In respect of risk management and information technology, the BARC, insofar as relevant to its functions:
  - Reviewed the Group's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound.
  - Considered and reviewed the findings and recommendations of the Internal Audit and Risk Committee.
  - Monitored and evaluated significant IT investments, delivery of services, IT governance and the management of IT.
- In respect of sustainability issues contained in the Integrated Report, the BARC has overseen the implementation process of sustainability reporting.
- In respect of legal and regulatory requirements to the extent that it may have an impact on the financial statements, the BARC:
  - Reviewed with the Company's internal legal team the adequacy and effectiveness of the Group's procedures to ensure compliance with legal and regulatory responsibilities.
  - Monitored complaints and concerns received via the Group's tip-off line regarding accounting matters, internal audit, internal accounting controls, and contents of the financial statements, potential violations of the law and questionable accounting or auditing matters.

BOARD AUDIT AND RISK COMMITTEE REPORT CONTINUED

- In respect of the co-ordination of assurance activities, the Board Audit and Risk Committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business. There is ongoing collaboration between Internal Audit, External Audit, Compliance and Risk Management functions to ensure co-ordination of combined assurance activities.
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate, and considered the experience and expertise of the Chief Financial Officer and concluded that these were appropriate.

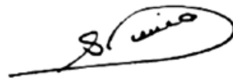
ANNUAL FINANCIAL STATEMENTS

Following the review by the Board Audit and Risk Committee of the Annual Financial Statements of Foskor (Pty) Ltd for the year ended 31 March 2016, the Committee is of the view that in all material respects they comply with the relevant provisions of the Act and the International Financial Reporting Standards, and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The Committee has also satisfied itself of the remainder of the integrity of the remainder of the integrated report. Having achieved its objectives, the Committee recommended the financial statements and integrated report for the year ended 31 March 2016 for approval to the Foskor (Pty) Ltd Board of Directors. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

CONCLUSION

The Board Audit and Risk Committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference during the year under review.

On behalf of the Board Audit and Risk Committee



Mr NG Nika
Chairman of the Board Audit and Risk Committee

Johannesburg
23 June 2016

DIRECTORS' DECLARATION

Directors' responsibility and approval of the Group and Company Annual Financial Statements for the year ended 31 March 2016

TO THE MEMBERS OF FOSKOR (PTY) LTD

The Directors are responsible for the preparation and fair presentation of the Group and Company Annual Financial Statements, comprising the statements of financial position at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these Financial Statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as preparation of the supplementary schedules included in these financial statements.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The independent auditors are responsible for expressing an opinion on whether the Group and Company Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Group and Company Annual Financial Statements, as identified in the first paragraph, were approved by the Board of Directors on 23 June 2016 and are signed on its behalf by:

Mr U Khumalo
President/Chief Executive Officer

Mr MG Qhena
Chairman

CERTIFICATE BY COMPANY SECRETARY

I certify, in accordance with the Companies Act No 71 of 2008, as amended, that for the year ended 31 March 2016 Foskor (Pty) Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns and notices as are required of a private company in terms of this Act, and that all such returns and notices appear to be true, correct and up to date.

Ms AUS Khanyile
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Financial Statements of the Foskor group for the year ended 31 March 2016.

NATURE OF BUSINESS

Foskor's core business is the beneficiation of phosphate rock at the Mining Division and the manufacture and supply of standard merchant grade phosphoric acid and related granular fertiliser products at the Acid Division. Approximately 80% of the phosphate rock concentrate is railed to the Acid Division for processing into phosphoric acid, which is then used as a raw material in the production of granular fertiliser. About 46% of the phosphoric acid sales are exported, while granular fertiliser sales are mainly to the local market.

Further information on Foskor's business activities is provided in the CEO's review (pages 28 to 32 of the Integrated Annual Report).

ENVIRONMENTAL RESPONSIBILITIES

Management continually assesses and monitors the various environmental threats to the group. Foskor's environmental provision strategy prescribes the use of a special purpose vehicle (Section 37A, Environmental Rehabilitation Trust) for scheduled mine closures, and bank guarantees for unscheduled or premature mine closure, as per Department of Mineral Resources (DMR) regulations. The environmental impact of emissions and other hazardous materials at the Acid Division is closely monitored. A significant portion of the capital expenditure at the division is dedicated to minimising harmful effects on the environment, such as groundwater contamination.

FINANCIAL RESULTS

The Group achieved turnover of R5.9 billion, a 12% increase year-on-year, mainly due to the weakening Rand as well as higher phosphoric prices. This also led to a decrease in the EBIT loss from R419 million in 2015 to R296 million in 2016. The net loss after tax increased by 37% to R568 million from R415 million in the previous year, due to an impairment charge and an increase in finance costs and net foreign exchange loss. The Group had a positive cash balance of R249 million (2015: R219 million) and a long-term interest-bearing loan balance of R700 million (2015: R1.6 billion) and a short-term interest-bearing loan balance of R564 million (2015: R1.1 billion). A detailed report on the Group's financial performance is contained on pages 55 to 64 of the Integrated Annual Report.

GENERAL REVIEW OF OPERATIONS

As at 31 March 2016, Foskor produced 1.81 million tons (2015: 1.98 million tons) of phosphate rock concentrate; 307 thousand tons (2015: 393 thousand tons) of phosphoric acid; and 198 thousand tons (2015: 297 thousand tons) of granular fertiliser (MAP/DAP). A detailed operational review of the Mining and Acid Divisions is contained in the report on pages 65 to 80 of the Integrated Annual Report.

ACCOUNTING POLICIES, RESTATEMENTS AND RECLASSIFICATIONS

The Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2015.

STRATEGICALLY IMPORTANT INVESTMENTS

Foskor Zirconia (Pty) Ltd

Foskor's holds 29.9% of the shareholding in Foskor Zirconia (Pty) Ltd. Foskor Zirconia is a producer of electro-fused zirconia for export. This is a raw material used in the production of monoclinic or calcia-stabilised zirconia, mainly used in the steel casting, refractory and abrasive industries. 51% of Foskor Zirconia is owned by Carborundum Universal Ltd (a multinational company based in India and part of the Murugappa group), and 19.9% is held by a Perfect Positions cc, a black-owned company. The sale of Foskor Zirconia Tilt plant was completed during the current year. In addition, Foskor Zirconia issued preference shares of R20 million to Foskor and also sold land and buildings related to the bottle plant in an effort to reduce the debt it currently owes.

Subsidiaries

Details of subsidiaries of the company are set out in notes 6 and 35 of the Annual Financial Statements.

DIVIDENDS

Dividends are approved by the Board subject to the performance and affordability of the Company. No dividends were declared for the year under review due to the financial results and cash flow constraints. Dividends received amount to Nil (FY2015: R3.8 million) during the year under review.

INSURANCE AND RISK MANAGEMENT

The Group's philosophy is to manage its risks in order to protect its assets and earnings against unacceptable financial loss and to avoid legal liabilities. In this regard, possible catastrophic type risks are insured with satisfactory cover, while non-catastrophic type risks are self-insured. The management of risk is further supported by the group's health and safety programmes, and maintenance of the ISO 9001 (quality) and ISO 14001 (environmental) standards.

The policy loss limit is restricted to R2 billion per event, with sub-limits for each cover and a R10 million deductible for material / property damage or machinery breakdown for local and international cover. The deductible for local business interruption for Material/Property Damage is 30 days average daily value minimum R30 million (MD and BI combined). The deductible for international business interruption for Material/Property Damage is 30 days average daily value minimum R20 million (MD and BI combined). The insured value of the assets is R13.8 billion. Risk surveys and assessments are integral to the group's risk management policy and are performed as part of the integrated group risk management system. Risks identified during these surveys are eliminated, reduced or transferred to the insurers.

SHARE CAPITAL

The authorised and issued share capital as at 31 March 2016 was 9 157 647 ordinary shares of R1 each.

Foskor's shareholding is as follows:

- 59% – The Industrial Development Corporation of South Africa Ltd (IDC);
- 15% – The Manyoro Consortium;
- 11.82% – CFL Mauritius Ltd (a Mauritius-based company owned by CIL);
- 6% – The Kopano Foskor Employees Trust;
- 5% – The Ba-Phalaborwa and Umhlathuze Community Trusts;
- 2.18% – Coromandel International Ltd (CIL – based in India); and
- 1% – Sun International FZE (a company based in India).

Foskor issued 2 176 Class B shares during the year at R1 million per share. Class B shares have a preferential right to dividends over ordinary shares and the required rate of return is an after tax IRR of 10.5%. All issued shares are fully paid.

The Directors are authorised, until the next Annual General Meeting, to issue unissued ordinary shares. There have been no changes in shareholding in the period under review.

PUBLIC FINANCE MANAGEMENT ACT

Foskor was granted full exemption by the Minister of Finance for compliance with the Public Finance Management Act (No. 1 of 1999, as amended by Act No. 2 of 1999) until 31 October 2019. There are no monetary exchanges with the government.

RESOLUTIONS

- A resolution to approve the R6 billion IDC facility was passed during the financial year ended 31 March 2016.
- A resolution to approve the R1.7 billion IDC loan conversion into equity, including all accrued interest, was passed during the year ended 31 March 2016.

LOANS BY AND TO THE FOSKOR GROUP

Foskor has a total funding facility of R6 billion from the Industrial Development Corporation (IDC), of which R700 million was drawn down for working capital purposes. During the year the previous R1.7 billion facility with the IDC, including all interest accrued, was converted into Class B shares. We also have short-term overnight facilities of R1.3 billion available from other commercial banks and have utilised R892 million at 31 March 2016.

During the year no loans were granted by Foskor to its Directors or any other persons related to them.

MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENCIES

The Group's head office in Midrand leases a building and accounts for the lease as an operating lease. The lease was renewed in 2014 for a further three years with no escalation of the lease payments. The Acid Division leases a pipeline from the Umhlathuze Water Board (Richards Bay Municipality) to discharge effluent. The lease has been accounted for as a finance lease. The remaining period of the lease is 10 years.

CAPITAL EXPENDITURE

Capital expenditure of R1.5 billion has been approved for the next financial year.

GOING CONCERN

The Directors believe that Foskor has sufficient resources and expected cash flows to continue operating as a going concern.

EVENTS AFTER REPORTING PERIOD

No material events have occurred between the date of these financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

CORPORATE GOVERNANCE

Full details on the corporate governance policies and procedures are set out in the Corporate Governance section of this report.

CHANGES TO THE BOARD

Biographical details of Directors currently serving on the Board are provided on page 10 of the Integrated Annual Report. Ms L Sennelo, Mr V Mazibuko, Mr V Sahney and Mr V Ravichandran were appointed to the Board on 18 June 2015. Mr MA Pitse resigned on 30 June 2015. Mr U Khumalo was appointed as an Executive Director on 1 April 2016.

PRESCRIBED OFFICERS

The Executive Director and the executive managers are deemed to be prescribed officers of Foskor (Pty) Ltd as contemplated in the Companies Act, 71 of 2008. The Directors and prescribed officers' emoluments are disclosed in note 35 of the Annual Financial Statements.

SERVICE CONTRACTS WITH DIRECTORS AND EXECUTIVE MANAGEMENT

The Chief Executive Officer (CEO) and the executive management of Foskor have signed contracts of employment with the Company. There are no service contracts between the Company and any of its non-executive Directors having a notice period exceeding one month, or providing for compensation and benefits in excess of one month's salary.

EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

All Foskor employees (including executive management) are entitled to receive units in the ESOP Trust which holds 6% of the Company's equity through a special purpose vehicle. The ESOP Trust is part of the BBBEE ownership deal and the purchase of the shares was financed by means of a loan from the IDC. The ESOP Trust holds ordinary shares and will have the same rights as other ordinary shareholders. The initial allocation was made to employees in 2011. The number of specified units allotted during the current financial year amounted to 549 459 (2015: 549 459).

DIRECTORS' INTERESTS

The non-executive Directors have no interests in the Company, except for the following shareholder representatives:

- MG Qhena, RJ Gaveni and G van Wyk – IDC
- P Ngwenya, VD Mazibuko and L Sennelo – Manyoro Consortium
- VS Sahney – Sun International
- A Vellayan and V Ravichandran – CIL

INDEPENDENT AUDITORS

KPMG Inc. and Ngubane & Co. Inc. have been appointed as auditors for the 31 March 2016 financial year, in office in accordance with Section 30 of the Companies Act 71 of 2008 of South Africa, as amended.

ANNUAL GENERAL MEETING

The Annual General Meeting was held on Thursday, 23 June 2016.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOSKOR (PTY) LTD

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the consolidated and separate Annual Financial Statements of Foskor (Pty) Ltd, which comprise the statements of financial position at 31 March 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 64.

Directors' responsibility for the financial statements

The company's Directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

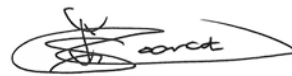
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these Annual Financial Statements present fairly, in all material respects, the consolidated and separate financial position of Foskor (Pty) Ltd at 31 March 2016, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited Annual Financial Statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc. *Registered Auditor*	**Ngubane & Co** *Registered Auditor*
	
Per: Safeera Loonat *Chartered Accountant (SA)* *Registered Auditor* *Director*	**Per: Hopewell Mpungose** *Chartered Accountant (SA)* *Registered Auditor* *Director*
85 Empire Road Parktown 2192	4th Floor North Kingsmead Office Park 5 Arundel Close Durban 4001
23 June 2016	23 June 2016

STATEMENTS OF FINANCIAL POSITION

for the year ended 31 March 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**5 140 859**	4 880 454	**5 122 349**	4 859 689
Intangible assets	5	**35 428**	54 099	**35 428**	54 099
Investments in subsidiaries	6	**–**	–	**116 007**	116 007
Loans to subsidiaries	6	**–**	–	**18 442**	22 801
Investment in joint venture	7	**25**	25	**25**	25
Investment in associate	8	**6 095**	2 425	**9 914**	9 914
Financial investments	9	**189 725**	152 642	**189 725**	152 642
		5 372 132	5 089 645	**5 491 890**	5 215 177
Current assets					
Non-current asset held-for-sale	4.2	**–**	46 856	**–**	46 856
Inventories	10	**2 016 550**	2 033 037	**2 016 550**	2 033 037
Trade and other receivables	11	**961 318**	498 461	**950 569**	488 337
Derivative financial instruments	12	**3 970**	2 333	**3 970**	2 333
Current tax asset		**–**	743	**–**	–
Cash and cash equivalents	13	**249 206**	219 058	**238 434**	191 099
		3 231 044	2 800 488	**3 209 523**	2 761 662
Total assets		**8 603 176**	7 890 133	**8 701 413**	7 976 839
EQUITY AND LIABILITIES					
Equity attributable to owners					
Share capital	15.1	**2 185 962**	9 158	**2 185 962**	9 158
Share premium	15.1	**132 013**	132 013	**132 013**	132 013
Retained earnings		**2 240 769**	2 809 391	**2 133 701**	2 700 779
Share-based payment reserve	17.1	**303 914**	303 914	**303 914**	303 914
Total equity		**4 862 658**	3 254 476	**4 755 590**	3 145 864
Liabilities					
Non-current liabilities					
Finance lease liability	18	**10 675**	12 498	**10 675**	12 498
Environmental rehabilitation liability	19.1	**683 774**	317 681	**683 774**	317 681
Employee share-based payment liability	17.2	**26 574**	27 407	**26 574**	27 407
Long-term interest-bearing loans	30	**700 000**	1 631 004	**700 000**	1 631 004
Retirement benefit obligations	20	**127 100**	126 427	**127 100**	126 427
Deferred income tax liabilities	14	**283 890**	428 271	**284 649**	429 147
		1 832 013	2 543 288	**1 832 772**	2 544 164
Current liabilities					
Trade and other payables	21	**1 309 973**	987 825	**1 298 736**	967 975
Loans from subsidiaries	6	**–**	–	**222 490**	220 869
Short-term interest-bearing loans	30	**564 240**	1 062 965	**564 240**	1 062 965
Current tax liability		**751**	–	**539**	–
Finance lease liability	18	**1 823**	1 833	**1 823**	1 833
Derivative financial instruments	12	**5 706**	5 731	**–**	33
Provisions	22	**26 012**	34 015	**25 223**	33 136
		1 908 505	2 092 369	**2 113 051**	2 286 811
Total liabilities		**3 740 518**	4 635 657	**3 945 823**	4 830 975
Total equity and liabilities		**8 603 176**	7 890 133	**8 701 413**	7 976 839

The notes on pages 12 to 61 are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Revenue		**5 918 060**	5 296 959	**5 914 006**	5 294 267
Cost of sales	24	**(4 748 015)**	(4 668 512)	**(4 744 482)**	(4 665 223)
Gross profit		**1 170 045**	628 447	**1 169 524**	629 044
Distribution costs	24	**(1 134 343)**	(1 079 151)	**(1 134 343)**	(1 079 151)
Administrative expenses	24	**(226 975)**	(240 682)	**(223 994)**	(238 239)
Share-based payment expense	17.3	**833**	(3 910)	**833**	(3 910)
Impairment of property, plant and equipment	4.1	**(200 000)**	–	**(200 000)**	–
Impairment of associates	8	**–**	(5 955)	**–**	(5 955)
Other income	23	**105 917**	65 561	**108 877**	68 598
Gain on disposal of share investment	9.5	**–**	217 450	**–**	217 450
Loss on disposal of property, plant and equipment		**(11 701)**	(598)	**(11 701)**	(598)
Operating loss before interest and tax		**(296 224)**	(418 838)	**(290 804)**	(412 761)
Finance income	26	**17 782**	29 748	**17 259**	29 072
Finance costs	26	**(307 355)**	(189 041)	**(307 354)**	(189 039)
Share of profit/(loss) of investment in associate, net of tax	8	**3 714**	(2 297)	**–**	–
Net foreign exchange loss	27	**(130 152)**	(26 413)	**(130 171)**	(26 410)
Loss before taxation		**(712 235)**	(606 841)	**(711 070)**	(599 138)
Income tax	28	**144 021**	192 060	**144 356**	189 374
Loss for the year		**(568 214)**	(414 781)	**(566 714)**	(409 764)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligation, net of tax	20	**(364)**	6 188	**(364)**	6 188
Share of other comprehensive loss of investment in associate, net of tax	8	**(44)**	(148)	**–**	–
Items reclassified to profit or loss:					
Available-for-sale investments	15.2	**–**	(128 098)	**–**	(128 098)
Other comprehensive loss for the year, net of tax		**(408)**	(122 058)	**(364)**	(121 910)
Total comprehensive loss for the year		**(568 622)**	(536 839)	**(567 078)**	(531 674)

The notes on pages 12 to 61 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2016

GROUP	Notes	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Fair value reserves R'000	Total R'000
Balance at 31 March 2014		9 158	132 013	3 218 132	303 914	128 098	3 791 315
Loss for the year		–	–	(414 781)	–	–	(414 781)
Other comprehensive income							
Transferred to profit or loss for the year		–	–	–	–	(157 293)	(157 293)
Post-employment benefit obligation remeasurements	20	–	–	8 595	–	–	8 595
Deferred tax	14	–	–	(2 407)	–	29 195	26 788
Share of other comprehensive loss of associate	8	–	–	(148)	–	–	(148)
Total comprehensive loss for the period		–	–	(408 741)	–	(128 098)	(536 839)
Balance at 31 March 2015		9 158	132 013	2 809 391	303 914	–	3 254 476
Class B shares	15.1	**2 176 804**	**–**	**–**	**–**	**–**	**2 176 804**
Loss for the year		**–**	**–**	**(568 214)**	**–**	**–**	**(568 214)**
Other comprehensive income							
Post-employment benefit obligation remeasurements	20	**–**	**–**	**(506)**	**–**	**–**	**(506)**
Deferred tax	14	**–**	**–**	**142**	**–**	**–**	**142**
Share of other comprehensive loss of associate	8	**–**	**–**	**(44)**	**–**	**–**	**(44)**
Total comprehensive loss for the period		**–**	**–**	**(568 622)**	**–**	**–**	**(568 622)**
Balance at 31 March 2016		**2 185 962**	**132 013**	**2 240 769**	**303 914**	**–**	**4 862 658**

COMPANY	Notes	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Fair value Reserves R'000	Total R'000
Balance at 31 March 2014		9 158	132 013	3 104 355	303 914	128 098	3 677 538
Loss for the year		–	–	(409 764)	–	–	(409 764)
Other comprehensive income							
Transfer to profit or loss for the year		–	–	–	–	(157 293)	(157 293)
Post-employment benefit obligation remeasurements	20	–	–	8 595	–	–	8 595
Deferred tax	14	–	–	(2 407)	–	29 195	26 788
Total comprehensive loss for the period		–	–	(403 576)	–	(128 098)	(531 673)
Balance at 31 March 2015		9 158	132 013	2 700 779	303 914	–	3 145 864
Class B shares	15.1	**2 176 804**	**–**	**–**	**–**	**–**	**2 176 804**
Loss for the year		**–**	**–**	**(566 714)**	**–**	**–**	**(566 714)**
Other comprehensive income							
Post-employment benefit obligation remeasurements	20	**–**	**–**	**(506)**	**–**	**–**	**(506)**
Deferred tax	14	**–**	**–**	**142**	**–**	**–**	**142**
Total comprehensive loss for the period		**–**	**–**	**(567 078)**	**–**	**–**	**(567 078)**
Balance at 31 March 2016		**2 185 962**	**132 013**	**2 133 701**	**303 914**	**–**	**4 755 590**

The notes on pages 12 to 61 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Cash flows from operating activities					
Cash utilised by operations	29	**(51 042)**	(118 980)	**(37 518)**	(128 059)
Interest received	26	**7 954**	14 749	**7 431**	14 073
Interest paid		**(134 126)**	(4 270)	**(134 125)**	(4 272)
Realised foreign exchange loss		**(134 379)**	(21 805)	**(134 360)**	(21 805)
Taxes received/(paid)		**1 278**	6	**(536)**	(536)
Net cash utilised by operations		**(310 315)**	(130 300)	**(299 108)**	(140 599)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(433 341)**	(480 711)	**(433 341)**	(480 711)
Purchase of intangible assets	5	**(613)**	(2 147)	**(613)**	(2 147)
Proceeds from sale of property, plant and equipment	4.2	**36 150**	–	**36 150**	–
Purchase of financial investment held in the environmental rehabilitation trust	19.1	**(6 975)**	–	**(6 975)**	–
Proceeds on disposal of investment in shares	9.5	**–**	249 545	**–**	249 545
Dividends received	23	**–**	3 834	**–**	3 834
Net cash used in investing activities		**(404 779)**	(229 479)	**(404 779)**	(229 479)
Cash flows from financing activities					
Proceeds from/(repayment of) loans from subsidiaries	6	**–**	–	**5 980**	(13 052)
Issuance of class B shares	15.1	**2 176 804**	–	**2 176 804**	–
Repayment of finance lease liability	18	**(1 833)**	(1 843)	**(1 833)**	(1 843)
(Repayment of)/proceeds from long-term interest-bearing loans	30	**(931 004)**	431 004	**(931 004)**	431 004
Repayment of short-term interest-bearing loans	30	**(498 725)**	(363 577)	**(498 725)**	(363 577)
Net cash used in financing activities		**745 242**	65 584	**751 222**	52 532
Net increase/(decrease) in cash and cash equivalents		**30 148**	(294 195)	**47 335**	(317 546)
Cash and cash equivalents at the beginning of the year		**219 058**	513 253	**191 099**	508 645
Cash and cash equivalents at the end of the year	13	**249 206**	219 058	**238 434**	191 099

The notes on pages 12 to 61 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated financial statements of the Foskor Group have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities, and financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period based on management's best knowledge of current events and actions. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Group did not early adopt any of the IFRS standards issued but not yet effective.

All amounts in the financial statements are presented in South African Rand, rounded to the nearest thousand, unless otherwise stated.

1.1.1 New and amended standards adopted by the Group

During the financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group. These new and revised accounting standards did not have a significant impact on the financial statements.

IAS 32 (Amendment): Offsetting Financial Assets and Financial Liabilities.
The amendments clarify that an entity currently has a legally enforceable right to set-off a financial asset and a financial liability if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendment did not have any effect on the Group financial statements.

IFRS 10, IFRS 12 and IAS 27 (Amendment): Investment entities. The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional. The amendment did not have any effect on the Group financial statements.

IAS 36 (Amendment): Impairment of assets.
The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. The amendment did not have any effect on the Group financial statements.

IFRIC 21 (New interpretation): Levies.
The interpretation provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The amendment did not have any effect on the Group financial statements.

1.1.2 New standards, amendments and interpretations not yet adopted

IAS 1(Amendment): Presentation of Financial Statements (effective for financial periods beginning on or after 1 January 2016).
The amendments issued clarify materiality and aggregation, the presentation of subtotals, the structure of Financial Statements and the disclosure of Accounting Policies.

IAS 19 (Amendment): Defined Benefit Plans: Employee Contributions (effective for financial periods beginning on or after 1 July 2014).
The amendments introduce relief that will reduce the complexity of accounting for certain contributions from employees or third parties. The amendments clarify how service-linked contributions from employees or third parties should be included in determining net current service cost and the defined benefit obligation. The amendment is not considered to have any impact on the Foskor Group.

Various IFRS (effective for financial periods beginning on or after 1 July 2014). Annual improvements project is a collection of amendments to IFRS and are the result of conclusions reached by the Board on proposals made at its annual improvements project. The amendment is not considered to have any impact on the Foskor Group.

IFRS 14 (New standard): Regulatory Deferral Accounts (effective for financial periods beginning on or after 1 January 2016).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

This interim standard provides guidance on accounting for the effects of rate regulations under IFRS. This will permit first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. The amendment is not considered to have a significant impact on the Foskor Group.

IFRS 11 (Amendments): Joint Operations (effective for financial periods beginning on or after 1 January 2016). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business The amendment is not considered to have a significant impact on the Foskor Group.

IAS 16 (Amendments): Property, Plant and Equipment and IAS 38 Intangible assets (effective for financial periods beginning on or after 1 January 2016). The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendment is not considered to have a significant impact on the Foskor Group.

IFRS 9 (New standards): Financial instruments (2009) (effective for financial periods beginning on or after 1 January 2018). This IFRS is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement; Addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS39 with a single model that has only two classification categories amortised cost and fair value; and the classification and measurement of financial liabilities are the same as per IAS 39. The amendment is not considered to have a significant impact on the Foskor Group.

IFRS 9 (New standards): Financial instruments (2010) (effective for financial periods beginning on or after 1 January 2018). Adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009; and Includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives. The amendment is not considered to have a significant impact on the Foskor Group.

IFRS 15 (New standards): Revenue from contracts with customers (effective for financial periods beginning on or after 1 January 2018). Provides a framework that improves revenue recognition guidance in IFRS.

IFRS 16 (New standards): Leases (effective for financial periods beginning on or after 1 January 2019). This IFRS sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor); IFRS16 replaces the previous leases Standard, IAS 16 Leases, and related Interpretations; and IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial Position. No significant changes have been included for lessors.

1.2 Consolidation

1.2.1 Investments in subsidiaries

Subsidiaries are all entities, including structured entities, which the Group controls.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a subsidiary are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Where a business combination is achieved in stages, the previously held equity interest is re-measured at the acquisition-date fair value with the resulting gain or loss recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-Company transactions, balances and unrealised profits and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Changes in ownership interest in a subsidiary which do not result in a loss of control are treated as transactions between equity holders and are reported in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

1.2.2 Joint arrangements

Joint arrangements are where two or more parties either have rights to the assets and obligations of the joint arrangement (joint operations) or have rights to the net assets of the joint arrangement (joint venture). The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture.

The Group's interest in joint ventures is accounted for by using the equity method of accounting. Under this method, the investment in the joint venture is initially recognised at cost. For subsequent measurement, the Company's share of the post-acquisition profits or losses of joint ventures is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

At each reporting date, the Group assesses whether there is any indication of impairment. Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated to the extent of the Group's interest in the joint venture, unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of joint ventures are consistent with the policies adopted by the Group.

In the Company's separate financial statements, joint ventures are recorded at cost less impairment.

1.2.3 Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits and losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted for against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated to the extent of the Group's interest in the associates, unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates are consistent with the policies adopted by the Group. Dilution profits and losses arising from a dilution of the Group's shareholding in the associate are recognised in profit or loss.

Investments in associates are accounted for at cost less impairment in the Company's separate financial statements.

1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the resources and assessing performance of the operating segments, has been identified as the Executive Committee.

1.4 Property, plant and equipment

Property, plant and equipment includes mining assets, land and buildings, plant, equipment, vehicles, capital work in progress and aircraft as well as certain essential plant spares that are held to minimise delays arising from plant breakdowns. All property, plant and equipment is accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and capital work in progress is stated at cost less accumulated impairment.

Direct costs incurred on major projects during the period of development or construction are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

1.4.1 Depreciation

Land and capital work in progress

Land and capital work in progress is stated at cost and is not depreciated.

Property, plant and equipment (excluding land and capital work in progress).

All other items of property, plant and equipment are depreciated on a straight-line method at cost less estimated residual values over their useful lives as follows:

Mining asset, land and buildings:	
Building and structures	30 – 50 years
Mining assets	10 – 20 years
Plant, equipment and vehicles:	
Vehicles	4 – 5 years
Heavy plant and machinery	10 – 20 years
Equipment	8 – 10 years
Computer equipment	3 – 5 years
Factory equipment	4 – 5 years
Capital insurance spares	10 – 20 years
Aircraft:	
Body	20 years
Engine	10 years

1.4.2 Useful lives and residual values

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

1.4.3 Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (See Policy 1.6)

1.4.4 Capitalisation on borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment that are considered to be qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

1.5 Intangible assets

1.5.1 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as and when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

1.6 Impairment of non-financial assets

The carrying amounts of the Group's assets and cash-generating units are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is determined. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For an asset whose cash flow is largely dependent on that of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to cash-generating units and then to reduce the carrying value of the other assets in the unit on a pro rata basis. Impairment losses are recognised in profit or loss.

Impairment reversals

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Leases

The Group is the lessee

Leases of property, plant and equipment where the lessor has substantially transferred all the risks and rewards of ownership are classified as finance leases.

Assets held under finance lease agreements are capitalised. Such assets are depreciated in terms of the lease term relating to the relevant lease agreement, provided that such term of lease is shorter than the assets' useful lives. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum future lease payments. Lease finance charges are allocated to accounting periods over the duration of the leases using the effective interest method, which reflects the extent and cost of the lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rental expenses are recognised in profit or loss on a straight-line basis over the lease term.

Where an arrangement with a supplier includes a component that has the substance of a lease, the lease component is separated from other payments and accounted for as a lease.

The Group is the lessor

Assets held for operating leases are presented in the Statement of Financial Position of the Group according to the nature of the asset. Rental income is recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset is diminished.

1.8 Inventories

Spares and consumables

Spares and consumable are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to the present location and condition. It excludes borrowing costs.

Obsolete, redundant and slow-moving items of spares and consumable stores are identified on a regular basis and written down to their net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Raw materials, work in progress and finished goods

Raw materials and finished goods consisting of phosphate rock, phosphoric acid, magnetite stock and other minerals are valued at the lower of cost of production and net realisable value.

Cost in respect of raw materials is determined on a first-in-first-out (FIFO) basis. Cost of production in respect of work in progress and finished goods is calculated on a standard cost basis, which approximates the actual cost and includes production overheads and is adjusted to net realisable value at year end when it is below cost. Production overheads are allocated on the basis of normal capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.9 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

1.10 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are not recognised for future operating losses. Where the effects of discounting are material, provisions are measured at their present values.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

1.11 Pension obligation

The Group operates a defined benefit and a defined contribution plan, the assets of which are held in separate trustee-administered funds. The schemes are generally funded through payments to insurance companies or trustee-administered funds as determined by periodic actuarial valuations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and under which the Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and previous periods.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and the effects of changes in actuarial assumptions to the defined benefit plans are recognised in other comprehensive income.

The Group does not recognise the net defined benefit asset in the Statement of Financial Position. Any surplus in the defined benefit plan is recognised in the asset ceiling.

Past-service costs and net interest costs are recognised immediately in profit or loss when they occur.

1.12 Other post-employment obligations

The Group provides post-employment healthcare benefits to those of its retirees who were employed by the Company on or before 1 July 1995. The same benefits are provided to a specific group of employees employed before 1 July 1996. The entitlement to post-employment healthcare benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the projected unit credit method. Valuations of these obligations are carried out annually by independent, qualified actuaries.

Actuarial gains and losses arising from previous adjustments and the effects of changes in actuarial assumptions to the defined benefit plans are recognised in other comprehensive income.

1.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date and in instances where companies in the Group generate taxable income.

Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It recognises provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and deferred capital gains tax are accounted for using the balance sheet method for all temporary differences arising between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Foreign currencies

Foreign currency translation

The Group's presentation currency is the same as its functional currency. The Group's presentation currency is South African Rand (ZAR). The functional currency of the Group's operations is the currency of the primary economic environment in which each operation has its main activities.

Foreign currency transactions

Transactions in foreign currencies are translated into South African Rand at the foreign exchange rate ruling at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the statement of profit or loss under net foreign exchange loss.

1.15 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods

Sales of goods are recognised when risks and rewards transfer (depending on the International Commercial terms agreed to with the customer, that is, Free on Board [FOB], Free on Rail [FOR] or Cost and Freight [CFR]), and when there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

1.16 Investment income

Investment income is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of income can be reliably measured. Investment income is stated at the fair value of the consideration received or receivable.

1.16.1 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

1.16.2 Dividend income

Dividend income is recognised when the right to receive payments is established.

1.17 Financial instruments

1.17.1 Financial instruments consist mainly of borrowings, finance lease liabilities, listed and unlisted investments, cash and cash equivalents, derivative instruments, trade and other receivables and trade and other payables. Derivative instruments consist of forward exchange contracts and option contracts. At inception the Group classifies its financial assets into the following categories.

Financial assets or financial liabilities at fair value through profit or loss – A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables – These are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the near future.

Available-for-sale financial assets – These are non-derivative financial assets that are designated as available for sale or are not classified as:

- Loans and receivables;
- Held-to-maturity investments; or
- Financial assets at fair value through profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed through profit or loss. Any increase in the fair value after an impairment loss has been recognised is treated as a revaluation and is recognised directly in other comprehensive income.

1.17.2 Initial and subsequent measurement

Financial assets or financial liabilities at fair value through profit or loss:

- Initial measurement is at fair value at trade date (excluding transaction costs);
- Subsequent measurement is at fair value with gains or losses from fair value adjustments recognised in profit or loss.

Available-for-sale financial assets

- Initial measurement is at fair value at trade date (including transaction costs);
- Subsequent measurement is at fair value with gains or losses from fair value adjustments recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments that are recognised in profit or loss. The fair value adjustments previously recognised in other comprehensive income and accumulated in equity are transferred to profit or loss upon de-recognition and impairment;
- Dividends accruing on available-for-sale financial instruments are recognised in profit or loss on right to receive dividends;
- Interest on available-for-sale financial instruments is recognised in profit or loss using the effective interest method.

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Loans and receivables

- Initial measurement is at fair value net of transaction costs directly attributable to acquisition of funds;
- Subsequent measurement is at amortised cost, using the effective interest method;
- Provision for impairment of loans and receivables is raised in line with accounting policy 1.9 (above) with write-off of irrecoverable amount approved by the Board of Directors.

1.17.3 Recognition and de-recognition

Financial instruments are recognised when the company becomes party to the contractual provisions of the instruments.

Financial assets are de-recognised when the contractual rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when, and only when, they are extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expired.

1.17.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.17.5 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obliger;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in

the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. For debt securities, the Group uses the criteria in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1.18 Environmental obligations

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date, using a risk-free rate and risk-adjusted cash flows that reflect current market assessments and the risks specific to the provision. Increases due to additional environmental disturbances are capitalised and amortised over the remaining life of the mine.

Annual increases in the provision relating to unwinding of the discount are shown as part of finance costs in the statement of profit or loss.

The estimated costs of rehabilitation are reviewed on a three-yearly basis or when events suggest that the costs may have changed, and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets, or from planned clean-up at closure, in view of the uncertainty of estimating the potential future proceeds. Changes in the expected costs are capitalised or reversed against the relevant asset.

Contributions are made to a dedicated Environmental Rehabilitation Trust to fund the estimated cost of rehabilitation during and at the end of the life of the mine. The Environmental Rehabilitation Trust is consolidated into the Group financial statements at each reporting date.

1.19 Dividends

Dividends paid are recognised by the Group when the shareholder's right to receive payment is established. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity. Dividends proposed or declared subsequent to year end are not recognised at the financial year end, but are disclosed in the notes to the financial statements.

1.20 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents are defined as cash on hand, deposits held on call with banks, short-term liquid investments and original maturities of three months or less and bank overdrafts. Cash and cash equivalents are measured at amortised cost based on the relevant exchange rate at the reporting date.

In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

1.21 Share Capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity holders.

1.22 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.23 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.24 Share-based payment transactions

The Group operates an equity-settled share-based plan and a cash-settled share-based plan. The equity-settled plan was entered into with Strategic Business Partners (SBPs) and Special Black Groups, under which the company will receive services

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for the year ended 31 March 2016

(BEE credentials) as consideration for its own equity instruments. The equity-settled share-based payments vest immediately; the reserve was recognised in share-based payment reserve at grant date.

The cash-settled plan was entered into with the Company's employees, under which the Company receives services from employees by incurring the liability to transfer cash to the employees for amounts that are based on the value of the Company's shares. The fair value of the transaction is measured using an option pricing model, taking into account all terms and conditions.

The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The services received by the Company are recognised as they are received and the liability is measured at fair value. The fair value of the liability is re-measured at each reporting date and at the date of settlement. Any changes in the fair value are recognised in profit or loss for the period.

1.25 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale and are carried at the lower of carrying value and fair value less cost to sell. Immediately before classification as assets held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable IFRS. Then, on initial classification as assets held-for-sale, non-current assets and disposal groups are recognised at the lower of the carrying amounts and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in the statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation results from the sale of an operation that represents a separate major line of business or geographical area of operations and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes. A subsidiary acquired exclusively with the view to resale is also classified as a discontinued operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) Post-employment obligations

Significant judgement and actuarial assumptions are required to determine the fair value of the post-employment obligations. More detail on these actuarial assumptions is provided in note 20 to the financial statements.

(d) Environmental rehabilitation liability

In determining the environmental rehabilitation liability, an inflation rate of 5.18% (2015: 5.62%) was assumed to increase the rehabilitation liability for the next 20 years, and a rate of 8.66% (2015: 7.80%) to discount that amount to present value. The assumed discount rate of 8.66% is a risk-free rate.

(e) Fair value of share-based payments

The fair value of equity instruments on grant date is based on a simulated company value, using the Geometric Brownian Motion model. The valuation technique applied to determine the simulated company value is part of the Monte Carlo simulation methodology. The market conditions relating to the growth in the market value of the Foskor shares have been taken into account in estimating the fair value of the equity instruments granted. The key assumptions used in the calculation are included in note 17 of the financial statements.

(f) Impairment of assets

The Group follows the guidance of IAS 36 Impairment of Assets to determine when an asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates the impairment indicators that could exist at year end, such as significant decreases in the selling prices of finished goods, significant decreases in sales volumes and changes in the international export regulatory environment.

3. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that the Company is a going concern for the foreseeable future with neither the intention nor necessity to liquidate or curtail materially the scale of its operations.

The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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for the year ended 31 March 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
4. PROPERTY, PLANT AND EQUIPMENT				
At cost				
Mining asset, land and buildings and rehabilitation assets	**1 746 530**	1 297 169	**1 744 403**	1 292 930
Plant, equipment and vehicles	**5 220 988**	4 473 093	**5 194 194**	4 450 098
Capital work in progress	**598 423**	1 013 097	**598 423**	1 013 097
Total	**7 565 941**	6 783 359	**7 537 020**	6 756 125
Accumulated depreciation and impairment				
Mining asset, land and buildings and rehabilitation assets	**(383 575)**	(337 659)	**(382 703)**	(336 901)
Plant, equipment and vehicles	**(1 841 507)**	(1 565 246)	**(1 831 968)**	(1 559 535)
Impairment of property, plant and equipment[1]	**(200 000)**	–	**(200 000)**	–
Total	**(2 425 082)**	(1 902 905)	**(2 414 671)**	(1 896 436)
Net carrying amount				
Mining asset, land and buildings and rehabilitation assets	**1 362 955**	959 510	**1 361 700**	956 029
Plant, equipment and vehicles	**3 179 481**	2 907 847	**3 162 226**	2 890 563
Capital work in progress	**598 423**	1 013 097	**598 423**	1 013 097
Net carrying amount	**5 140 859**	4 880 454	**5 122 349**	4 859 689
Plant, equipment and vehicles includes the following lease where Foskor (Pty) Ltd is the lessee under a finance lease. The effluent pipeline is the only asset under finance lease (refer to note 18).				
Cost – capitalised finance lease	**41 567**	41 567	**41 567**	41 567
Accumulated depreciation	**(24 420)**	(22 342)	**(24 420)**	(22 342)
Net carrying amount of finance leased asset	**17 147**	19 225	**17 147**	19 225

[1]Refer to note 4.1 for details on impairment of assets

Details of land and buildings are available for inspection at the registered office of the Company.

	Mining asset, land and buildings and rehabilitation assets R'000	**Plant, equipment and vehicles R'000**	**Capital work in progress R'000**	**Total R'000**
12 months ended 31 March 2016				
Movement in carrying value for the year				
Group				
Opening net carrying amount	**959 510**	**2 907 847**	**1 013 097**	**4 880 454**
Additions	**108 116**	**767 913**	**(414 674)**	**461 355**
Decommissioning assets	**450 000**	**–**	**–**	**450 000**
Adjustment to the mining asset (refer to note 19)	**(108 686)**	**–**	**–**	**(108 686)**
Depreciation charge	**(45 985)**	**(284 578)**	**–**	**(330 563)**
Impairment charge	**–**	**(200 000)**	**–**	**(200 000)**
Disposals	**–**	**(11 701)**	**–**	**(11 701)**
Closing net carrying amount	**1 362 955**	**3 179 481**	**598 423**	**5140 859**
Company				
Opening net carrying amount	**956 029**	**2 890 563**	**1 013 097**	**4 859 689**
Additions	**110 159**	**765 870**	**(414 674)**	**461 355**
Decommissioning assets	**450 000**	**–**	**–**	**450 000**
Adjustment to the mining asset (refer to note 19)	**(108 686)**	**–**	**–**	**(108 686)**
Depreciation charge	**(45 802)**	**(282 506)**	**–**	**(328 308)**
Impairment charge	**–**	**(200 000)**	**–**	**(200 000)**
Disposals	**–**	**(11 701)**	**–**	**(11 701)**
Closing net carrying amount	**1 361 700**	**3 162 226**	**598 423**	**5 122 349**

During the year, the Group capitalised borrowing costs of R71.2 million (2015: R79.0 million) on qualifying assets. The borrowing costs were capitalised at the Group general borrowings weighted average annual rate of 8.66% (2015: 5.14%).

The Company's aircraft was subsequently sold during the current year for R36.1 million at a loss of R10.7 million. Refer to note 4.2.

	Mining asset, land and buildings R'000	Plant, equipment and vehicles R'000	Capital work in progress R'000	Aircraft R'000	Total R'000
4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
12 months ended 31 March 2015					
Movement in carrying value for the year					
Group					
Opening net carrying amount	932 630	2 658 282	1 096 444	49 525	4 736 881
Additions	57 468	506 590	(83 347)	–	480 711
Adjustment to the mining asset (refer to note 19)	12 315	–	–	–	12 315
Depreciation charge	(42 903)	(256 427)	–	(2 669)	(301 999)
Disposals	–	(598)	–	–	(598)
Reclassified to non-current asset held-for-sale	–	–	–	(46 856)	(46 856)
Closing net carrying amount	959 510	2 907 847	1 013 097	–	4 880 454
Company					
Opening net carrying amount	928 965	2 638 886	1 096 444	49 525	4 713 820
Additions	57 468	506 590	(83 347)	–	480 711
Adjustment to the mining asset (refer to note 19)	12 315	–	–	–	12 315
Depreciation charge	(42 719)	(254 315)	–	(2 669)	(299 703)
Disposals	–	(598)	–	–	(598)
Reclassified to non-current asset held-for-sale	–	–	–	(46 856)	(46 856)
Closing net carrying amount	956 029	2 890 563	1 013 097	–	4 859 689

4.1 Impairment of assets

Foskor assesses the carrying values of its fixed assets on an annual basis as required by IAS 36 (Impairment of Assets).

There was no impairment charge or reversal recognised in the prior year ended 31 March 2015.

During the current year, management prepared the discounted cash flow calculation for Foskor using the fair value less cost to sell method.

Some of the key parameters and assumptions used in the impairment assessment were as follows:

- The approved budget for the 2017 financial year.
- A discount rate of 18.4% (2015: 16.6%) and a terminal growth rate of 5%. The increase in the discount rate is mainly due to the increase in the risk free rate as a result of the increase in interest rates.
- Acid Division production volumes will increase from 307 000 tons and gradually build up to 650 000 tons as per the approved strategic plans. Production in the Acid plant improved in the last quarter of the financial year and also in the first month of the new financial year. The plant is now also operating at much better efficiency levels.
- Mining Division has increased its efficiency to an average of 72%.
- The forecasted sales prices for phosphoric acid, granular fertiliser, phosphate and sulphur for period 2017 and beyond are based on the latest CRU International Ltd (The Independent Authority on Mining, Metals and Fertilisers) reports adjusted for managements view on global market dynamics.
- Exchange rate forecasts were based on forecasts for the period 2016 to 2019 obtained from the major banks.

The current cash flow forecasts do not support the value of Foskor assets and an impairment of the assets is required.

An impairment of assets of R200 million was therefore raised in the current financial year against the assets.

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for the year ended 31 March 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
4.2 Non-current assets held-for-sale				
Cost	**46 856**	68 935	**46 856**	68 935
Disposal	**(46 856)**	–	**(46 856)**	–
Accumulated depreciation	**–**	(22 079)	**–**	(22 079)
Net carrying amount classified as held-for-sale	**–**	46 856	**–**	46 856

The Company's aircraft was sold in the current year for R36.1 million, at a loss of R10.7 million.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
5. INTANGIBLE ASSETS				
Computer software	**60 660**	60 047	**60 660**	60 047
Accumulated amortisation	**(25 232)**	(5 948)	**(25 232)**	5 948
Net carrying amount	**35 428**	54 099	**35 428**	54 099

	Computer software R'000
12 Months ended 31 March 2016	
Movement in carrying value	
Group and Company	
Opening net book amount	**54 099**
Additions	**613**
Amortisation charge	**(19 284)**
Closing net carrying amount	**35 428**
12 Months ended 31 March 2015	
Movement in carrying value	
Group and Company	
Opening net carrying amount	438
Additions	57 298
Amortisation charge	(3 637)
Closing net carrying amount	54 099

6. INVESTMENTS IN SUBSIDIARIES

	Country of Incorporation	Nature of business	Issued ordinary and preference shares				Shares at cost		Indebtedness	
			Number 2016	Number 2015	% 2016	% 2015	R'000 2016	R'000 2015	R'000 2016	R'000 2015
Indian Ocean Fertilizer (Pty) Ltd (South Africa)	South Africa	Previous Acid Division	**93 265**	93 265	**100**	100	**103 956**	103 956	**(218 501)**	(218 501)
Inter Minerals Holdings AG (Switzerland)	Switzerland	Dormant SPV	**–**	–	**–**	–	**10**	10	**(10)**	(10)
Phosphate Shipping (Pty) Ltd	South Africa	Ship Broker Agency	**1 000**	1 000	**100**	100	**1**	1	**(3 979)**	(2 358)
Loans from and shares in subsidiaries							**103 967**	103 967	**(222 490)**	(220 869)
Phosfert Marine (Pty) Ltd (South Africa)	South Africa	Clearing & Forward Agency	**40 000**	40 000	**100**	100	**40**	40	**5 169**	13 393
Verdino 174 (Pty) Ltd	South Africa	Storage Tanks	**120**	120	**100**	100	**12 000**	12 000	**11 587**	7 742
Foskor Social Responsibility Trust	South Africa	Social Responsibility Trust	**–**	–	**–**	–	**–**	–	**1 655**	1 635
IOF Property Trust (South Africa)	South Africa	Property Trust	**–**	–	**–**	–	**–**	–	**31**	31
Loans to subsidiaries							**12 040**	12 040	**18 442**	22 801
Total shares at cost/net loans owing							**116 007**	116 007	**(204 048)**	(198 068)

The subsidiaries have financial years ended 31 March and are consolidated to that date. Loans to and from subsidiaries are interest-free with no repayment terms. The shares in Indian Ocean Fertilizer (Pty) Ltd previously held by Inter Minerals South Africa (Pty) Ltd are now held directly by Foskor (Pty) Ltd.

Indicators for impairment were considered at 31 March 2016 and no impairment on these investments was deemed necessary.

7. INVESTMENT IN JOINT VENTURE

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Foskor (Pty) Ltd has a 50% interest in a joint venture, Palfos Aviation (Pty) Ltd (South Africa)				
Carrying amount	**25**	25	**25**	25

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for the year ended 31 March 2016

The investment consists of 12 500 shares of R2 each, being 50% of the authorised and issued share capital. The Company is currently in the process of being deregistered. The 50% share of the assets, liabilities and results of the joint venture are not significant. Refer to note 35.2 for the nature of activities and principal place or business.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
8. INVESTMENT IN ASSOCIATE				
At beginning of year:				
Investment in Foskor Zirconia (Pty) Ltd	**2 425**	10 825	**9 914**	15 869
Share of profit/(loss)	**3 714**	(2 297)	**–**	–
– current year profit	**3 714**	(1 212)	**–**	–
– prior year adjustment	**–**	(1 085)	**–**	–
Net before impairment	**6 139**	8 528	**9 914**	15 869
Share of other comprehensive income of associate	**(44)**	(148)	**–**	–
Impairment of investment	**–**	(5 955)	**–**	(5 955)
Net carrying amount at 31 March	**6 095**	2 425	**9 914**	9 914

Foskor (Pty) Ltd owns 29.9% of Foskor Zirconia (Pty) Ltd. The remaining shareholding of Foskor Zirconia (Pty) Ltd is owned by Carborundum Universal Ltd (51%) and Perfect Positions Investments 41 CC (19.1%). Foskor Zirconia (Pty) Ltd is a company incorporated in South Africa and manufactures monoclinic and calcia stabilised Zirconia. Foskor Zirconia (Pty) Ltd is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. The associate has 31 March as its financial year-end. Refer to note 35.3 for the nature of activities and principal place of business.

Set out below is the summarised financial information for Foskor Zirconia which is accounted for using the equity method:

	GROUP	
Summarised statement of financial position	**2016 R'000**	2015 R'000
Current		
Cash and cash equivalents	**16 357**	13 569
Other current assets (excluding cash)	**124 642**	177 484
Total current assets	**140 999**	191 053
Financial liabilities (excluding trade payables)	**–**	100 000
Other current liabilities (including trade payables)	**69 311**	99 596
Total current liabilities	**69 311**	199 596
Non-current		
Assets	**33 468**	41 473
Other liabilities	**64 853**	4 903

	2016 R'000	2015 R'000
Total non-current liabilities	**64 853**	4 903
Net assets	**40 303**	28 027

	GROUP	
	2016 R'000	2015 R'000
8. INVESTMENT IN ASSOCIATE (CONTINUED)		
Summarised statement of comprehensive income		
Revenue	**192 198**	176 768
Depreciation and amortisation	**(2 761)**	(12 136)
Interest income	**565**	199
Interest expense	**(11 326)**	(12 525)
Pre-tax profit from continuing operations	**18 904**	26 481
Income tax expense/(credit)	**(6 481)**	1 577
Post-tax profit from continuing operations	**12 423**	28 058
Post-tax loss from discontinued operations	**–**	(32 113)
Total comprehensive profit/(loss)	**12 423**	(4 055)
Other comprehensive loss	**(146)**	(494)
Total comprehensive profit/(loss) for the year	**12 277**	(4 549)
Reconciliation of summarised financial information		
Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate:		
Opening net assets as at beginning of year	**28 027**	36 203
Total comprehensive loss	**12 423**	(4 055)
Other comprehensive loss	**(146)**	(494)
Prior year adjustment	**(13 964)**	(3 627)
Prior year impairment of investment	**(5 955)**	–
Closing net assets at 31 March	**20 385**	28 027
Interest in associates (29.9%)	**6 095**	8 380
Impairment of investment	**–**	(5 955)
Carrying value	**6 095**	2 425

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
9. FINANCIAL INVESTMENTS				
Listed shares				
9.1 Investment in Coromandel International Ltd – Available-for-sale investment	**–**	–	**–**	–
Opening balance	**–**	188 651	**–**	188 651
Fair value movements derecognised on sale of shares	**–**	(188 651)	**–**	(188 651)

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In 2015, Foskor disposed 4.8 million equity shares (1.72%) in Coromandel International Ltd for a consideration of R249 million. The Group transferred the fair value gain of R128 million from other comprehensive income to profit or loss and realised a gain on disposal of shares of R217 million (Refer to note 9.5).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
9. FINANCIAL INVESTMENTS (CONTINUED)				
9.2 Environmental Rehabilitation Trust investments – At fair value through profit or loss	**168 883**	151 875	**168 883**	151 875
Unit trusts	**160 684**	150 756	**160 684**	150 756
Rehabilitation guarantee investment	**7 178**	–	**7 178**	–
Sanlam shares	**594**	690	**594**	690
Old Mutual shares	**427**	429	**427**	429

The unit trust portfolio for these investments is invested in equity (19%), property (3%), hedge funds (11%), bonds (25%), offshore (15%), multi-asset (12%), money market and cash (15%). The Environmental Rehabilitation Trust is an irrevocable trust under the company's control.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
9.3 Environmental Rehabilitation Trust investments – Other loans and receivables	**842**	767	**842**	767
Cash deposits held by the Environmental Rehabilitation Trust	**842**	767	**842**	767

The movement in the environmental rehabilitation trust investment of R9.8 million (2015: R14.9 million) was recognised in profit or loss.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
9.4 Preference shares held in Foskor Zirconia (Pty) Ltd – Held to maturity	**20 000**	–	**20 000**	–
Issued preference shares	**20 000**	–	**20 000**	–
Total investments	**189 725**	152 642	**189 725**	152 642

Foskor Zirconia (Pty) Ltd issued 12.65% cumulative redeemable preference shares to Foskor (Pty) Ltd in settlement of R20 million long outstanding debt. The preference shares issued are redeemable in tranches as decided from time to time by the Company's Board of Directors with the final instalment repayment date not later than 31 March 2023.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
9.5 Gain on disposal of Coromandel International Ltd shares				
Cash consideration received	**–**	249 545	**–**	249 545
Cost of investment	**–**	(32 095)	**–**	(32 095)

Gain on sale of shares	**–**	217 450	**–**	217 450

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
10. INVENTORIES				
Phosphate rock	**658 395**	973 043	**658 395**	973 043
Raw materials	**519 706**	412 004	**519 706**	412 004
Finished goods	**483 608**	315 596	**483 608**	315 596
Spares and consumable stores	**354 841**	332 394	**354 841**	332 394
Total inventories	**2 016 550**	2 033 037	**2 016 550**	2 033 037

The value of inventory write-down to net realisable value in the current year is R2.9 million (2015: R6.8 million).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
11. TRADE AND OTHER RECEIVABLES				
Trade receivables[1]	**752 777**	366 284	**743 803**	368 349
Less: Impairment allowance of trade receivables	**(26 082)**	(48 585)	**(25 686)**	(47 940)
Trade receivables – net	**726 695**	317 699	**718 117**	320 409
VAT receivable	**67 328**	75 833	**66 383**	75 662
Insurance prepaid	**41 292**	41 536	**41 184**	41 508
Other receivables[2]	**126 003**	115 328	**124 885**	102 693
Less: Impairment allowance of other receivables[3]	**–**	(51 935)	**–**	(51 935)
Total trade and other receivables	**961 318**	498 461	**950 569**	488 337

[1] Trade receivables are denominated in US Dollar and South African Rand

[2] Other receivables mainly comprised sundry debtors R98.8 million (2015: R75.3 million) and also include R20.0 million of demurrage claims (2015: R28.3 million).

[3] The impairment allowance of Nil (2015: R51.9 million) relates to long-outstanding debt due from Foskor Zirconia (Pty) Ltd. The impairment allowance was recovered through the conversion of R20 million to preference share capital . Foskor also bought land and buildings with a book value of R32 million in exchange for the debt.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Movement in the impairment allowance of trade receivables				
At beginning of year	**(48 585)**	(21 133)	**(47 940)**	(19 703)
Additional allowance	**(6 771)**	(28 237)	**(6 771)**	(28 237)
Utilised during period	**29 274**	785	**29 025**	–
At 31 March	**(26 082)**	(48 585)	**(25 686)**	(47 940)
Movement in the impairment allowance of other receivables				
At beginning of year	**(51 935)**	(53 000)	**(51 935)**	(53 000)
Additional allowance	**–**	(48 613)	**–**	(48 613)
Utilised during period	**51 935**	49 678	**51 935**	49 678
At 31 March	**–**	(51 935)	**–**	(51 935)

		GROUP		COMPANY	
	Notes	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
12. DERIVATIVE FINANCIAL INSTRUMENTS					
Assets		**3 970**	2 333	**3 970**	**2 333**
Forward foreign exchange contracts	32.1	**3 970**	2 333	**3 970**	**2 333**
Liabilities		**(5 706)**	(5 731)	**–**	**(33)**
Forward foreign exchange contracts		**–**	(33)	**–**	**(33)**
Share buyback option	32.1	**(5 706)**	(5 698)	**–**	**–**

Trading derivatives are classified as a current assets or liabilities. The remaining maturity of the instruments is less than 12 months. Profits and losses on these instruments are recognised in profit or loss.

On 1 February 2013, Foskor (Pty) Ltd acquired 100% of the share capital of Verdino 174 (Pty) Ltd. Verdino 174 (Pty) Ltd leased the land from Transnet Limited on which the tank farm facility is located. This lease expired in March 2015. The condition attached to the sale agreement is that the seller shall have the unconditional right to purchase 50% of Verdino 174 (Pty) Ltd shares from Foskor (Pty)

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Ltd, at the time of the renewal of the lease. Foskor (Pty) Ltd entered into a lease agreement with Transnet Limited from 1 April 2015 to 31 March 2020.

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
13. CASH AND CASH EQUIVALENTS					
Cash at bank and on hand		**249 206**	219 058	**238 434**	191 099
Cash and cash equivalents		**249 206**	219 058	**238 434**	191 099
14. DEFERRED INCOME TAX					
The deferred income tax balance movement is made up as follows:					
At beginning of year		**(428 271)**	(646 992)	**(429 147)**	(645 312)
Mining operations temporary differences – Other		**9 033**	3 612	**9 033**	3 746
Mining operations temporary differences – Capex		**13 636**	(57 345)	**13 636**	(57 345)
Non-mining operations temporary differences – Other		**(49 172)**	33 655	**(49 172)**	33 656
Under-provision prior year		**1 265**	6 826	**1 265**	3 900
Tax loss increased		**171 094**	231 973	**171 211**	232 209
Prepayments		**(1 475)**	–	**(1 475)**	–
At 31 March		**(283 890)**	(428 271)	**(284 649)**	(429 147)
The deferred income tax balance is made up as follows:					
Deferred tax asset					
Finance lease liability		**3 499**	4 013	**3 499**	4 013
Provisions		**53 311**	73 660	**53 311**	73 660
Mining rehabilitation liability		**65 457**	88 951	**65 457**	88 951
Income in advance		**2 069**	15 434	**2 069**	15 434
Cash-settled share-based payments		**7 674**	7 674	**7 674**	7 674
Tax losses		**764 280**	586 552	**763 521**	585 676
At 31 March		**896 290**	776 284	**895 531**	775 408
Deferred tax liability					
Property, plant and equipment – Mining		**(845 916)**	(859 553)	**(845 916)**	(859 553)
Property, plant and equipment – Other		**(294 779)**	(279 209)	**(294 779)**	(279 209)
Property, plant and equipment – Leased		**(4 801)**	(5 383)	**(4 801)**	(5 383)
Mining footprint		**14 314**	(17 670)	**14 314**	(17 670)
Mining rehabilitation investment		**(47 523)**	(42 740)	**(47 523)**	(42 740)
Prepayments		**(1 475)**	–	**(1 475)**	–
At 31 March		**1 180 180**	(1 204 555)	**1 180 180**	(1 204 555)
Deferred tax liabilities (net)		**(283 890)**	(428 271)	**(284 649)**	(429 147)
The gross movement on the deferred income tax is as follows:					
At beginning of year		**(428 271)**	(646 992)	**(429 147)**	(645 312)
Charge in profit or loss	28	**144 021**	192 060	**144 356**	189 374
Tax (credit)/charge relating to components of other comprehensive income	28	**(188)**	26 788	**(188)**	26 788
Prior year adjustment		**1 265**	–	**1 265**	–
Other differences		**(717)**	(127)	**(935)**	3
Closing deferred tax liability		**(283 890)**	(428 271)	**(284 649)**	(429 147)

15. EQUITY AND RESERVES

15.1 Share capital and premium

	GROUP AND COMPANY				
	Number of shares (thousands)	Class B shares R'000	Ordinary shares R'000	Share premium R'000	Total R'000
At beginning of year	**9 158**	**–**	**9 158**	**132 013**	**141 171**
Movements during the year	**2 177**	**2 176 804**	**–**	**–**	**2 176 804**
At 31 March	**11 335**	**2 176 804**	**9 158**	**132 013**	**2 317 975**

The total authorised share capital of ordinary shares is 9 157 647 (2015: 9 157 647) with a par value of R1 per share. Foskor issued 2 177 Class B shares during the year at R1 million per share. Class B shares have a preferential right to dividends over ordinary shares and the required rate of return is an after tax IRR of 10.5%. All shares are fully paid.

15.2 Reserves

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
At beginning of year	**–**	128 098	**–**	128 098
Revaluation of available for sale financial assets net of tax recycled to profit or loss	**–**	(128 098)	**–**	(128 098)
At 31 March	**–**	–	**–**	–

16. DIVIDENDS PAID

No dividends have been declared in the current and prior year.

17. SHARE-BASED PAYMENT RESERVE

17.1 Equity-settled share-based payment plan

Black Economic Empowerment Transaction

In the 2011 financial year, Foskor and the Industrial Development Corporation Ltd (IDC) entered into a Black Economic Empowerment Transaction (BEE Transaction). In terms of the transaction the IDC sold 15% interest in Foskor to Strategic Business Partners (SBPs) and Special Black Groups (SBGs) (collectively, the Manyoro Consortium), 5% to the communities where Foskor operates and a 6% interest in Foskor to the Foskor Employee Share Ownership Plan Trust (ESOP). The transaction with the Manyoro Consortium and communities constitutes an equity-settled share-based plan and the transaction with the employees constitutes a cash-settled share-based plan (refer to note 17.2). Under the equity-settled share-based plan, the shares vest immediately at grant date. In determining the fair value of services received as consideration for equity instruments granted, measurement is referenced to the fair value of the equity instruments granted.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
At beginning of year	**303 914**	303 914	**303 914**	303 914
Granted	**–**	–	**–**	–
At 31 March	**303 914**	303 914	**303 914**	303 914

Weighted average fair value assumptions

The fair value of services received in return for equity instruments granted is measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the equity instruments granted is measured based on the Monte Carlo Option Pricing model.

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17.1 Equity-settled share-based payment plan (continued)

The following weighted average assumptions were used in the share pricing models at the valuation date:

	GROUP AND COMPANY
Grant date	**31 December 2009**
Initial Company value (Exercise price)	**R3 500 000 000**
Average share price at grant date	**R382.19**
Annualised expected volatility	**43.19%**
Risk-free interest rate	**8.54%**
Dividend yield (%)	**2.25%**
Strike price	**R655.68**

The holders of the equity instruments are required to hold the instruments to maintain the BEE status until 30 March 2018; thereafter they will be able to acquire Foskor shares that can be sold or retained. The volatility indicator used in the calculation was based on the market prices of globally listed proxy companies that are in the same industry as Foskor and the changes in their share prices over the last 10 years was used to determine the volatility in their share prices.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
17.2 Cash-settled share-based payment plan				
Cash-settled share-based payment plan				
Cash-settled share-based payment liability	**26 574**	27 407	**26 574**	27 407

The Company entered into a cash-settled share-based payment plan with its employees. A total liability of R26.6 million (2015: R27.4 million) is carried. The share-based payment adjustment for the current year of R0.8 million was recognised in profit or loss (refer to note 17.3). The fair values were determined by reference to the fair value of the equity instruments granted using the Monte Carlo Option Pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The following weighted average assumptions were inputs into the model:

	GROUP	COMPANY
	2016 R'000	2015 R'000
Exercise price	**R3 500 000 000**	R3 500 000 000
Average share price at grant date	**R 382.19**	R 382.19
Annualised expected volatility	**41.88%**	41.88%
Risk-free interest rate		
– one-year expected option lifetime	**7.73%**	7.36%
– two-year expected option lifetime	**8.05%**	8.37%
Expected dividend yield		
– one-year expected option lifetime	**0.00%**	0.00%
– two-year expected option lifetime	**0.00%**	0.00%
Strike price		
– one-year expected option lifetime	**R 629.12**	R 555.89
– two-year expected option lifetime	**R 629.12**	R 594.80

The units in the Employee Share Ownership Plan Trust (ESOP Trust) will vest over a period of three years from 1 April 2011 to 1 April 2014 for employees employed at 1 April 2009. All other employees units will fully vest from five years after allocation date. The employees have the option to start selling their vested units from 1 July 2016 until 30 March 2018. The ESOP Trust will be wound up on 30 March 2018, where any employees with remaining units will be given Foskor shares in exchange for their units if the Company is listed. If the Company is not listed, the employees will be given cash in exchange for their units.

The volatility indicator used in the calculation was based on the market prices of globally listed proxy companies that are in the same industry as Foskor and the changes in their share prices over the last 10 years was used to determine the volatility in their share prices.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
17. SHARE-BASED PAYMENT RESERVE (continued)				
17.3 Share-based payment expense				
Cash-settled share based payment expense	**(833)**	3 910	**(833)**	3 910
Total share-based payment expense	**(833)**	3 910	**(833)**	3 910

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
18. FINANCE LEASE LIABILITY				
Gross finance lease liability – minimum lease payments:				
Not later than one year	**3 623**	3 897	**3 623**	3 897
Later than one year and not later than five years	**11 395**	12 720	**11 395**	12 720
Later than five years	**5 002**	7 299	**5 002**	7 299
	20 020	23 916	**20 020**	23 916
Future finance charges on finance lease	**(7 522)**	(9 585)	**(7 522)**	(9 585)
Present value of finance lease liability	**12 498**	14 331	**12 498**	14 331
Less: Current portion	**(1 823)**	(1 833)	**(1 823)**	(1 833)
Long-term portion of finance lease liability	**10 675**	12 498	**10 675**	12 498
Present value of finance lease liability is as follows:				
Not later than one year	**1 823**	1 833	**1 823**	1 833
Later than one year and not later than five years	**6 793**	7 097	**6 793**	7 097
Later than five years	**3 882**	5 401	**3 882**	5 401
Present value of finance lease liability	**12 498**	14 331	**12 498**	14 331

The finance lease is between Foskor (Pty) Ltd and Umhlathuze Water Board for an effluent pipeline. The lease liability is effectively secured, as the rights to the leased asset revert to the lessor in the event of default. The lease is over a 20-year period with 10 years remaining as at 31 March 2016. Foskor has sole use of the effluent pipeline and pays for the maintenance. The lease is at a fixed rate of 14.4% per annum. Refer to note 4.

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19. ENVIRONMENTAL REHABILITATION LIABILITY

Foskor (Pty) Ltd continually contributes to the Environmental Rehabilitation Trust, to ensure that adequate funds are available to pay for mine closure and reclamation costs. The Environmental Rehabilitation Trust is an irrevocable trust under the Company's control. This note compares the net present value of the rehabilitation liability to the assets held by the Trust.

		Notes	GROUP		COMPANY	
			2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
19.1	**Environmental rehabilitation liability**					
	Balance at the beginning of the year		**317 681**	281 723	**317 681**	281 723
	Unwinding of discount	26	**24 779**	23 643	**24 779**	23 643
	Adjustment to the mining footprint	4	**(108 686)**	12 315	**(108 686)**	12 315
	Decommissioning asset	4	**450 000**	–	**450 000**	–
	Balance at the end of the year		**683 774**	317 681	**683 774**	317 681
	Environmental Rehabilitation Trust					
	Balance at the beginning of the year		**152 642**	137 643	**152 642**	137 643
	Movement recognised in profit or loss		**10 106**	14 999	**10 106**	14 999
	– Growth in investment	26	**9 828**	14 999	**9 828**	14 999
	– Other operating expenses		**279**	–	**279**	–
	Investments held by the Trust		**162 748**	152 642	**162 748**	152 642
	Cash contribution made to the Trust		**6 975**	–	**6 975**	–
	Total assets held by the Trust	9	**169 723**	152 642	**169 723**	152 642
	Unfunded portion of rehabilitation liability		**514 049**	165 039	**514 049**	165 039

The financial assets held by the Trust are intended to fund the environmental rehabilitation liability of Foskor (Pty) Ltd and are not available for general purposes of the group. The objective of the Trust is to act as the financial provider for expenditure that its member, Foskor (Pty) Ltd, is likely to incur in order to comply with the statutory obligation for the environmental rehabilitation. The Trust is exempt from tax in accordance with section 10(1)cP of the Income Tax Act (No. 58 of 1962).

The Directors are aware of the estimated cost of rehabilitation and are satisfied that adequate provision is being made to meet this obligation. The disclosure relating to the issuing of guarantees to the Department of Mineral Resources is in note 33.

Gypsum Re-Use and Remediation of Gypsum Dam

Foskor, the Department of Water and Environmental Affairs (DWEA) and the Local Authority are in discussions on the rehabilitation of the Gypsum Dam area. The liability of the rehabilitation and/or closure is the responsibility of Foskor once all the Gypsum is removed. Foskor Management have made a high level estimate of anticipated costs for the closure of the Gypsum waste facility in Richards Bay. Management estimates, in consultation with external experts, who have done similar projects that the closure costs for conventional capping will vary from R350/m^2 to R750/m^2 excluding all the approvals and design related costs. At 31 March 2016 a provision for environmental rehabilitation of R450 million for the closure costs has been made.

19.2 Mine rehabilitation guarantees

The Group had mine rehabilitation guarantees amounting to R496 million at year-end (refer above to note 33). In line with the requirements set out by the Department of Mineral Resources (Department of Mineral Resources), this guarantee amount was in place at 31 March 2016. These guarantees and the agreement reached with the Department of Mineral Resources were based on the environmental rehabilitation and closure costs assessment that was performed during the 2016 financial year. The assessments are performed on a three-year rolling basis, with the next assessment due in 2017. Estimated scheduled closure costs for the mine are R526 million. For unscheduled or premature closure, the Department of Mineral Resources, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor (Pty) Ltd to provide for the liability of R616 million in the form of guarantees and cash.

The premature closure cost of R616 million is covered by guarantees totalling R496 million and investment assets totalling R169 million. The Group has therefore, over provided for early closure costs by R49 million.

	Notes	GROUP AND COMPANY 2016 R'000	2015 R'000
20. RETIREMENT BENEFIT OBLIGATIONS			
Liabilities included in the statement of financial position:			
Defined pension benefits	20.1	**–**	–
Post-employment medical benefits	20.2	**127 100**	126 427
Liability in the statement of financial position		**127 100**	126 427
Amounts recognised in profit or loss:			
Defined pension benefits	25	**(2 828)**	(4 800)
Post-employment medical benefits	25	**2 995**	3 366
		167	(1 434)
Remeasurements recognised in other comprehensive income:			
Defined pension benefits		**2 828**	3 366
Post-employment medical benefits		**(2 322)**	5 229
		506	8 595

20.1 Defined pension benefits

The Group operates a post-employment pension scheme covering certain employees who were employed by the Company prior to 1995. The fund is a defined benefit (DB) fund that is closed to new members. The pension fund is funded by plan assets. The assets of the fund are held in an independent trustee-administered fund. The investment policy of the fund adheres to the requirements of revised Regulation 28 of the Pension Funds Act of 1956, and was established in accordance with PF Circular 130 issued by the Financial Services Board (FSB) as far as this was practical and appropriate.

The Trustees of the fund are ultimately responsible for the fund's assets, the investment of those assets and the assets' investment performance. A separate cash portfolio has been established to handle the need for liquidity and the cash portfolio is typically topped up via disinvestments from the market-linked portfolios to a level of approximately four to six months' worth of pensioner payments. The Trustees cannot relinquish or cede these responsibilities. However, the Trustees are permitted to delegate certain of the actions and activities related to the management of the fund's assets.

The liability is valued every year using the projected unit credit method. Following a quid pro quo tripartite agreement in 2006 between the employer, pensioners and the Pension Fund, the employer guarantees a minimum increase to pensions each year of 75% of the increase in inflation, as measured by the Consumer Price Index (CPI). Any amendment to this policy shall be after negotiation and agreement between the three parties.

The latest actuarial valuation was performed on 31 December 2015.

The amounts recognised in the statement of financial position are determined as follows:

	GROUP AND COMPANY 2016 R'000	2015 R'000
Present value of funded obligations	**364 510**	329 902
Fair value of plan assets	**(403 158)**	(404 654)
Pension fund surplus	**(38 648)**	(74 752)
Impact of asset ceiling	**38 648**	74 752
Liability in the statement of financial position at 31 March	**–**	–

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20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

20.1 Defined pension benefits (continued)

The movement in the defined benefit obligation over the year is as follows:

	GROUP AND COMPANY			
	Present value of obligation R'000	Fair value of plan assets R'000	Asset ceiling R'000	Total R'000
At 1 April 2014	328 538	(398 810)	70 272	–
Current service cost	921		–	921
Interest expense/(income)	28 157	(34 406)	–	(6 249)
	357 616	(433 216)	70 272	(5 328)
Remeasurements:				
Return on plan assets, excluding amounts included in interest income	–	(428)	–	(428)
Gain from change in financial assumptions	(17 756)	–	–	(17 756)
Loss from change in demographic assumptions	18 504	–	–	18 504
Change in asset ceiling	–	–	4 480	4 480
Contributions:				
– Plan participants	210	(210)	–	–
– Employers	528	–	–	528
Payments from plans:				–
– Benefit payments	(28 672)	28 672	–	–
At 31 March 2015	329 902	(404 654)	74 752	–

	GROUP AND COMPANY			
	Present value of obligation R'000	Fair value of plan assets R'000	Asset ceiling R'000	Total R'000
At 1 April 2015	**329 902**	**(404 654)**	**74 752**	**–**
Current service cost	**914**	**–**	**–**	**914**
Interest expense/(income)	**26 191**	**(30 654)**	**–**	**(4 463)**
	357 007	**(435 308)**	**74 752**	**(3 549)**
Remeasurements:				
Return on plan assets, excluding amounts included in interest income	**–**	**(7 172)**	**–**	**(7 172)**
Gain from change in financial assumptions	**39 342**	**–**	**–**	**39 342**
Experience losses	**6 762**	**–**	**–**	**6 762**
Change in asset ceiling	**–**	**–**	**(36 104)**	**(36 104)**
Contributions:				
– Plan participants	**744**	**(744)**	**–**	**–**
– Employers	**–**	**721**	**–**	**721**
Payments from plans:				
– Benefit payments	**(38 630)**	**38 630**	**–**	**–**
– Bonus allocation	**(715)**	**715**	**–**	**–**
At 31 March 2016	**364 510**	**(403 158)**	**38 648**	**–**

20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

20.1 Defined pension benefits (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	Notes	GROUP AND COMPANY 2016 R'000	2015 R'000
Current service cost		914	921
Net interest cost		(4 463)	(6 249)
Employer contributions		721	528
Total, included in staff costs	25	(2 828)	(4 800)
Recognised in other comprehensive income:			
Actuarial gain		2 828	3 366

Plan assets are comprised as follows:

	GROUP AND COMPANY 2016 Listed	Unlisted	Total	%
Equity instruments	224 672	–	224 672	56
Global equities	99 293	–	99 293	
Financial services	52 493	–	52 493	
Consumer goods	34 046	–	34 046	
Consumer services	16 337	–	16 337	
Basic materials	11 344	–	11 344	
Industrials	9 402	–	9 402	
Oil and gas	8 896	–	8 896	
Healthcare	3 324	–	3 324	
Telecommunications	2 820	–	2 820	
Technology	208	–	208	
Other	25 826	–	25 826	
Other – ALSI 40 futures and offshore hedging	(39 317)	–	(39 317)	
Debt	62 218	–	62 218	15
Corporate bonds (investment grade)	57 620	–	57 620	
Government bonds	3 161	–	3 161	
Corporate bonds (non-investment grade)	18	–	18	
Other	1 419	–	1 419	
Cash	56 274	–	56 274	14
Property (South Africa)	2 708	–	2 708	1
Other	57 286	–	57 286	14
Total	403 158	–	403 158	100

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

	GROUP AND COMPANY			
		2015		
	Listed R'000	Unlisted R'000	Total R'000	%
20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)				
20.1 Defined pension benefits (continued)				
Equity instruments	157 805	–	157 805	39
Financial services	44 117	–	44 117	
Consumer goods	29 392	–	29 392	
Basic materials	17 879	–	17 879	
Global equities	15 462	–	15 462	
Consumer services	13 303	–	13 303	
Industrials	9 572	–	9 572	
Oil and gas	5 503	–	5 503	
Telecommunications	4 225	–	4 225	
Healthcare	2 690	–	2 690	
Technology	586	–	586	
Other	15 076	–	15 076	
Debt	62 548	–	62 549	15
Corporate bonds (investment grade)	55 303	–	55 303	
Government bonds	6 308	–	6 308	
Corporate bonds (non-investment grade)	86	–	86	
Other	851	–	851	
Cash	73 939	–	73 939	18
Property (South Africa)	3 328	–	3 328	1
Other	107 034	–	107 034	27
Total	404 654	–	404 654	100

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

Different asset classes experience different volatilities of return. This risk may be reduced by diversifying the portfolio between the asset classes which are expected to have relatively low correlation, and investing a greater proportion in assets typically displaying lower volatility, such as cash and short-term bonds. The risk of volatility becomes gradually more unacceptable as members approach the end of their investment time-horizon. However, it is more appropriate to consider volatility risk in relation to the volatility of the cost to purchase post-retirement annuity income. The Trustees have adopted a policy of diversification across various asset classes and managers.

Negative real returns

This arises if the nominal returns fall below the rate of inflation and the real value of assets declines over time. This risk is reduced over the long term by investing in a portfolio designed to minimise this risk through investing in assets that are assumed to provide a hedge against inflation such as equities, offshore assets and properties (so-called real assets or growth assets). Due to the volatility of most of these asset classes, and especially the equity market, it may not be possible to completely eliminate this risk over the short term. The Trustees have selected investment portfolios which aim to minimise this risk.

Asset manager risk

The risk exists that a particular asset manager employed by the fund could under perform its peers, resulting in poor peer relative returns. Manager specific risk is thus reduced by investing in a number of portfolios managed by different reputable investment managers with diversified styles. The investment sub-committee shall request and review the fidelity cover and continually review the qualitative as well as quantitative factors of current investment managers.

Inflation risk

The pension increase policy of the Foskor Pension Fund is for an annual pension increase calculated as 75% of the annual change in the November CPI index. Higher inflation will lead to higher liabilities. The trustees aim to earn a long-term positive real return of at least CPI + 6% (net of investment fees) per annum. This level of return is estimated as the minimum requirement to enable the fund to grant increases to pensions in line with CPI.

Interest rate risk

A decrease in corporate bond yields will result in a decrease in the discount rate and therefore an increase in scheme liabilities.

20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

20.1 Defined pension benefits (continued)

The principal actuarial assumptions used were as follows:

	GROUP AND COMPANY	
	2016	2015
– Discount rate	**10.44%**	8.41%
– CPI inflation rate	**8.44%**	6.64%
– Expected return on plan assets	**10.44%**	8.41%
– Future salary increases	**9.44%**	7.64%
– Future pension increases	**9.16%**	5.64%
– Normal retirement age	**60**	60
– Pre-retirement mortality	**SA85-90 (light)**	SA85-90 (light)
– Post-retirement mortality	**PA90-2**	PA90-2

The discount rate of 10.44% (2014: 8.94%) has been based on the 12.4 year yield (in accordance with the discounted mean term of the liabilities) from the South African government bond yield curve at 31 December 2015.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	GROUP AND COMPANY IMPACT ON OVERALL LIABILITY	
	2016	2015
Inflation rate (increase of 1%)	**8.9% increase**	8.3% increase
Inflation rate (decrease of 1%)	**7.8% decrease**	8.0% decrease

The expected contributions to the post-employment pension scheme for the year ended 31 March 2017 are R803 000.

20.2 Post-employment medical obligation

The Group provides post-employment health care benefits to its retirees who were employed by the company on or before 1 July 1995. The same benefits are provided to a specific group of employees employed before 1 July 1996.

The Group operates a post-employment medical obligation scheme. The liability is valued every year using the projected unit credit method. The latest actuarial valuation was performed on 31 March 2016.

The amounts recognised in the statement of financial position are determined as follows:

	GROUP AND COMPANY	
	2016 R'000	2015 R'000
Present value of unfunded obligations	**127 100**	126 427
Liability in the statement of financial position	**127 100**	126 427

The are no plan assets for the post-employment medical obligation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

20.2 Post-employment medical obligation (continued)

The movement in the defined benefit obligation over the year is as follows:

	GROUP AND COMPANY
	Present value of obligations R'000
At 1 April 2014	117 832
Current service cost	505
Interest expense	10 370
	128 707
Remeasurements:	
Loss from change in demographic assumptions	(1 300)
Gain from change in financial assumptions	4 730
Other experience losses	1 799
Contributions:	
– Employer	(7 509)
At 31 March 2015	126 427
At 1 April 2015	**126 427**
Current service cost	**611**
Interest expense	**10 104**
	137 142
Remeasurements:	
Gain from change in demographic assumptions	**(1 581)**
Loss from change in financial assumptions	**1 552**
Other experience (gains)/losses	**(2 293)**
Contributions:	
– Employer	**(7 720)**
At 31 March 2016	**127 100**

	Notes	GROUP AND COMPANY	
		2016 R'000	2015 R'000
The amounts recognised in profit and loss were as follows:			
Current service cost		**611**	505
Interest cost		**10 104**	10 370
Contributions paid		**(7 720)**	(7 509)
Total, included in staff costs	25	**2 995**	3 366
Remeasurements recognised in other comprehensive income:			
Actuarial (gain)/loss		**(2 322)**	5 229

Through its post-employment medical plan, the Group is exposed to the following risks:

Inflation risk

Healthcare cost inflation i.e. the risk of medical scheme contributions will be higher than expected.

Life expectancy

The plan's obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

20.2 Post-employment medical obligation (continued)

Market risk

The Company is also at risk of the market conditions changing and more conservative financial assumptions will be required when the valuation is performed. This will however not impact on the actual payments made by the Company but only the liability on balance sheet.

The principal actuarial assumptions for the medical obligation were:

	GROUP AND COMPANY	
	2016	2015
– Discount rate	**10.14%**	8.26%
– General inflation rate	**8.17%**	6.38%
– Medical inflation rate	**9.67%**	7.88%
– Normal retirement age	**60/65**	60/65
– Expected rate of salary increases	**9.17%**	7.38%
– Pre-retirement mortality	**SA85-90 (light)**	SA85-90 (light)
– Post-retirement mortality	**PA90-2**	PA90-2

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	GROUP AND COMPANY Impact on overall liability	
	2016	2015
Inflation rate (increase of 1%)	**12.4% increase**	12.9% increase
Inflation rate (decrease of 1%)	**10.5% increase**	10.9% Increase

The expected contributions to post-employment medical plans for the year ended 31 March 2016 are R8 million.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
21. TRADE AND OTHER PAYABLES				
Trade payables	**693 275**	541 762	**683 735**	535 038
Accrued expenses	**481 146**	350 564	**480 612**	350 042
Leave	**28 846**	40 889	**28 846**	40 820
Sundry payables[1]	**106 706**	54 610	**105 543**	42 075
	1 309 973	987 825	**1 298 736**	967 975

[1] *Sundry payables as at 31 March 2016 include deferred grant income R7.4 million (2015: R7.1 million), sundry creditors R22.4 million (2015: R10.1 million) and payroll provisions R45.8 million (2015: R8.9 million).*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
22. PROVISIONS				
Bonus[1]	**10 983**	19 960	**10 834**	18 961
Demurrage[2]	**15 029**	14 055	**14 389**	14 175
Total	**26 012**	34 015	**25 223**	33 136
Movement in the bonus provision:				
At 1 April	**19 960**	42 936	**18 961**	41 964
Additional provisions	**32 942**	120 208	**32 915**	120 181
Unused provision reversed	**–**	(99 524)	**–**	(99 524)
Utilised during period	**(41 919)**	(43 660)	**(41 042)**	(43 660)
At 31 March	**10 983**	19 960	**10 834**	18 961
Movement in the demurrage provision:				
At 1 April	**14 055**	28 947	**14 175**	28 025
Additional provisions	**15 085**	2 651	**14 325**	3 623
Utilised during period	**(14 111)**	(17 543)	**(14 111)**	(17 473)
At 31 March	**15 029**	14 055	**14 389**	14 175

[1] Bonus provision comprises 13th cheque bonuses R6.7 million (2015: R6.4 million), short-term incentive plan Nil (2015: R2.5 million) and long-term incentive plan R4.4 million (2015: R10.3 million).
[2] Demurrage is penalty payable to a ship owner if the agreed loading time is not honoured.

	Notes	GROUP		COMPANY	
		2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
23. OTHER INCOME					
Bad debt recovered		**51 935**	–	**51 935**	–
Rental income		**4 287**	4 066	**4 287**	4 066
Rebates		**27 985**	23 460	**27 985**	23 460
Royalties income		**5 363**	9 909	**5 363**	9 909
Insurance income		**3 742**	1 159	**3 742**	1 159
Dividends income		**–**	3 834	**–**	3 834
Scrap sales		**2 972**	5 081	**2 972**	5 081
Freight recoveries		**7 859**	10 055	**7 859**	10 055
Other income		**1 774**	7 997	**4 734**	11 034
Total other income		**105 917**	65 561	**108 877**	68 598

24. EXPENSES BY NATURE

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Loss on disposal of property, plant and equipment	4	**11 701**	598	**11 701**	598
Auditors' remuneration		**4 593**	4 214	**4 593**	4 214
– Audit fee		**3 691**	3 689	**3 691**	3 689
– Expenses		**902**	525	**902**	525
Depreciation of property, plant and equipment	4	**330 563**	301 999	**328 308**	299 703
– Mining assets, land and buildings		**45 985**	42 903	**45 802**	42 719
– Plant, equipment and vehicles		**284 578**	256 427	**282 506**	254 315
– Aircraft		**–**	2 669	**–**	2 669
Amortisation of intangible assets	5	**19 284**	3 637	**19 284**	3 637
Operating lease charges		**3 653**	3 882	**3 653**	3 882
– Property rentals	31	**1 803**	1 792	**1 803**	1 792
– Equipment		**1 850**	2 090	**1 850**	2 090
Repairs and maintenance		**587 158**	534 528	**587 158**	534 528
Raw materials		**1 581 867**	1 731 910	**1 581 867**	1 731 910
Electricity		**334 774**	296 982	**334 774**	296 982
Water		**69 471**	68 750	**69 471**	68 750
Fuel		**172 697**	197 107	**172 697**	197 107
Distribution costs		**1 134 343**	1 079 151	**1 134 343**	1 079 151
Coal		**21 951**	21 730	**21 951**	21 730
Reagents		**109 466**	115 476	**109 466**	115 476
Blasting material		**58 489**	65 056	**58 489**	65 056
Drilling costs		**45 076**	50 718	**45 076**	50 718
Milling media		**37 206**	41 630	**37 206**	41 630
Effluent discharge		**44 722**	40 058	**44 722**	40 058
Insurance		**40 157**	41 606	**40 157**	41 606
Contract and consulting services		**145 900**	155 098	**145 900**	155 098
Safety, health, environment and quality		**19 457**	17 505	**19 457**	17 505
Travel and subsistence expense		**12 365**	12 520	**12 365**	12 520
Training and development		**4 524**	6 937	**4 524**	6 937
Share-based payment expense	17.3	**(833)**	3 910	**(833)**	3 910
Employee benefit expense	25	**817 503**	825 223	**817 354**	824 223
Provision for impairment of trade and other receivables	11	**6 771**	76 850	**6 771**	76 850
Other expenses		**474 534**	291 868	**470 283**	289 432
Total expenses		**6 087 392**	5 988 943	**6 080 737**	5 983 211
Comprising:					
Cost of sales		**4 748 015**	4 669 110	**4 744 482**	4 665 821
Distribution costs		**1 134 343**	1 079 151	**1 134 343**	1 079 151
Administrative expenses		**226 975**	240 682	**223 994**	238 239
		6 109 333	5 988 943	**6 102 819**	5 983 211

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
25. EMPLOYEE BENEFIT EXPENSE					
Salaries and wages		**740 819**	732 787	**740 819**	732 787
Bonus	22	**10 983**	19 960	**10 834**	18 961
Pension costs: Defined contribution plans		**53 036**	59 503	**53 036**	59 503
Post-employment medical liability	20.2	**2 995**	3 366	**2 995**	3 366
Defined pension benefits	20.1	**(2 828)**	(4 800)	**(2 828)**	(4 800)
Other staff costs		**12 498**	14 407	**12 498**	14 406
Total employee expense		**817 503**	825 223	**817 354**	824 223
26. FINANCE INCOME AND COST					
Finance cost:					
– Bank borrowings		**(341 818)**	(70 611)	**(341 817)**	(70 609)
– Interest capitalised on bank borrowings		**–**	(166 518)	**–**	(166 518)
– Finance lease liabilities		**(2 064)**	(2 752)	**(2 064)**	(2 752)
– Unwinding of discount on the environmental liability	19.1	**(24 779)**	(23 643)	**(24 779)**	(23 643)
– Interest paid – other		**(9 946)**	(4 431)	**(9 946)**	(4 431)
Total finance cost		**(378 607)**	(267 955)	**(378 606)**	(267 953)
Less: Amounts capitalised on qualifying assets		**71 252**	78 914	**71 252**	78 914
Finance cost		**(307 355)**	(189 041)	**(307 354)**	(189 039)
Finance income:					
– Interest income from banks		**5 853**	7 904	**5 330**	7 228
– Interest income – other		**2 101**	6 845	**2 101**	6 845
		7 954	14 749	**7 431**	14 073
Financial assets designated at fair value through profit or loss	19.1	**9 828**	14 999	**9 828**	14 999
– Interest and dividends income		**6 220**	3 546	**6 220**	3 546
– Fair value gains		**3 608**	11 453	**3 608**	11 453
Total finance income		**17 782**	29 748	**17 259**	29 072
Net finance cost		**(289 573)**	(159 293)	**(290 095)**	(159 967)
27. NET FOREIGN EXCHANGE LOSS					
The exchange differences (charged)/credited to profit or loss are included as follows:					
Foreign transaction losses		**(156 958)**	(66 445)	**(156 958)**	(66 442)
– Foreign exchange transaction losses		**(136 834)**	(63 190)	**(136 834)**	(63 187)
– Derivative instruments		**(20 124)**	(3 255)	**(20 124)**	(3 255)
Foreign transaction profits		**26 806**	40 032	**26 787**	40 032
– Foreign exchange transaction profits		**22 836**	15 020	**22 817**	15 020
– Derivative instruments		**3 970**	25 012	**3 970**	25 012
Net foreign exchange loss		**(130 152)**	(26 413)	**(130 171)**	(26 410)

28. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Tax charge:				
South African normal income tax				
Normal current tax:				
– Current tax on profits for the year	**(216)**	(4)	**–**	–
Total current tax	**(216)**	(4)	**–**	–
Deferred tax (refer to note 14)				
Originator and reversal of temporary differences	**142 972**	185 237	**143 091**	185 474
– Adjustment in respect of prior years	**1 265**	6 827	**1 265**	3 900
– Adjustment in respect of fair value adjustment of acquired assets	**–**	–	**–**	–
Total deferred tax	**144 237**	192 064	**144 356**	189 374
Income tax expense	**144 021**	192 060	**144 356**	189 374
Reconciliation of tax rate	**%**	%	**%**	%
Standard tax rate	**28.00**	28.00	**28.00**	28.00
Permanent differences	**0.32**	(1.10)	**0.32**	(0.99)
Capital gains tax	**–**	3.89	**–**	3.94
Prior year over-provision – deferred tax	**0.25**	1.12	**0.25**	0.65
Deferred tax not recognised on tax loss	**–**	(0.27)	**–**	–
Effective rate	**28.57**	31.64	**28.57**	31.60

The tax (charged)/credit relating to components of other comprehensive income is as follows:

	GROUP AND COMPANY		
	2016		
R'000	**Before tax**	**Tax credit**	**After tax**
Remeasurement of post-employment benefit	**(506)**	**142**	**(364)**
Share of other comprehensive loss of associates	**(44)**	**–**	**(44)**
Other comprehensive income	**(550)**	**142**	**(408)**

	GROUP AND COMPANY		
	2015		
R'000	Before tax	Tax (charged)/ credit	After tax
Deferred tax on sale of available-for-sale investment	–	29 195	29 195
Remeasurement of post-employment benefit	8 595	(2 407)	6 188
Share of other comprehensive loss of equity – accounted investee, net of tax	(148)	–	(148)
Other comprehensive income	8 447	26 788	35 235

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
29. CASH GENERATED FROM OPERATIONS					
Reconciliation of profit for the year:					
Loss before taxation		**(712 235)**	(606 841)	**(711 070)**	(599 138)
Adjustments for:					
– Depreciation		**330 563**	301 999	**328 308**	299 703
– Impairment of property, plant and equipment		**200 000**	–	**200 000**	–
– Amortisation of intangible assets		**19 284**	3 637	**19 284**	3 637
– Loss on disposal of property, plant and equipment		**11 701**	598	**11 701**	598
– Gain on disposal of investment		**–**	(217 450)	**–**	(217 450)
– Bad debt recovered in exchange of building and preference shares		**(51 935)**	–	**(51 935)**	–
– Unrealised fair value gain on sale of investment		**–**	(32 829)	**–**	(32 829)
– Post-employment obligation movement		**167**	(1 434)	**167**	(1 434)
– Share-based payment (credit)/expense		**(833)**	3 910	**(833)**	3 910
– Unrealised foreign exchange (gains)/loss on operating activities		**(3 000)**	21 554	**(1 942)**	21 523
– Net finance cost		**289 573**	159 293	**290 095**	159 967
– Investment income		**–**	(3 834)	**–**	(3 834)
– Share of (profit)/loss of investment in associate		**(3 714)**	2 297	**–**	–
Changes in working capital:					
Inventory		**16 487**	(52 907)	**16 487**	(52 907)
Trade and other receivables		**(462 857)**	458 794	**(462 232)**	453 936
Derivative financial assets		**1 637**	1 546	**1 637**	1 766
Derivative financial liabilities		**(25)**	(10)	**(33)**	(10)
Trade and other payables		**322 148**	(119 435)	**330 761**	(128 644)
Other provisions		**(8 003)**	(37 868)	**(7 913)**	(36 853)
Total changes in working capital		**(130 613)**	250 120	**(121 293)**	237 288
Cash utilised by operations		**(51 042)**	(118 980)	**(37 518)**	(128 059)
30. BORROWING FACILITIES					
Cash and cash equivalents	13	**249 206**	219 058	**238 434**	191 099
Long-term interest-bearing loan	32.1	**(700 000)**	(1 631 004)	**(700 000)**	(1 631 004)
Short-term interest-bearing loan	32.1	**(564 240)**	(1 062 965)	**(564 240)**	(1 062 965)
Net debt		**(1 015 034)**	(2 474 911)	**(1 025 806)**	(2 502 870)
Add back capitalised and accrued interest		**23 269**	265 538	**23 269**	265 538
Total borrowing facilities		**1 554 500**	2 500 000	**1 554 500**	2 500 000
Available for utilisation		**562 735**	290 627	**551 962**	262 668

30. BORROWING FACILITIES (continued)

Rand-denominated facilities

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
30.1 Long-term interest-bearing facilities				
Total facility	**700 000**	1 700 000	**700 000**	1 700 000
Utilised	**(700 000)**	(1 633 431)	**(700 000)**	(1 633 431)
Available	**–**	66 569	**–**	66 569
Long-term interest-bearing facilities				
– Opening balance	**1 631 004**	1 200 000	**1 631 004**	1 200 000
– Additional loan	**768 996**	433 431	**768 996**	433 431
– Repayments	**(1 700 000)**	–	**(1 700 000)**	–
– Capitalised interest	**219 703**	257 102	**219 703**	257 102
Repayable within 12 months	**(219 703)**	(259 529)	**(219 703)**	(259 529)
Capital	**–**	53 100	**–**	53 100
Capitalised borrowing cost	**(219 703)**	206 429	**(219 703)**	206 429
Total long-term balance	**(700 000)**	(1 631 004)	**(700 000)**	(1 631 004)

The R700 million is a long-term interest bearing facility granted by the Industrial Development Corporation Ltd (IDC) during the year. The loan has been fully drawn. During the year the IDC R1.7 billion loan, together with the capitalised interest was repaid, as part of the conversion transaction into equity.

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
30.2 Short-term interest-bearing facilities					
Total committed facility		**854 500**	800 000	**854 500**	800 000
Utilised		**(564 240)**	(795 000)	**(564 240)**	(795 000)
Available		**290 260**	5 000	**290 260**	5 000
Repayable within 12 months (current)					
– Opening balance		**1 062 965**	1 264 219	**1 062 965**	1 264 219
– Capitalised borrowing costs		**219 703**	206 428	**219 703**	206 428
– Long-term interest-bearing facilities		**–**	53 100	**–**	53 100
– Short-term interest-bearing facilities		**(718 428)**	(460 782)	**(718 428)**	(460 782)
Total short-term loans balance		**564 240**	1 062 965	**564 240**	1 062 965

The R855 million short-term interest bearing facilities were raised from various South African financial institutions. These loans are available for a maximum period of 12 months and are renewable annually.

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
30.3 Guarantees					
Total facility from banks		**570 000**	586 700	**570 000**	586 700
Utilised	33	**(563 385)**	(478 997)	**(563 385)**	(478 997)
Available		**6 615**	107 703	**6 615**	107 703
30.4 Letters of credit:					
Total facility from banks		**410 000**	410 000	**410 000**	410 000
Utilised		**(356 656)**	(262 916)	**(356 656)**	(262 916)
Available		**53 344**	147 084	**53 344**	147 084

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
31. COMMITMENTS				
Capital commitments				
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:				
Property, plant and equipment	**262 037**	445 063	**232 067**	445 063
Total capital commitments	**262 037**	445 063	**262 037**	445 063
Operating lease commitments				
The future minimum lease payments payable under non-cancellable leases are as follows:				
Payable not later than one year	**1 803**	1 792	**1 803**	1 792
Payable later than one year and not later than five years	**451**	2 240	**451**	2 240
	2 254	4 032	**2 254**	4 032

The lease for the head office premises in Midrand expires at the end of June 2017 and with no escalation of the lease payments.

		2016		2015	
	Notes	**Estimated fair value R'000**	**Carrying value R'000**	Estimated fair value R'000	Carrying value R'000
32. FINANCIAL INSTRUMENTS					
32.1 Financial instruments by category					
Group					
Financial assets					
The carrying amount and fair values of financial assets are as follows:					
Loans and receivables					
Environmental Rehabilitation Trust	9.3	**842**	**842**	767	767
Trade receivables	11	**726 695**	**726 695**	317 699	317 699
Other loans and receivables (excluding prepayments)	11	**126 003**	**126 003**	63 393	63 393
Cash and cash equivalents	13	**249 206**	**249 206**	219 058	219 058
At fair value through profit or loss					
Derivative financial instruments	12	**3 970**	**3 970**	2 333	2 333
Environmental Rehabilitation Trust investments	9.2	**168 883**	**168 883**	151 875	151 875
Total financial assets		**1 275 599**	**1 275 599**	755 125	755 125
Liabilities					
Financial liabilities at amortised cost					
Finance lease liability	18	**12 498**	**12 498**	14 331	14 331
Trade payables (including accrued expenses)	21	**1 174 421**	**1 174 421**	892 326	892 326
Other payables (excluding leave provision)	21	**1 611**	**1 611**	54 610	54 610
Long-term interest-bearing loan	30	**700 000**	**700 000**	1 631 004	1 631 004
Current portion on interest-bearing loans	30	**564 240**	**564 240**	1 062 965	1 062 965
At fair value through profit or loss					
Derivative financial instruments	12	**–**	**–**	33	33
Share buyback option	12	**5 706**	**5 706**	5 698	5 698
Total financial liabilities		**2 458 476**	**2 458 476**	3 660 967	3 660 967

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Financial instruments by category (continued)

Company

	Notes	2016 Estimated fair value R'000	2016 Carrying value R'000	2015 Estimated fair value R'000	2015 Carrying value R'000
Financial assets					
The carrying amount and fair values of financial assets are as follows:					
Loans and receivables					
Environmental Rehabilitation Trust	9.3	**842**	**842**	767	767
Trade receivables	11	**718 117**	**718 117**	320 409	320 409
Other loans and receivables (excluding prepayments)	11	**124 886**	**124 886**	50 758	50 758
Cash and cash equivalents	13	**238 434**	**238 434**	191 099	191 099
At fair value through profit or loss					
Derivative financial instruments	12	**3 970**	**3 970**	2 333	2 333
Environmental Rehabilitation Trust investments	9.2	**168 883**	**168 883**	151 875	151 875
Total financial assets		**1 255 131**	**1 255 131**	717 241	717 241
Liabilities					
Financial liabilities at amortised cost					
Finance lease liability	18	**12 498**	**12 498**	14 331	14 331
Trade payables (including accrued expenses)	21	**1 164 347**	**1 164 347**	885 080	885 080
Other payables (excluding leave provision)	21	**–**	**–**	42 075	42 075
Long-term interest-bearing loan	30	**700 000**	**700 000**	1 631 004	1 631 004
Current portion on interest-bearing loans	30	**564 240**	**564 240**	1 062 965	1 062 965
At fair value through profit or loss					
Derivative financial instruments	12	**–**	**–**	33	33
Total financial liabilities		**2 441 085**	**2 441 085**	3 635 488	3 635 488

The fair value of financial assets and liabilities is determined by reference to the quoted market price; otherwise the carrying value approximates their fair value. An analysis of financial assets and liabilities carried at fair value is set out below:

	Notes	GROUP 2016 R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Assets					
At fair value through profit or loss					
Derivative financial instruments	12	**–**	**3 970**	**–**	**3 970**
Environmental Rehabilitation Trust Investments	9.2	**1 021**	**160 684**	**7 178**	**168 883**
		1 021	**164 654**	**7 178**	**172 853**
Liabilities					
At fair value through profit or loss					
Share buyback option	12	**–**	**–**	**(5 706)**	**(5 706)**
		–	**–**	**(5 706)**	**(5 706)**

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for the year ended 31 March 2016

	Notes	GROUP			
		2015			
		R'000	R'000	R'000	R'000
		Level 1	Level 2	Level 3	Total
32. FINANCIAL INSTRUMENTS (CONTINUED)					
32.1 Financial instruments by category (continued)					
Assets					
At fair value through profit or loss					
Derivative financial instruments	12	–	2 333	–	2 333
Environmental Rehabilitation Trust Investments	9.2	1 119	150 756	–	151 875
		1 119	153 089	–	154 208
Liabilities					
At fair value through profit or loss					
Derivative financial instruments	12	–	(33)	–	(33)
Share buyback option	12	–	–	(5 698)	(5 698)
		–	(33)	(5 698)	(5 731)

Financial risk management

The principal financial risks arising from the Group activities are credit risk, liquidity risk and those related to market risk (price risk, currency risk and interest rate 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 Group uses derivative financial instruments to hedge certain risk exposures. The Group's financial instruments are set out above. There are no transfers between levels.

(a) Financial Instruments in Level 1

The fair value of instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily available from a regulatory agency and they represent actual market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the Bombay Stock exchange current bid price. Instruments included in Level 1 comprise primarily Bombay Stock Exchange equity investments classified as available for sale.

These financial instruments are valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes exchange-traded derivatives.

(b) Financial Instruments in Level 2

The fair value of instruments that are not traded in active markets is determined by using valuation techniques at the reporting date. These techniques maximise use of observable market data and rely less on entity specific estimates. Valuation techniques used to value instruments in this level include:

– The fair value of forward exchange contracts determined using forward exchange rates at the reporting date.

– Quoted market prices or dealer quotes for similar instruments.

These financial instruments are valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

(c) Financial Instruments in Level 3

Inputs for the assets or liability that are not based on observable market data.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Financial instruments by category (continued)

The following represents the changes in Level 3 instrument at 31 March 2016:

	GROUP	
	2016 R'000	2015 R'000
Opening balance	**5 698**	5 478
Gain in profit or loss	**8**	220
Closing balance	**5 706**	5 698

The total gain/(loss) for the period included in profit or loss for liabilities held at the end of the reporting period is R8 000 (2015: R220 000 loss).

The share buyback option has been valued using the Monte Carlo Option Pricing model. The following are the key assumptions applied in the model:

	GROUP	
	2016	2015
Strike price	**6 000 000**	6 000 000
Spot price	**8 496 518**	8 496 518
Discount rate	**8.05%**	7.88%
Dividend Yield	**0.00%**	0.00%
Annualised expected volatility	**41.81%**	41.88%

The volatility indicator used in the calculation was based on the market prices of globally listed proxy companies that are in a similar industry and the changes in their share prices over the last 10 years was used to determine the volatility in their share prices.

Changes in the key inputs to a different amount do not result in a significantly higher or lower fair value measurement.

32.2 Market risk management

32.2.1 Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Foreign exchange risk arises from future commercial transactions or recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Approximately 60% of the foreign-denominated revenue transactions are covered by forward exchange contracts and zero-cost Dollar option contracts. These contracts are entered into to cover export earnings of which the proceeds are not yet receivable.

The import of raw materials amounting to approximately a third of foreign-denominated revenue transactions is regarded as a natural hedge, which is considered sufficient to mitigate the remaining risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Market risk management

32.2.1 Foreign currency risk management (continued)

Details of the contracts are as follows:

	GROUP		COMPANY	
	2016	2015	**2016**	2015
Forward exchange contracts				
Denominated in Euros	**934**	934	**–**	934
Denominated in United States Dollars	**1 000**	1 000	**1 000**	1 000
Average exchange rate as per Euro contract	**R 14.29**	R 14.29	**R 0.0**	R 14.29
Average exchange rate as per USD contract	**11.90**	11.90	**14.86**	11.90
Spot rate at year end R/Euro	**R 13.11**	13.11	**R 0.0**	13.11
Spot rate at year end R/US$	**R 12.19**	R 12.19	**R 14.81**	R 12.19
The following receivable and payable balances are exposed to exchange rate movements:				
Receivables (less than one year)				
US$ denominated balances at year end – US$'000	**24 418**	11 986	**24 418**	11 986
Rand equivalent balances at year end – R'000	**361 602**	146 107	**361 602**	146 107
Payables (less than one year)				
US$ denominated balances at year end – US$'000	**22 512**	14 723	**22 512**	14 723
Rand equivalent balances at year end – R'000	**333 375**	179 473	**333 375**	179 473
Net (payables)/receivables rand equivalent	**28 228**	(33 366)	**28 228**	(33 366)

At 31 March 2016 if the Rand had weakened by 10% against the US Dollar with all other variables held constant, the profit after taxation for the Group for the year would have been R3 million higher (2015: R2 million lower); conversely, if the Rand had strengthened by 10% against the US Dollar with all other variables held constant, the profit after taxation for the group would have been R3 million lower (2015: R2 million higher).

This sensitivity analysis considers the impact of a change in the Rand versus US Dollar exchange rate on the translation of US Dollar denominated trade receivables and trade payables.

32.2.2 Interest rate risk management

As part of an ongoing restructuring of the borrowing mix and interest rate characteristics of borrowings, the Group restructures funding of operating capital as appropriate. The Group is exposed to cash flow interest rate risk in respect of cash and cash equivalents that earn interest at a variable rate and short and long-term loans.

The Group invests cash funds on call and in fixed short-term interest-bearing deposits. Interest on these deposits is linked to the prime interest rate.

The Group secured R3.9 billion (2015: R2.5 billion) worth of borrowing facilities during the year. The Group borrows funds on variable contract basis. The utilised facilities attracted interest linked to South African prime rate and Jibar rate.

		GROUP		COMPANY	
	Notes	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Cash and cash equivalents	13	**249 206**	219 058	**238 434**	191 099
Long-term interest-bearing loan	30	**(700 000)**	(1 631 004)	**(700 000)**	(1 631 004)
Short-term interest-bearing loan	30	**(564 240)**	(1 062 965)	**(564 240)**	(1 062 965)
Net debt		**(1 015 034)**	(2 474 911)	**(1 025 806)**	(2 502 870)

At 31 March 2016 if interest rates on financial instruments had been 1% lower with all other variables remaining constant, the profit after taxation for the year would have been R10 million higher (2015: R16 million higher); conversely, if interest rates had been 1% higher with all other variables remaining constant, the profit after taxation for the year would have been R10 million (2015: R16 million lower).

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Market risk management

32.2.3 Price risk management

Commodity and share price risk

Changes in phosphoric acid fertiliser, sulphur and ammonia prices may have an adverse effect on current or future earnings. The phosphoric acid, fertiliser, sulphur and ammonia markets are predominantly priced in US Dollar, which further exposes the Group to the risk that fluctuations in the SA Rand/US Dollar may also have an adverse effect on current or future earnings.

Some of the risk of changes in the price of these commodities is hedged by entering into fixed contracts with customers and suppliers and derivative option contracts. As at 31 March 2016 and 31 March 2015, the Group did not hold any commodity-based financial instruments.

The risk associated with listed equity investments is the change in equity prices resulting in changes in the fair values of the investments. Unit trusts and other investments (refer to note 8) are actively managed by reputable fund managers and are held in conservative portfolios, which guarantees return of the capital amount invested.

		GROUP		COMPANY	
	Notes	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
Listed investments and Unit Trusts					
Fair value at 31 March		**168 883**	151 875	**168 883**	151 875
Listed Investments	9.2	**8 199**	1 119	**8 199**	1 119
Unit Trust	9.2	**160 684**	150 756	**160 684**	150 756

The equity investments are listed on the JSE in South Africa (Sanlam and Old Mutual shares). A 5% decrease in the share index at the reporting date, with all other variables held constant, would have decreased other comprehensive income by R51 000 (2015: R56 000); conversely, a 5% increase in the share index at the reporting date, with all other variables held constant, would have increased other comprehensive income by R51 000 (2014: R56 000).

The Environmental Rehabilitation Trust holds unit trusts. The unit trust portfolio for these investments is invested in equity (19%), property (3%), hedge funds (11%), bonds (25%), offshore (15%), multi assets (12%) and money market and cash (16%). A 5% decrease in the quoted price at the reporting date, with all other variables held constant, would have decreased profit before taxation by R8 million (2015: R8 million); conversely, a 5% increase in the quoted price at the reporting date, with all other variables held constant, would have increased profit before taxation by R8 million (2015: R8 million).

32.3 Credit risk management

Credit risk arises from cash and cash equivalents, derivative financial instruments and outstanding receivables.

The Group limits its investments and deposits to a maximum of R500 million per financial institution with BBB+ rating by Fitch, and R200 million per financial institution with rating of BBB-. Increase in such limits is subject to approval by the Board of Directors. Surplus funds available on transactional bank accounts are deposited in short-term high interest yielding investments.

The Group manages credit risk on accounts receivable by fixing payment terms on open accounts and selling on letters of credit to foreign customers. Stringent credit assessments are employed before allowing credit sales with customers. At year-end customers are assessed individually for impairment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Credit risk management (continued)

Recoverability for the outstanding amount can be analysed as follows:

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Trade receivables					
Fully performing					
– Outstanding for less than 60 days		**722 542**	273 214	**722 542**	275 925
– Outstanding for more than 60 days but less than 120 days		**10 377**	29 097	**10 377**	29 097
Past due and not impaired – Local debtors					
– Outstanding for more than 120 days		**10 885**	15 388	**10 885**	15 387
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		**–**	48 585	**–**	47 940
Total trade receivables	11	**743 804**	366 284	**743 804**	368 349
Other receivables					
Fully performing					
– Outstanding for less than 60 days		**126 003**	63 393	**124 885**	50 758
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		**–**	51 935	**–**	51 935
Total other receivables	11	**126 003**	115 328	**124 885**	102 693
Major foreign debtors – Account balance					
Gujarat		**110 074**	–	**110 074**	–
Crosscon Resources		**96 040**	–	**96 040**	–
Coromandel		**72 927**	–	**72 927**	–
Navitrade INC		**28 539**	69 085	**28 539**	69 085
Sun International		**–**	53 893	**–**	53 893
Trade drive		**–**	23 638	**–**	23 638
Major foreign debtors		**307 580**	146 616	**307 580**	146 616
Cash and cash equivalents on hand	13	**249 206**	219 058	**238 434**	191 099

All major foreign debtors have balances outstanding for less than 60 days.

The Group does not hold any collateral. It, however, has ceded a portion of its debtors book as collateral for a borrowing facility of R450 million. No contracts that were past due have been renegotiated. Maximum exposure to credit risk is in the carrying amount of all financial assets.

32.4 Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk arises from existing obligations associated with the industry and the requirements to raise funds in order to meet these obligations. The Group manages liquidity by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are available if necessary. The Group secured committed borrowing facilities of R3.9 billion. R1.6 billion was utilised at 31 March 2016. The Group negotiates short-term general borrowing facilities annually with approved banks. R855 million of the total short-term borrowing facility was committed during the year for 12 months.

The long-term obligations include R700 million loan from the parent company, the IDC. There is no security or collateral written against the IDC loan. The loan is repayable bi-annually in eight equal instalments. The first instalment is payable in November 2017.

The Group has written open ended guarantees with the approved banks in favour of various beneficiaries for operating and compliance reasons. (Refer to note 33).

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Liquidity risk management (continued)

The short-term obligations mainly include amounts payable to the trade creditors and derivative liability instruments. The derivative instrument obligations are hedged by underlying transactions. Hedge accounting is not applied by the Group. Current year's trade payables can be analysed as follows:

	Notes	GROUP		COMPANY	
		2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Trade payables					
– Due in less than 60 days		**618 003**	492 925	**608 463**	486 216
– Due in more than 60 days but less than 120 days		**15 210**	11 845	**15 210**	11 845
– Due in more than 120 days		**59 917**	36 992	**59 917**	36 977
	21	**693 130**	541 762	**683 590**	535 038
Other payables					
– Due in less than 60 days		**481 146**	350 564	**480 612**	350 042
– Sundry payables due in less than 60 days		**1 107**	54 610	**–**	42 075
Trade and other payables (excluding leave provision)	21	**1 175 382**	946 936	**1 164 202**	927 155
Derivative financial instrument	12	**–**	33	**–**	33
Long-term interest-bearing loan	30	**700 000**	1 631 004	**700 000**	1 631 004
Short-term interest-bearing loan	30	**564 240**	1 062 965	**564 240**	1 062 965
Finance lease liability	18	**12 498**	14 331	**12 498**	14 331
Total		**2 452 119**	3 655 269	**2 440 938**	3 635 488

Maturity and settlement dates for the derivative financial instruments and the short-term loan are within 12 months and the long-term loan is within 60 months. The lease liability has 10 years remaining as at March 2016.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Less than 3 months R'000	**3 – 12 months R'000**	**1 – 5 years R'000**	**Over 5 years R'000**
At 31 March 2016				
Derivative financial instrument	**3 970**	**–**	**–**	**–**
Long-term interest-bearing loan	**44 269**	**63 000**	**1 120 000**	**–**
Short-term interest-bearing loan	**41 360**	**243 846**	**237 940**	**275 600**
Finance lease liability	**906**	**2 717**	**15 018**	**5 002**
At 31 March 2015				
Derivative financial instrument	33	–	–	–
Long-term interest-bearing loan	3 150	85 035	1 965 047	291 698
Short-term interest-bearing loan	5 286	58 750	293 750	798 436
Finance lease liability	2 329	4 173	7 097	5 401

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for the year ended 31 March 2016

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes share capital and share premium.

In order to maintain the capital structure, the Group may issue new shares, adjust dividend amounts payable to shareholders, or return capital to shareholders.

The Group's strategy, which was unchanged was to maintain the gearing ratio of 20% to 30%. The gearing ratios are as follows:

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Total borrowings	30	**1 264 240**	2 693 969	**1 264 240**	2 693 969
Less: Subordinated borrowings		**–**	(1 631 004)	**–**	(1 631 004)
Less: Cash and cash equivalents	13	**(249 206)**	(219 058)	**(238 434)**	(191 099)
Net debt		**1 015 034**	843 907	**1 025 806**	871 866
Total equity		**4 812 666**	3 254 476	**4 705 590**	3 145 864
Subordinated borrowings		**–**	1 631 004	**–**	1 631 004
Total capital		**5 827 700**	5 729 387	**5 731 396**	5 648 734
Gearing ratio		**17%**	15%	**17%**	15%

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Share capital		**9 158**	9 158	**9 158**	9 158
Class B share capital		**2 176 804**	–	**2 176 804**	–
Share premium		**132 013**	132 013	**132 013**	132 013
Capital	15	**2 317 975**	141 171	**2 317 975**	141 171

During the year, the Company issued 2 177 class B shares at R1 million per share. These shares have preferential dividend rights. The Company is not subject to externally imposed capital requirements.

33. GUARANTEES

Guarantees issued by the Group to various beneficiaries amount to R563 million (2015: R521 million).

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Details and beneficiary				
Mine rehabilitation – Department of Mineral Resources	**495 590**	455 590	**495 590**	455 590
Rail transport of phosphate rock and granular fertiliser – Transnet Ltd	**25 859**	25 859	**25 859**	25 859
Electricity – Eskom Ltd	**17 496**	17 496	**17 496**	17 496
Water and electricity supply – Richards Bay Transitional Local Council	**12 432**	12 432	**12 432**	12 432
Mozambique Port Development Council	**11 107**	9 084	**11 107**	9 084
Various ZAR denominated guarantees	**901**	901	**901**	901
Total	**563 384**	521 362	**563 384**	521 362

Refer to the Directors' report on responsibilities and guarantees in respect of the mine rehabilitation.

34. GROUP SEGMENTAL REPORTING

34.1 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business primarily from a product perspective. The products are segmented into phosphate rock and magnetite (Phalaborwa) and phosphoric acid, granular fertiliser and NPK (Richards Bay).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories,trade and other receivables, and cash and cash equivalents. Segment liabilities comprise of borrowings, trade and other payables, and provisions.

Capital expenditure comprises additions to property, plant and equipment (refer to note 4) and intangible assets (refer to note 5).

	Phalaborwa		Richards Bay			
	Phosphate rock 2016 R'000	**Magnetite 2016 R'000**	**Phosphoric acid 2016 R'000**	**Granular 2016 R'000**	**NPK 2016 R'000**	**Total 2016 R'000**
Total segment revenue	**3 893 803**	**396 258**	**2 155 145**	**1 857 823**	**53 708**	**8 356 738**
Inter-segment revenue	**(2 437 189)**	**–**	**–**	**–**	**(5 542)**	**(2 442 731)**
Revenue from external customers[1]	**1 456 614**	**396 258**	**2 155 145**	**1 857 823**	**48 166**	**5 914 006**
Earnings before interest and tax (EBIT)	**982 727**	**102 767**	**(969 956)**	**–**	**(5 178)**	**110 360**
Depreciation and amortisation	**217 793**	**–**	**129 581**	**–**	**218**	**347 592**
Reportable segment assets	**4 646 942**	**–**	**3 861 263**	**–**	**49 571**	**8 557 776**
Capital expenditure for reportable segment non-current assets	**174 437**	**–**	**258 904**	**–**	**–**	**433 341**
Reportable segment liabilities	**1 164 534**	**–**	**2 242 407**	**–**	**1 976**	**3 408 917**

	Phosphate rock 2015 R'000	Phalaborwa Magnetite 2015 R'000	Phosphoric acid 2015 R'000	Granular 2015 R'000	Richards Bay NPK 2015 R'000	Total 2015 R'000
Total segment revenue	3 237 177	718 975	1 946 516	2 032 098	97 237	8 032 003
Inter-segment revenue	(2 702 958)	–	–	–	(34 778)	(2 737 736)
Revenue from external customers	534 219	718 975	1 946 516	2 032 098	62 459	5 294 267
Earnings before interest and tax (EBIT)	570 801	360 231	(1 373 636)	–	(7 893)	(450 497)
Depreciation and amortisation	188 269	–	114 853	–	218	303 340
Impairment charge	–	–	–	–		–
Reportable segment assets	4 716 684	–	3 035 956	–	81 031	7 833 671
Capital expenditure for reportable segment non-current assets	324 841	–	76 956	–	–	401 797
Reportable segment liabilities	1 124 439	–	3 013 422	–	8 163	4 146 024

[1] *Revenue from unreported segments amounts to R2.4 million (2015: R2.7 million)*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

34. GROUP SEGMENTAL REPORTING (CONTINUED)

34.2 Reconciliation of reportable segment EBIT to Group profit before tax is provided as follows:

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax (EBIT). Segment EBIT equals segment revenue less segment expenses, which include costs of sales and other operating costs. This measurement basis excludes the effects of allocated corporate expenditure. Interest income and expenditure, as well as foreign exchange gains and losses, are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that of the statements of comprehensive income and there were no reconciling items. Sales of phosphate rock between operating segments (Rock and Acid Divisions; and Acid and NPK Divisions) are carried out at arm's length.

	GROUP	
	2016 R'000	2015 R'000
Segmental earnings before interest and tax (EBIT)	**110 360**	(450 497)
Net corporate and subsidiaries expenses	**(402 870)**	29 362
Finance income	**17 782**	29 748
Finance costs	**(307 355)**	(189 041)
Net foreign exchange losses	**(130 152)**	(26 413)
Group profit before tax	**(712 235)**	(606 841)

34.3 Reportable segment assets are reconciled to total Group assets as follows:

The amounts provided to the Executive Committee with respect to the total assets are measured in a manner consistent with that of the financial statements. Derivative financial instruments held by the Group are not considered to be segment assets but rather are managed by the central treasury function.

	GROUP	
	2016 R'000	2015 R'000
Segment assets for reportable segments	**8 557 776**	7 833 671
Unallocated:		
Derivative financial instruments	**3 970**	2 333
Other assets	**41 430**	54 129
Total Group assets per the statements of financial position	**8 603 176**	7 890 133

34.4 Reportable segment liabilities are reconciled to total liabilities as follows:

The amounts provided to the Executive Committee with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Deferred tax and derivative financial instruments are not considered to be segment assets but rather are managed by the central treasury function.

	GROUP	
	2016 R'000	2015 R'000
Segment liabilities for reportable segments	**3 408 917**	4 146 024
Unallocated:		
Deferred tax	**283 890**	428 271
Corporate and subsidiary liabilities	**47 711**	61 362
Total Group liabilities per the statement of financial position	**3 740 518**	4 635 657

34. GROUP SEGMENTAL REPORTING (CONTINUED)

34.5 Geographical information

	GROUP 2016 R'000	GROUP 2015 R'000
Geographical information – Revenues[1]		
South Africa	**3 547 148**	3 643 830
India	**554 991**	300 711
Europe	**352 495**	509 002
Middle East	**278 140**	101 748
South America	**177 432**	–
Far East	**–**	593 568
Other Asia	**85 723**	–
Australia	**–**	56 163
Other[2]	**922 131**	56 163
Total external revenues	**5 918 060**	5 296 959

[1] Revenues are attributable to countries on the basis of customer location.
[2] This includes revenue generated by sales to customers based in Zambia and other countries.

The Group does not have non-current assets in any country other than its country of domicile (South Africa). Revenues of approximately R756 million (2015: R752 million) are derived from three external customers. These revenues are attributable to the Richards Bay segment.

35. RELATED PARTY TRANSACTIONS

35.1 Subsidiaries (refer to note 6)

Subsidiaries (refer to note 6)	Nature of business	Ownership Interest
Indian Ocean Fertilizer (Pty) Ltd	The current Richards Bay operational segment of Foskor (Pty) Ltd was previously known as Indian Ocean Fertilizer (Pty) Ltd. Currently the equity value of the Company is the value of its ordinary and preference share capital which is now wholly owned by Foskor (Pty) Ltd.	100%
Phosfert Marine (Pty) Ltd	The Company's objective is clearing and forwarding agents that provides services to Foskor and other clients.	100%
Phosphate Shipping (Pty) Ltd	The Company's objective is ship brokerage whereby they earn commission from ship-owners from whom Foskor and other clients charter vessels.	100%
Inter Minerals Holdings AG (Switzerland)	The Company is currently dormant and has no active operations.	100%
Foskor Social Responsibility Trust	The Trust was established in accordance with section 10(1) (cP) of the Income Tax Act of 1962. The objective of the Trust is for the benefit of widows, widowers, orphans and social responsibility projects in and around Richards Bay.	No shares issued by the Trust
IOF Property Trust	The IOF Property Trust was registered during the 1998 financial year in terms of the Trust Property Control Act of 1988. The principal purpose of the Trust is to acquire properties in Esikhawini, and to make these properties available for purchase by the employees of Foskor Richards Bay or any other qualified person.	No shares issued by the Trust
Verdino 174 (Pty) Ltd	The Company is engaged in the storage of fertiliser products.	100%

The subsidiaries' place of business and country of incorporation is South Africa.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2016

		Nature of business	Ownership Interest
35.	**RELATED-PARTY TRANSACTIONS (CONTINUED)**		
35.2	**Joint Venture (refer to note 6)**		
	Palfos Aviation (Pty) Ltd	The Company's major asset, an aircraft, was sold in June 2004. The Company is currently in the process of being deregistered.	50%

		Nature of business	Share of profit R'000	Ownership Interest
35.3	**Associate (refer to note 7)**			
	Foskor Zirconia (Pty) Ltd	Manufacturing of monoclinic and calcia stabilised Zirconia	3 714	29.9%

Foskor Zirconia's place of business and country of incorporation is South Africa

Directors' emoluments

The following table records the emoluments payable to the Directors during the period:

35.4 Non-executive Directors' remuneration	Appointed with effect from	Resigned with effect from	Directors' fees 2016	Directors' fees 2015
MG Qhena (Chairman)[1]			**483 480**	549 380
RJ Gaveni[1]			**235 091**	274 080
N Nika			**229 490**	300 200
DS Phaho			**217 290**	270 800
N Medupe			**201 690**	134 480
G van Wyk[1]			**187 667**	332 980
L Sennelo[2]	18 June 2015		**160 409**	–
VD Mazibuko[2]	18 June 2015		**150 560**	–
VS Sahney[3]	18 June 2015		**147 810**	–
J Barton			**145 630**	272 780
A Vellayan[4]			**98 540**	254 490
V Ravichandran[4]	18 June 2015		**49 270**	–
P Ngwenya[2]		31 March 2015	**6 790**	261 280
F Madavo		26 January 2015	**–**	142 290
T Grobbelaar[1]		28 February 2014	**–**	6 400
Total			**2 313 716**	2 799 160

[1] *IDC representatives*
[2] *Manyoro Consortium representatives*
[3] *Sun International representative*
[4] *CIL representatives*

35.5 Pension Fund

The Group has established a post-employment pension scheme, namely the Foskor Pension Fund, covering certain employees who were employed by the Company prior to 1995. For more details refer to note 20.

36. EVENTS AFTER THE REPORTING PERIOD

No material events have occurred between the date of these financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

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