ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

2018

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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 2018 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 IV) and approved by the Board.

MEMBERSHIP

The BARC was appointed by the Board of Directors in respect of the 2018 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 Bongiwe Mbomvu – Independent
- Ms Rebone Mabusela-Jonga – Manyora Consortium representative
- Mr Phakamile Mainganya – IDC representative

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:

- In respect of the External Auditor and the External Audit, the committee amongst other matters:
  - Appointed SizweNtsalubaGobodo Grant Thornton Incorporated and Ngubane & Company (Johannesburg) Incorporated as the external auditor for the financial year ended 31 March 2018, 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 amongst 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; and
  - 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.
- 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.

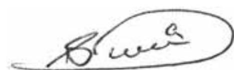
ANNUAL FINANCIAL STATEMENTS

Following the review by the Board Audit and Risk Committee of the annual financial statements of Foskor Proprietary Limited for the year ended 31 March 2018, 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 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 2018 for approval to the Foskor Proprietary Limited 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
29 June 2018

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

To the members of Foskor Proprietary Limited

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 2018, 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 29 June 2018 and are signed on its behalf by:

Mr U Khumalo
President/Chief Executive Officer

Mr JR Barton
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 2018 Foskor Proprietary 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
FOR THE YEAR ENDED 31 MARCH 2018

The directors have pleasure in presenting the annual financial statements of the Foskor Group for the year ended 31 March 2018.

NATURE OF BUSINESS

Foskor Proprietary Limited is a private company incorporated within South Africa. 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 70% 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 59% 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 22 to 25 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 4.9% increase from the previous year, due to increase in magnetite prices, phosphate rock export prices as well as granular sales prices. This was partly offset by negative exchange rate fluctuations as well as higher volumes available from the phosphate rock and granular production available for sale. This also led to a decrease in the EBIT loss from R1.2 billion in 2017 to R903 million in 2018. The Group net finance costs increased by 24% from R141 million in 2017 to R175 million in the current year. The Group net loss after tax decreased from R902 million to R779 million. The Group had a positive cash balance of R276 million (2017: R664 million) and a long-term interest-bearing loan balance of R956 million (2017: R630 million) and a short-term interest-bearing loan balance of R558 million (2017: R484 million). A detailed report on the Group's financial performance is contained on pages 56 to 67 of the Integrated Annual Report.

GENERAL REVIEW OF OPERATIONS

As at 31 March 2018, Foskor produced 2.14 million tons (2017: 1.69 million tons) of phosphate rock concentrate; 453 thousand tons (2017: 450 thousand tons) of phosphoric acid; and 357 thousand tons (2016: 324 thousand tons) of granular fertiliser (MAP/DAP). A detailed operational review of the Mining and Acid Divisions is contained in the report on pages 68 to 83 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 2017.

STRATEGICALLY IMPORTANT INVESTMENTS

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.

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 property damage for local and international cover. The deductible for local business interruption for Material and Property Damage is 30 days average daily value minimum R30 million (MD and BI combined). The deductible for international business interruption for Material and Property Damage is 30 days average daily value minimum R20 million (MD and BI combined). The insured value of the assets is R16.6 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 share capital as at 31 March 2018 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 453 class B and D shares during the year. These 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

No special resolution was passed during the financial year ended 31 March 2018.

LOANS BY AND TO THE FOSKOR GROUP

Foskor has a loan funding facility of R988 million with Industrial Development Corporation (IDC), which was drawn down for working capital and capital expenditure purposes. Foskor also has short-term overnight facilities of R680 million available from other commercial banks with R526 million utilised as at 31 March 2018.

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 is ending 30 June 2019. 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 eight years.

CAPITAL EXPENDITURE

Capital expenditure of R828 million 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 the Integrated Annual Report on pages 36 to 45.

CHANGES TO THE BOARD

Biographical details of directors currently serving on the Board are provided on pages 46 and 47 of the Integrated Annual Report.
Mr JR Barton was appointed as the Chairman of the Board on the 1 February 2018. Additional appointments to the board and Ms B Mbomvu, Mr P Mainganya and Mr S Subramanian was appointed to the Board on the 1 February 2018 and Ms R Mabusela-Jonga who was appointed to the Board on 5 October 2017.

Resignations to the Board include Ms L Sennelo who resigned on the 5 October 2017 and Mr N Medupe who resigned on the 31 December 2017. On 1 February 2017, Mr MG Qhena, Mr G van Wyk and Mr DS Phaho resigned.

PRESCRIBED OFFICERS

The executive directors and the executive managers are deemed to be prescribed officers of Foskor Proprietary Limited 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. The only exception is the Chief Financial Officer (CFO), who is seconded by the Industrial Development Corporation (IDC). 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)

Foskor employees (including certain 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 528 995 (2017: 528 995).

DIRECTORS' INTERESTS

The non-executive directors with the exception of Mr S Subramanian and Mr V Ravichandran of CIL and Mr VS Sahney of Sun International, have no interest in the Company.

INDEPENDENT AUDITORS

SizweNtsalubaGobodo Grant Thornton Incorporated and Ngubane & Company (Johannesburg) Incorporated have been appointed as auditors for the 31 March 2018 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 Friday, 29 June 2018.

REGISTERED ADDRESS

Block G, Riverview Office Park, Janadel Road, Midrand
PO Box 2494, Halfway House, 1685

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

To the shareholders of Foskor Proprietary Limited

Report on the Audit of the Consolidated and Separate Financial Statements

OPINION

We have audited the consolidated and separate financial statements of Foskor Proprietary Limited (the Group and Company) set out on pages 10 to 65, which comprise the statements of financial position as at 31 March 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Foskor Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, No.71 of 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of consolidated and separate financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED IT
Valuation of trade and other receivables	
Refer to note 11 of the consolidated financial statements. Valuation of trade and other receivables through the use of an allowance account for the impairment for doubtful debts is a complex area that required management to make significant assumptions on customer payment behaviour and other relevant risk characteristics when assessing historical information and estimating the level and timing of expected future cash flows. The slow rate of collections, application of management judgement and the time and effort expended on this area made this a key audit area.	Our audit procedures were designed to test the adequacy of the provision for doubtful debts and they included: • Review of the legal documents and engagement with the legal experts to obtain an opinion of the recoverability of disputed debts; • Performing tests of detail on the debtors age analysis; • Assessing the reasonability of the doubtful debt provision; • Performing subsequent receipts test to observe if any payments were received after year-end from the debtors; • Performing a positive debtor's confirmation to material and long outstanding debtors; and • Testing management's controls over valuation of debtors. We have also considered the adequacy of the Group's disclosures in respect of the allowance for impairment of trade debtors.
Provision for environmental rehabilitation	
Refer to note 19 of the consolidated financial statements. Given the nature of its operations, Foskor has obligations to close, restore and rehabilitate its sites due to its mining and production processes. The key judgements and assumptions made by management, with the assistance of an independent expert, in estimating the future environmental rehabilitation costs are based on the Foskor's environmental management plans that are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation. In addition, discount rates, inflation rates and discount periods as per the expected life-of-mine plan were used in determining the provision for environmental rehabilitation. Due to the inherent uncertainty in estimating future environmental rehabilitation costs the valuation of the provision for environmental rehabilitation was considered a key audit matter.	With the support of our own environmental specialist, we performed a detailed assessment of the provision for environmental rehabilitation. Our audit procedures included: • Assessing the professional competence and objectivity of management's independent expert; • Challenging management's and the independent expert's assumptions by comparing to external data sources and our own expectations based on our knowledge and experience of the industry; • Assessing whether Foskor's environmental rehabilitation provision is aligned to the Foskor's environmental management plans and the applicable laws and regulations; and • Evaluating whether the accounting treatment applied in determining the provision for environmental rehabilitation and the related disclosures are in accordance with the applicable financial reporting framework.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED IT
Impairment of assets	
Refer to notes 2 and 4 of the consolidated financial statements. In the current year the primary impairment indicators were the reduction in selling prices of finished goods and the decrease in production which impacts the profitability of the CGU. The Group's Management analyses the recoverable amount of the Group's cash-generating unit (CGU). The goal of this analysis was to determine whether it is necessary to recognise an impairment loss. Management applied significant judgements and assumptions in determining whether the CGU is impaired. In making this judgement, management evaluates the impairment indicators that could exist at year-end including significant decreases in the selling prices of finished goods, significant decreases in sales volumes and changes in the international export regulatory environment. Key inputs considered in the determination of impairment of the CGUs include the following: • Revenue growth (including market share and volume growth); • Operating margins; • Exchange rate fluctuations; and • The discount rates applied to the projected future cash flows. Due to the significant judgement applied by management and the work effort from the audit team, the impairment of cash-generating unit at Foskor was considered a key audit matter.	In this area our principal audit procedures included testing the controls surrounding impairment analysis and evaluating management's assumptions which were used in assessing the recoverability of assets, in particular, revenue and cash flow projections; and discount rates. We also performed sensitivity analysis over the asset models, to assess the level of sensitivity to key assumptions and focus our work in those areas. Our critical analysis included the following: • Holding discussions with relevant management personnel and challenging management's statements by reviewing analyst commentaries, consensus forecasts and retrospective assessment of the accuracy of their projections. • Assessing the objectivity, competence and capabilities of the experts used, obtain an understanding of the work performed by them, and evaluate the appropriateness of their work. • Assessing the reasonableness of the key assumptions by reference to external forecasts principally by comparing projected commodity prices against external analyst reports, both regionally and globally. • Assessing the reasonableness of the Group's resource price against a range of acceptable prices for comparable transactions in emerging markets. • Critically assessing the appropriateness of the discount rate used by reference to a range of acceptable discount rates derived from market data. • Comparing the projected free cash flows forecasted to the historical data. • Comparing the capital expenditure projections to existing planned works and the capital development work necessary. We also assessed the adequacy of related disclosures in the Group's financial statements.
Going concern assessment	
Foskor's financial statements are prepared on the going-concern basis. The calculations are based on estimates of future performance and are fundamental to assessing the suitability of the basis adopted for the preparation of the financial statements. The following key judgement areas relating to future performance were considered by management in determining the appropriateness of the going-concern basis: • Achieving budgets and forecasts for future profitability and liquidity of the business; and • The availability of funding. Note 3 of the consolidated financial statements discloses events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. We consider this to be a matter of most significance to the current year's audit due to the significant judgements made by management in assessing the applicability of the going-concern basis in the preparation of the financial statements, thus a key audit matter.	We challenged management's assumptions used to support the preparation of the financial statements on the going-concern basis. Our assessment included the following audit work: • Obtaining management's going concern assumptions. We held discussions with management relating to the forecasts prepared and the processes that go into evaluating the going concern assumptions. • Evaluating the impact of the changes in Rand/US dollar exchange rate, the volatility of sales prices and production inputs on management's going concern evaluations. • Evaluating whether the assumptions are realistic and achievable and consistent with the external and/or internal environment and other matters identified in the audit. • Evaluating management's assessment of the entity's compliance with debt covenants. • Assessing the reasonableness of management's budgets/forecasts and evaluate whether key assumptions are within a reasonable range. • Challenging management's plans for future actions, and tested the reliability and relevance of data used. We draw attention to note 3 in the financial statements, which discloses the Company's ability to continue as a going concern, however, no material uncertainty exists. Our audit opinion is not modified in respect of this matter.

OTHER MATTERS

The financial statements of Foskor Proprietary Limited (the Group and Company) for the year ended 31 March 2017 were audited by Ngubane & Company (Johannesburg) Incorporated and another auditor who expressed an unmodified opinion on those statements on 15 August 2017.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Companies Act of South Africa, No.71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, No.71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

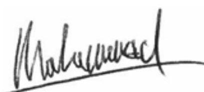
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ngubane and Co (Jhb) Incorporated and SizweNtsalubaGobodo Grant Thornton Incorporated have been the auditors of Foskor Proprietary Limited for two years and one year respectively.

Ngubane & Company (Johannesburg) Incorporated
Nomathamsanqa Ashom
Chartered Accountants (SA)
Registered Auditor

Ngubane House
1 Superior Road; Off 16th Road
Midrand
1685

30 July 2018



SizweNtsalubaGobodo Grant Thornton Incorporated
Mohammed Hafiz
Chartered Accountants (SA)
Registered Auditor

20 Morris Street East
Woodmead
2191

30 July 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**5 187 556**	5 132 422	**5 171 636**	5 115 696
Intangible assets	5	**7 218**	22 303	**7 218**	22 303
Investments in subsidiaries	6	**–**	–	**116 007**	116 007
Loans to subsidiaries	6	**–**	–	**14 861**	13 182
Investment in joint venture	7	**25**	25	**25**	25
Investment in associate	8	**–**	4 589	**9 912**	9 912
Financial investments	9	**231 255**	200 658	**231 255**	200 658
Deferred income tax asset	14	**316 956**	142 003	**316 298**	141 088
		5 743 010	5 502 000	**5 867 212**	5 618 871
Current assets					
Inventories	10	**1 169 220**	1 576 576	**1 169 220**	1 576 576
Trade and other receivables	11	**1 105 236**	686 686	**1 099 096**	674 111
Derivative financial instruments	12	**34 096**	1 801	**34 096**	1 801
Cash and cash equivalents	13	**275 956**	664 214	**270 978**	654 473
		2 584 508	2 929 277	**2 573 390**	2 906 961
Total assets		**8 327 518**	8 431 277	**8 440 602**	8 525 832
EQUITY AND LIABILITIES					
Equity attributable to owners					
Share capital	15.1	**3 385 502**	3 015 962	**3 385 502**	3 015 962
Share premium	15.1	**132 013**	132 013	**132 013**	132 013
Retained earnings		**554 543**	1 337 324	**455 316**	1 233 953
Share-based payment reserve	17.1	**303 914**	303 914	**303 914**	303 914
Total equity		**4 375 972**	4 789 213	**4 276 745**	4 685 842
Liabilities					
Non-current liabilities					
Finance lease liability	18	**7 029**	8 852	**7 029**	8 852
Environmental rehabilitation liability	19.1	**1 006 977**	1 086 076	**1 096 977**	1 086 076
Employee share-based payment liability	17.2	**2 113**	25 772	**2 113**	25 772
Long-term interest-bearing loans	30	**956 419**	630 000	**956 419**	630 000
Retirement benefit obligations	20	**137 282**	129 776	**137 282**	129 776
		2 109 820	1 880 476	**2 109 820**	1 880 476
Current liabilities					
Trade and other payables	21	**1 218 564**	1 221 789	**1 214 556**	1 203 667
Loans from subsidiaries	6	**–**	–	**222 105**	221 616
Short-term interest-bearing loans	30	**558 292**	484 052	**558 292**	484 052
Current tax liability		**659**	419	**539**	539
Finance lease liability	18	**1 823**	1 823	**1 823**	1 823
Derivative financial instruments	12	**5 640**	7 304	**–**	1 643
Provisions	22	**56 748**	46 201	**56 722**	46 174
		1 841 726	1 761 588	**2 054 037**	1 959 514
Total liabilities		**3 951 546**	3 642 064	**4 163 857**	3 839 990
Total equity and liabilities		**8 327 518**	8 431 277	**8 440 602**	8 525 832

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Revenue		**5 892 981**	5 614 459	**5 892 109**	5 610 815
Cost of sales	24	**(5 125 175)**	(4 714 458)	**(5 122 361)**	(4 710 611)
Gross profit		**767 806**	900 001	**769 748**	900 204
Distribution costs	24	**(1 262 889)**	(1 323 971)	**(1 262 889)**	(1 323 971)
Administrative expenses	24	**(283 556)**	(313 150)	**(287 337)**	(313 429)
Gain on share-based payment	17.3	**23 659**	802	**23 659**	802
Impairment of assets	2(f)	**(229 000)**	(520 467)	**(229 000)**	(520 467)
Loss on disposal of property, plant and equipment	4	**(490)**	(22 730)	**(512)**	(22 730)
Other income	23	**81 609**	55 027	**83 119**	58 109
Operating loss before interest and tax		**(902 861)**	(1 224 488)	**(903 212)**	(1 221 482)
Finance income	26	**33 572**	22 041	**33 121**	21 331
Finance costs	26	**(208 703)**	(163 171)	**(208 703)**	(163 171)
Share of loss of investment in associate, net of tax	8	**(4 589)**	(1 519)	**–**	–
Net foreign exchange gain	27	**130 128**	40 250	**129 988**	40 304
Loss before taxation		**(952 453)**	(1 326 887)	**(948 806)**	(1 323 018)
Income tax	28	**173 302**	425 203	**173 799**	425 046
Loss for the year		**(779 151)**	(901 684)	**(775 007)**	(897 972)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligation, net of tax	28	**(3 630)**	(1 776)	**(3 630)**	(1 776)
Share of other comprehensive income of investment in associate, net of tax	8	**–**	15	**–**	–
Other comprehensive loss for the year, net of tax		**(3 630)**	(1 761)	**(3 630)**	(1 776)
Total comprehensive loss for the year		**(782 781)**	(903 445)	**(778 637)**	(899 748)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	SHARE CAPITAL R'000	SHARE PREMIUM R'000	RETAINED EARNINGS R'000	SHARE-BASED PAYMENT RESERVE R'000	TOTAL R'000
GROUP						
Balance at 31 March 2016		2 185 962	132 013	2 240 769	303 914	4 862 658
Class B shares issued		830 000	–	–	–	830 000
Loss for the year		–	–	(901 684)	–	(901 684)
Other comprehensive income						
Post-employment benefit obligation remeasurements	20	–	–	(2 467)	–	(2 467)
Deferred tax	14	–	–	691	–	691
Share of other comprehensive income of associate	8	–	–	15	–	15
Total comprehensive loss for the period		–	–	(903 445)	–	(903 445)
Balance at 31 March 2017		3 015 962	132 013	1 337 324	303 914	4 789 213
Class B and D shares issued	15.1	**369 540**	**–**	**–**	**–**	**369 540**
Loss for the year		**–**	**–**	**(779 151)**	**–**	**(779 151)**
Other comprehensive income						
Post-employment benefit obligation	20	**–**	**–**	**(5 041)**	**–**	**(5 041)**
Deferred tax	14	**–**	**–**	**1 411**	**–**	**1 411**
Total comprehensive loss for the period		**–**	**–**	**(782 781)**	**–**	**(782 781)**
Balance at 31 March 2018		**3 385 502**	**132 013**	**554 543**	**303 914**	**4 375 972**
COMPANY						
Balance at 31 March 2016		2 185 962	132 013	2 133 701	303 914	4 755 590
Class B shares issued		830 000	–	–	–	830 000
Loss for the year		–	–	(897 972)	–	(897 972)
Post-employment benefit obligation	20	–	–	(2 467)	–	(2 467)
Deferred tax on other reserves	14	–	–	691	–	691
Total comprehensive loss for the period		–	–	(899 748)	–	(899 748)
Balance at 31 March 2017		3 015 962	132 013	1 233 953	303 914	4 685 842
Class B and D shares issued	15.1	**369 540**	**–**	**–**	**–**	**369 540**
Loss for the year		**–**	**–**	**(775 007)**	**–**	**(775 007)**
Other comprehensive income						
Post-employment benefit obligation	20	**–**	**–**	**(5 041)**	**–**	**(5 041)**
Deferred tax	14	**–**	**–**	**1 411**	**–**	**1 411**
Total comprehensive loss for the period		**–**	**–**	**(778 637)**	**–**	**(778 637)**
Balance at 31 March 2018		**3 385 502**	**132 013**	**455 316**	**303 914**	**4 276 745**

The notes on pages 11 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash flows from operating activities					
Cash (utilised by)/generated from operations	29	**(343 675)**	336 396	**(337 134)**	332 788
Interest received	26	**28 393**	13 082	**27 942**	12 372
Interest paid	26	**(180 988)**	(141 890)	**(180 988)**	(141 894)
Foreign exchange gains		**96 169**	40 250	**96 050**	40 304
Income tax paid		**–**	(332)	**–**	–
Net cash (utilised by)/generated by operating activities		**(400 101)**	247 506	**(394 129)**	243 570
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(728 143)**	(504 286)	**(728 139)**	(503 706)
Purchase of intangible assets	5	**(2 995)**	(7 778)	**(2 995)**	(7 778)
Proceeds from sale of property, plant and equipment		**23**	3 552	**–**	3 552
Purchase of financial investment held in the environmental rehabilitation trust		**(10 372)**	(6 975)	**(10 372)**	(6 975)
Financial investment held in Richard's Bay Ammonium Consortium		**(15 046)**	–	**(15 046)**	–
Redemption of preference shares investment	9.3	**–**	5 000	**–**	5 000
Net cash used in investing activities		**(756 533)**	(510 487)	**(756 552)**	(514 907)
Cash flows from financing activities					
Repayment/Proceeds from loans from subsidiaries	6	**–**	–	**(1 190)**	4 387
Issuance of class B and D shares	15.1	**369 540**	830 000	**369 540**	830 000
Repayment of finance lease liability	18	**(1 823)**	(1 823)	**(1 823)**	(1 823)
Proceeds of long-term interest-bearing loans	30	**326 419**	–	**326 419**	–
Proceeds/Repayment of short-term interest-bearing loans	30	**74 240**	(150 188)	**74 240**	(150 188)
Net cash from financing activities		**768 376**	677 989	**767 186**	687 376
Net (decrease)/increase in cash and cash equivalents		**(388 258)**	415 008	**(383 495)**	416 039
Cash and cash equivalents at the beginning of the year		**664 214**	249 206	**654 473**	238 434
Cash and cash equivalents at the end of the year	13	**275 956**	664 214	**270 978**	654 473

The notes on pages 14 to 65 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

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

1.1.1 New standards, amendments and interpretations not yet effective

IFRS 2 (Amendment): Share-based payments (effective for financial periods beginning on or after 1 January 2018). The amendments cover three accounting areas:

- Measurement of cash-settled share-based payments;
- Classification of share-based payments settled net of tax withholdings; and
- Accounting for a modification of a share-based payment from cash-settled to equity-settled.

The amendment is not considered to have any impact on the Foskor Group.

IFRS 9: (New standard): Financial instruments (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 IAS 39 with a single model that has only three classification categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss; The classification and measurement of financial liabilities are the same as per IAS 39 barring two aspects; 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.*

Impairment methodology: Impairments in terms of IFRS 9 will be determined based on an expected credit loss model rather than the current incurred loss model required by IAS 39. Entities are required to recognise an allowance for either 12-month or lifetime expected credit losses (ECLs), depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the entity's best available forward-looking information. The aforementioned probability-weighted outcome must consider the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low.

The new standard is not considered to have a significant impact on the Foskor Group.

IFRS 15: (New standard): Revenue from contracts with customers (effective for financial periods beginning on or after 1 January 2018). Provides a framework that replaces existing revenue recognition guidance in IFRS. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time; and the model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Management is in the process of reviewing the requirements of the standard to assess the impact of the standard on the Group.

IFRS 16: (New standard): 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 17 *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. The new standard is not considered to have a significant impact on the Foskor Group.

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 deconsolidated 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 remeasured at the acquisition date fair value with the resulting gain or loss recognised in the income statement.

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 remeasured 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 contractually agree to the sharing of control in respect to:

The assets, and obligations of the joint arrangement 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 the equity method of accounting. Under this method, the investment in the jointly controlled entity 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 balance sheet 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 stand-alone accounts, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as well as certain essential plant spares that are held to minimise delays arising from plant breakdowns. All property, plant and equipment is stated at historical cost less 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 reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income 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 to 50 years
Mining assets	10 to 20 years
Plant, equipment and vehicles:	
Vehicles	4 to 5 years
Heavy plant and machinery	10 to 20 years
Equipment	8 to 10 years
Computer equipment	3 to 5 years
Factory equipment	4 to 5 years
Capital insurance spares	10 to 20 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, using the straight-line method, which does not exceed three years.

1.6 Impairment of 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 net book value of any goodwill allocated to cash-generating units and then to reduce the net book 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 Group 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. 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 by the effective rate 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.

1.8 Inventories

Spares and consumables
Spares and consumables 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 fully in other comprehensive income.

Past service 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 fully 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 substantially 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 establishes 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 liability method for all temporary differences arising between the net book 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 substantially 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 Rands (ZAR). The functional currency of the Group's operation 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 Rands 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 comprehensive income 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) 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.

(c) Royalty income

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

(d) Dividend income

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

1.16 Financial instruments

1.16.1 Financial instruments consist mainly of borrowings, 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 instruments 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 equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.16 Financial instruments continued

1.16.2 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 equity are transferred to profit or loss upon derecognition.

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.

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.

1.16.3 Recognition and derecognition

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

Financial assets are derecognised 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 derecognised when, and only when, they are extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expired.

1.16.4 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.

1.16.5 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 obligor;
- 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.

1.17 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 comprehensive income.

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.

1.18 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.

1.19 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 balance sheet date.

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

1.20 Share capital

Ordinary shares are classified as equity. Mandatorily 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 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.

1.21 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. Accounts payable 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 rate method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.22 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.

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

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 3.8% (2017: 6.10%) was assumed to increase the rehabilitation liability for the next 20 years, and a rate of 7.99% (2017: 8.84%) to discount that amount to present value. The assumed discount rate of 7.99% is a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the liability.

(e) Share-based payment

The valuation technique applied to determine the simulated company value is part of the Black Scholes Option Pricing Model. 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. The scheme's funder has not called an event of default, but neither has it made a commitment to extend the scheme, in the absence of the aforementioned, Foskor continues to recognise the share-based payment reserve.

(f) Impairment of assets

At each financial reporting date, the Group assesses whether there is any indication that non-financial assets are impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). The recoverable amount is the higher of fair value less costs to sell and value in use.

For impairment assessment, all the Group's assets are considered to be one cash-generating unit as more than 70% of the mine divisions output is utilised in the acid division.

The key assumptions contained within the business forecast and management's approach to determine appropriate values in use are set out below:

Commodity prices	Projections are determined through a combination of the views of the directors, market estimates and forecasts, market analysts' views and other sector information.
Production volume	Projections are based on the capacity and expected operational capabilities of the operations, the conversion ratios and the efficiencies of processing.
Production costs	Projections are based on current cost adjusted for expected cost changes as well as giving consideration to specific issues relevant to each cost element.
Capital expenditure requirements	Projections are based on the operational plan, which sets out the long-term plan of the business that is approved by the Board.
Foreign currency exchange rates	Average spot rates for the duration of each reporting period are applied. These are based on market analysts' views.
Reserves and resources of the Mine	Projections are determined through surveys performed by Competent Persons and the views of the directors of the Company.
Discount rate	The discount rate is based on a Weighted Average Cost of Capital (WACC) calculation using the Capital Asset Pricing Model grossed up to a pre-tax rate. The Group uses market consensus information and benchmarks to calculate an appropriate WACC.

For impairment testing, management projects cash flows over a period of 10 years (current year plus nine years). For the Mining Division, a life of mine assessment was conducted by independent external experts. Based on the current mining rates, the life of mine is estimated to be more than 100 years. Whilst the majority of mining licences are currently valid until 2037 the director's expect the licences will be renewed until beyond 2070.

In arriving at the value in use, cash flows expressed in real terms have been estimated and discounted using a discount rate of 16.2% (2017: 15.9%), giving consideration to the specific amount and timing of future cash flows as well as the risks specific to the operations. The reduction in the discount rate is attributable to the reduction in the risk-free rate and the average cost of debt. The risk-free rate reduced from 9.04% in 2017 to 8.28% in 2018 and the average cost of debt reduced from 12.1% to 10.1%, due to a reduction in prime lending rates and the change in composition of funding during the year. A terminal growth rate of 4.5%, down from 5% in 2017 was utilised for projecting cash flows beyond managements forecast period. This is in line with inflation trends in South Africa.

For the 2018 financial year, the Group's non-financial assets were impaired by R229 million (2017: R521 million) primarily due to revisions to underlying assumptions, with the main contributor being the strengthening of the exchange rate of the Rand against the US Dollar. The main product and raw material pricing is foreign currency based and the resultant conversion into local currency has a significant impact on operations. The net impact of the change in these assumptions led to the value in use declining below the carrying amount of the non-financial assets of the operations.

In preparing the financial statements, management has considered whether a reasonably possible change in the key assumptions on which management has based its determination of the recoverable amounts would cause the carrying amounts to exceed their recoverable amounts. A reasonably possible change in any of the assumptions used to value the business will lead to a reduction or increase in the impairment charge as follows:

Assumption	Movement in assumption	Reversal of impairment/ (Further impairment)
Product prices	+/- 5%	R1 776m/ (R1 811m)
ZAR:US Dollar exchange rate	+/- 5%	R1 710m/ (R1 737m)
Discount rate	-/+ 100 basis points	R983m/ (R759m)
Production	+/- 5%	R702m/ (R1 112m)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(g) Impairment – Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Reversal of impairment
At each financial reporting date, the Group assesses whether there is any indication that a previously recognised impairment loss has reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had the impairment not been made. A reversal of impairment is recognised as income immediately except for previously impaired goodwill which is never reversed.

3. GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Foskor's business has experienced financial constraints for a number of years caused by a range of external factors such as a persistently low product pricing environment, volatility in the ZAR/USD exchange rate, volatility in the costs of inputs utilised in the production process and the inflationary cost pressures of operating in the South African economy. These financial constraints have resulted in Foskor incurring a net loss of R513 million (2017: 902 million). In addition, Foskor had generated negative operating cash flows (R395 million) for the financial year 31 March 2018. The continuation of these financial constraints, into the future, may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the Group's ability to continue as a going concern, management have prepared cash flow forecasts for a period in excess of 12 months. Based on the cash flow forecasts positive cash flows are expected to be generated from operations for the 2019 financial year. Management have considered various scenarios to test the Group's resilience against operational risks including adverse movements in commodity prices and ZAR/USD exchange rate or a combination thereof and the failure to meet forecast production targets.

In order to mitigate these operational risks, management have secured additional working capital facilities of R706 million from Foskor's shareholders. Management will continue with its hedging policies to hedge the Group's exposure to the ZAR/USD volatility. The Group has sufficient long-term and short-term borrowing facilities in place to meet its future cash flow requirements. Improvements in commodity prices have been seen during the last quarter of the 2018 financial year with further improvements being seen in the first quarter of the 2019 financial year. The borrowing facilities together with the positive cash-generation forecast, provide an adequate buffer to cater for any downside risks in the forecast.

As a result of management's mitigation strategy detailed above, although conditions were identified, no material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern as at 31 March 2018.

Furthermore, the directors have considered the solvency and liquidity requirements of the Company's Act, 2008.

Foskor's total assets at March 2018 are R8.3 billion and its total liabilities are R4.0 billion, a surplus of R4.4 billion. The net asset position for the past few years is as follows:

(R'm)	2019 Forecast	2018	2017	2016	2015
Total assets	9 283	8 328	8 431	8 603	7 890
Total liabilities	4 503	3 952	3 642	3 741	4 636
Net assets	4 780	4 376	4 789	4 862	3 254

The current assets of Foskor at 31 March 2018 is R2.6 billion, whilst current liabilities are R1.8 billion. This indicates that the there is sufficient current assets to meet the current liabilities. The table below reflects the trend in current assets and liabilities.

(R'm)	2019 Forecast	2018	2017	2016	2015
Total current assets	3 138	2 585	2 929	3 231	2 800
Total current liabilities	1 664	1 842	1 762	1 908	2 092
Net current assets	1 474	743	1 167	1 323	708

From the above, it is evident that Foskor has historically met the solvency and liquidity test as set out in the Company's Act, 2008. These tests are also expected to be met in future, based on the forecasts.

The directors believe that the Group will continue to have adequate financial resources to meet obligations as they fall due. Accordingly, the directors have formed a judgement that it is appropriate to prepare the financial statements on a going-concern basis.

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
4. PROPERTY, PLANT AND EQUIPMENT				
At cost				
Mining asset, land and buildings and decommissioning assets	**2 186 431**	2 187 195	**2 184 305**	2 185 068
Plant, equipment and vehicles	**5 406 582**	5 498 084	**5 379 375**	5 470 709
Capital work in progress	**700 165**	710 595	**700 165**	710 595
Total	**8 293 178**	8 395 874	**8 263 845**	8 366 372
Accumulated depreciation and impairment				
Mining asset, land and buildings and decommissioning assets	**(453 652)**	(410 080)	**(451 694)**	(408 307)
Plant, equipment and vehicles	**(1 702 503)**	(2 132 905)	**(1 691 048)**	(2 121 902)
Impairment of assets	**(949 467)**	(720 467)	**(949 467)**	(720 467)
Total	**(3 105 622)**	(3 263 452)	**(3 092 209)**	(3 250 676)
Net carrying amount				
Mining asset, land and buildings and rehabilitation assets	**1 732 779**	1 777 115	**1 732 611**	1 776 761
Plant, equipment and vehicles	**2 754 612**	2 644 712	**2 738 860**	2 628 340
Capital work in progress	**700 165**	710 595	**700 165**	710 595
Net carrying amount	**5 187 556**	5 132 422	**5 171 636**	5 115 696
Plant, equipment and vehicles includes the following lease where Foskor Proprietary Limited 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	**(28 577)**	(26 499)	**(28 577)**	(26 499)
Net carrying amount	**12 990**	15 068	**12 990**	15 068

1 Refer to note 2 for details on impairments of assets.

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

	Notes	MINING ASSET, LAND AND BUILDINGS AND DECOM-MISSIONING ASSETS R'000	PLANT, EQUIPMENT AND VEHICLES R'000	CAPITAL WORK IN PROGRESS R'000	TOTAL R'000
4. PROPERTY, PLANT AND EQUIPMENT (continued)					
Year ended 31 March 2018					
Movement in carrying value for the year					
GROUP					
Opening net carrying amount		1 777 115	2 644 712	710 595	5 132 422
Additions/(transfers)		106 216	632 357	(10 430)	728 143
Decommissioning assets	19	(12 338)	–	–	(12 338)
Adjustment to the mining asset	19	(94 476)	–	–	(94 476)
Depreciation charge		(43 656)	(293 027)	–	(336 683)
Impairment charge		–	(229 000)	–	(229 000)
Disposals		(82)	(430)	–	(512)
Closing net carrying amount		1 732 779	2 754 612	700 165	5 187 556
COMPANY					
Opening net carrying amount		1 776 761	2 628 340	710 595	5 115 696
Additions/(transfers)		106 216	632 353	(10 430)	728 139
Decommissioning assets	19	(12 338)	–	–	(12 338)
Adjustment to the mining asset	19	(94 476)	–	–	(94 476)
Depreciation charge		(43 470)	(292 403)	–	(335 873)
Impairment charge		–	(229 000)	–	(229 000)
Disposals		(82)	(430)	–	(512)
Closing net carrying amount		1 732 611	2 738 860	700 165	5 171 636

During the year, the Group capitalised borrowing costs of R8.75 million (2017: Rnil) on qualifying assets. The borrowing costs were capitalised at the Group specific annual rate of 10.75% (2017: Rnil).

No property, plant and equipment is pledged as security.

	Notes	MINING ASSET, LAND AND BUILDINGS AND DECOMMIS-SIONING ASSETS R'000	PLANT, EQUIPMENT AND VEHICLES R'000	CAPITAL WORK IN PROGRESS R'000	TOTAL R'000
4. PROPERTY, PLANT AND EQUIPMENT (continued)					
Year ended 31 March 2017					
Movement in carrying value for the year					
GROUP					
Opening net carrying amount		1 357 590	3 184 846	598 423	5 140 859
Additions/transfers		92 507	299 607	112 172	504 286
Decommissioning assets	19	322 565	–	–	322 565
Adjustment to the mining asset	19	58 463	–	–	58 463
Depreciation charge		(44 896)	(302 105)	–	(347 001)
Impairment charge		–	(520 467)	–	(520 467)
Disposals		(9 114)	(17 169)	–	(26 283)
Closing net carrying amount		1 777 115	2 644 712	710 595	5 132 422
COMPANY					
Opening net carrying amount		1 357 052	3 166 874	598 423	5 122 349
Additions/transfers		92 507	299 027	112 172	503 706
Decommissioning assets	19	322 565	–	–	322 565
Adjustment to the mining asset	19	58 463	–	–	58 463
Depreciation charge		(44 712)	(299 925)	–	(344 637)
Impairment charge		–	(520 467)	–	(520 467)
Disposals		(9 114)	(17 169)	–	(26 283)
Closing net carrying amount		1 776 761	2 628 340	710 595	5 115 696

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
5. INTANGIBLE ASSETS				
Computer software	**74 491**	71 496	**74 491**	71 496
Accumulated amortisation	**(67 273)**	(49 193)	**(67 273)**	(49 193)
Net carrying amount	**7 218**	22 303	**7 218**	22 303

	COMPUTER SOFTWARE R'000
Year ended 31 March 2018	
Movement in carrying value	
GROUP AND COMPANY	
Opening net book amount	**22 303**
Additions	**2 995**
Amortisation charge	**(18 080)**
Closing net carrying amount	**7 218**
Year ended 31 March 2017	
Movement in carrying value	
GROUP AND COMPANY	
Opening net carrying amount	35 428
Additions	7 778
Amortisation charge	(20 903)
Closing net carrying amount	22 303

6. INVESTMENTS IN SUBSIDIARIES

	Country of incorporation	Nature of business	ISSUED ORDINARY AND PREFERENCE SHARES 2018 No	2017 No	2018 %	2017 %	SHARES AT COST 2018 R'000	2017 R'000	INDEBTEDNESS 2018 R'000	2017 R'000
Indian Ocean Fertilizer Proprietary Limited	South Africa	Previous Acid Division	**93 265**	93 265	**100**	100	**103 956**	103 956	**(218 501)**	(218 501)
Inter Minerals Holdings AG	Switzerland	Dormant SPV	**–**	–	**–**	–	**10**	10	**(10)**	(10)
Phosphate Shipping Proprietary Limited	South Africa	Ship Broker Agency	**1 000**	1 000	**100**	100	**1**	1	**(3 594)**	(3 105)
Shares in and loans from subsidiaries							**103 967**	103 967	**(222 105)**	(221 616)
Phosfert Marine Proprietary Limited	South Africa	Clearing and Forward Agency	**40 000**	40 000	**100**	100	**40**	40	**3 235**	(117)
Verdino 174 Proprietary Limited	South Africa	Storage Tanks	**120**	120	**100**	100	**12 000**	12 000	**11 587**	11 587
Foskor Social Responsibility Trust	South Africa	Social Responsibility Trust	**–**	–	**–**	–	**–**	–	**6**	1 679
IOF Property Trust	South Africa	Property Trust	**–**	–	**–**	–	**–**	–	**33**	33
Shares in and loans to subsidiaries							**12 040**	12 040	**14 861**	13 182
Total shares at cost/net loans owing							**116 007**	116 007	**(207 244)**	(208 434)

The subsidiaries have financial years ending 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 Proprietary Limited previously held by Inter Minerals South Africa Proprietary Limited are now held directly by Foskor Proprietary Limited.

Indicators for impairment were considered at 31 March 2018 and no impairment on these investments was deemed necessary.

The Group has no interest in unconsolidated structured entities.

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
7. INVESTMENT IN JOINT VENTURE				
Foskor Proprietary Limited has a 50% interest in a joint venture, Palfos Aviation Proprietary Limited.				
Carrying amount	**25**	25	**25**	25

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 35.1 for the nature of activities and principal place of business.

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
8. INVESTMENT IN ASSOCIATE				
At beginning of year				
Investment in Foskor Zirconia Proprietary Limited	**4 589**	6 095	**9 912**	9 914
– current year loss	**(4 589)**	(1 519)	**–**	–
– prior year adjustment	**–**	(2)	**–**	(2)
Share of other comprehensive income of associate	**–**	15	**–**	–
Net carrying amount at 31 March	**–**	4 589	**9 912**	9 912

Foskor Proprietary Limited owns 29.9% of Foskor Zirconia Proprietary Limited. The remaining shareholding of Foskor Zirconia Proprietary Limited is owned by Carborundum Universal Limited (51%) and Perfect Positions Investments 41 CC (19.1%). Foskor Zirconia Proprietary Limited is a company incorporated in South Africa and manufactures electro fused Zirconia. Foskor Zirconia Proprietary Limited 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 35.1 for the nature of activities and principal place of business.

	GROUP	
	2018 R'000	**2017 R'000**
8. INVESTMENT IN ASSOCIATE (continued)		
Set out below is the summarised financial information for Foskor Zirconia which is accounted for using the equity method:		
Summarised statement of financial position		
Current		
Cash and cash equivalents	**4 738**	16 725
Other current assets (excluding cash)	**87 825**	91 045
Total current assets	**92 563**	107 770
Other current liabilities (including trade payables)	**78 107**	59 093
Total current liabilities	**78 107**	59 093
Non-current		
Assets	**37 821**	36 448
Financial liabilities	**45 000**	45 000
Other liabilities	**4 827**	4 852
Total non-current liabilities	**49 827**	49 852
Net assets	**2 450**	35 273
Summarised statement of comprehensive income		
Revenue	**154 700**	190 742
Depreciation and amortisation	**(1 604)**	(2 508)
Interest income	**876**	1 600
Interest expense	**(10 270)**	(12 000)
Pre-tax loss	**(32 890)**	(4 118)
Income tax charged	**–**	(964)
Post-tax loss	**(32 890)**	(5 082)
Total comprehensive loss	**(32 890)**	(5 082)
Other comprehensive profit	**68**	50
Total comprehensive loss for the year	**(32 822)**	(5 032)
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	**15 351**	20 385
Total comprehensive loss	**(32 890)**	(5 082)
Other comprehensive profit	**68**	50
Prior year adjustment	**–**	(2)
Unrecognised share of loss	**2 120**	–
Closing net assets at 31 March	**(15 351)**	15 351
Interest in associates (29.9%)	**(4 589)**	4 589
Limitation of loss	**4 589**	–
Carrying value	**–**	4 589

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
9. FINANCIAL INVESTMENTS				
9.1 Environmental Rehabilitation Trust investments				
At fair value through profit and loss	**200 194**	184 727	**200 194**	184 727
Unit trusts	**173 981**	169 028	**173 981**	169 028
Rehabilitation guarantee investment	**25 052**	14 764	**25 052**	14 764
Sanlam shares	**740**	584	**740**	584
Old Mutual shares	**421**	351	**421**	351
The unit trust portfolio for these investments is invested in equity (32%), property (7%), bonds (28%), money market and cash (26%) and other (7%). The Environmental Rehabilitation Trust is an irrevocable trust under the Company's control.				
9.2 Environmental Rehabilitation Trust investments				
Other loans and receivables	**1 015**	931	**1 015**	931
Cash deposits held by the Environmental Rehabilitation Trust	**1 015**	931	**1 015**	931
First National Bank	**–**	719	**–**	719
Absa	**253**	–	**253**	–
RMB	**762**	212	**762**	212
The movement in the environmental rehabilitation trust investment of R5 million (2017: R8.3 million) was recognised in profit or loss.				
9.3 Preference shares held in Foskor Zirconia Proprietary Limited – held to maturity				
At beginning of the year	**15 000**	20 000	**15 000**	20 000
Redemption of preference shares	**–**	(5 000)	**–**	(5 000)
At 31 March	**15 000**	15 000	**15 000**	15 000
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.				
9.4 Richard's Bay Ammonium Consortium				
At beginning of the year	**–**	–	**–**	–
Reclassification from other receivables	**13 450**	–	**13 450**	–
Investment income	**1 596**	–	**1 596**	–
At 31 March	**15 046**	–	**15 046**	–
The Richard's Bay Ammonium Consortium is an investment deposit that commenced in 2012 and provides a return at 15% per annum. The purpose of the investment is for the upgrading of ammonia storage facilities.				
Total investments	**231 255**	200 658	**231 255**	200 658

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
10. INVENTORIES				
Phosphate rock	**194 554**	403 608	**194 554**	403 608
Raw materials	**158 815**	227 542	**158 815**	227 542
Finished goods	**345 049**	504 048	**345 049**	504 048
Spares and consumables stores	**470 802**	441 378	**470 802**	441 378
Total inventories	**1 169 220**	1 576 576	**1 169 220**	1 576 576

The value of inventory written down to net realisable value in the current year is Rnil (2017: R18.4 million).

During the year, the Group pledged inventory of Rnil (2017: Rnil) as security.

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
11. TRADE AND OTHER RECEIVABLES					
Trade receivables – factored[1]		**541 146**	304 513	**541 146**	304 513
Trade receivables – other		**427 527**	184 256	**421 957**	176 854
Trade receivables[2]		**968 673**	488 769	**963 103**	481 368
Less: Impairment allowance of trade receivables		**(51 160)**	(35 474)	**(51 160)**	(34 550)
Trade receivables – net		**917 513**	453 295	**911 943**	446 818
VAT receivable		**79 147**	91 301	**78 704**	90 242
Insurance prepaid		**21 593**	32 468	**21 480**	32 355
Other receivables[3]		**86 983**	109 622	**86 969**	104 696
Total trade and other receivables		**1 105 236**	686 686	**1 099 096**	674 111
11.1 Trade receivables – Factoring					
Trade receivables subject to factoring[1]		**541 146**	304 513	**541 146**	304 513
Liability associated to debtor factoring		**(295 522)**	(78 431)	**(295 522)**	(78 431)

[1] The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, Foskor Proprietary Limited has transferred the relevant receivables to Absa Bank Limited in exchange for cash (80% received upfront, and deferral of 20%). Foskor Proprietary Limited is prevented from ceding or pledging these receivables. However, Foskor Proprietary Limited has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing.

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

[3] Other receivables mainly comprise of royalties due and prepayments of R77.2 million (2017: R99.5 million) and also include R13.1 million of demurrage claims (2017: R18.8 million).

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Movement in the impairment allowance of trade receivables					
At beginning of year		**(35 474)**	(26 082)	**(34 550)**	(25 686)
Additional provisions		**(45 157)**	(11 448)	**(45 157)**	(10 669)
Unused provision reversed		**29 246**	2 056	**28 547**	1 805
Utilised during period		**225**	–	**–**	–
At 31 March		**(51 160)**	(35 474)	**(51 160)**	(34 550)
12. DERIVATIVE FINANCIAL INSTRUMENTS					
Assets		**34 096**	1 801	**34 096**	1 801
Forward foreign exchange contracts	32.1	**34 096**	1 801	**34 096**	1 801
Liabilities		**(5 640)**	(7 304)	**–**	(1 643)
Forward foreign exchange contracts		**–**	(1 643)	**–**	(1 643)
Share buyback option	32.1	**(5 640)**	(5 661)	**–**	–

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

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
13. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	**275 956**	664 214	**270 978**	654 473
Cash and cash equivalents	**275 956**	664 214	**270 978**	654 473

	Notes	GROUP		COMPANY	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
14. DEFERRED INCOME TAX					
The deferred income tax balance movement is made up as follows:					
At beginning of year		**142 003**	(283 890)	**141 088**	(284 649)
Mining operations temporary differences – other		**7 056**	3 394	**7 056**	3 394
Mining operations temporary differences – CAPEX		**(20 216)**	(848)	**(20 216)**	(848)
Non-mining operations temporary differences – other		**(28 594)**	126 989	**(28 361)**	126 989
Over/under-provision prior year		**(25 393)**	54 911	**(25 369)**	54 911
Tax loss increased		**244 758**	241 447	**244 758**	241 291
Prepayments		**(2 658)**	–	**(2 658)**	–
At 31 March		**316 956**	142 003	**316 298**	141 088
The deferred income tax balance is made up as follows:					
Deferred tax assets					
Finance lease liability		**2 478**	2 989	**2 478**	2 989
Provisions		**73 013**	60 298	**72 870**	60 298
Mining rehabilitation liability		**281 954**	304 101	**281 954**	304 101
Income in advance		**1 394**	1 127	**1 394**	1 127
Cash-settled share-based payments		**592**	7 216	**592**	7 216
Tax losses		**1 225 586**	1 004 826	**1 225 039**	1 003 911
At 31 March		**1 585 017**	1 380 556	**1 584 327**	1 379 642
Deferred tax liabilities					
Property, plant and equipment – mining		**(843 388)**	(846 764)	**(843 388)**	(846 764)
Property, plant and equipment – other		**(152 653)**	(119 113)	**(152 653)**	(119 113)
Property, plant and equipment – leased		**–**	(4 219)	**–**	(4 219)
Mining footprint		**(212 992)**	(218 373)	**(212 992)**	(218 373)
Mining rehabilitation investment		**(56 338)**	(50 085)	**(56 338)**	(50 085)
Prepayments		**(2 690)**	–	**(2 658)**	–
At 31 March		**(1 268 061)**	(1 238 554)	**(1 268 029)**	(1 238 554)
Deferred tax assets/(liabilities) (net)		**316 956**	142 003	**316 298**	141 088
The gross movement on the deferred income tax is as follows:					
At beginning of year		**142 003**	(283 890)	**141 088**	(284 649)
Charge in profit or loss	28	**198 935**	371 673	**199 167**	371 517
Tax charge/(credit) relating to components of other comprehensive income	28	**1 411**	(691)	**1 411**	(691)
Prior year adjustment		**(25 393)**	54 911	**(25 368)**	54 911
Closing deferred tax assets		**316 956**	142 003	**316 298**	141 088

	TOTAL NUMBER OF SHARES	PREFERENCE SHARES R'000	ORDINARY SHARES R'000	TOTAL R'000	SHARE PREMIUM R'000
	GROUP AND COMPANY				
15. EQUITY AND RESERVES					
Share capital and premium					
Balance at 31 March 2016	**9 159 823**	**2 176 804**	**9 158**	**2 185 962**	**132 013**
Movements during the year	**830**	**830 000**	**–**	**830 000**	**–**
Balance at 31 March 2017	**9 160 653**	**3 006 804**	**9 158**	**3 015 962**	**132 013**
Movements during the year	**453**	**369 540**	**–**	**369 540**	**–**
Balance at 31 March 2018	**9 161 106**	**3 376 344**	**9 158**	**3 385 502**	**132 013**

The total authorised share capital of ordinary shares is 9 157 647 (2017: 9 157 647) with a par value of R1 per share. Foskor issued 453 class B and class D shares during the year. The total class B and D shares issued amounts to 3 176 and 283 shares respectively. These shares have a preferential right to dividends over other ordinary shares and the required rate of return is an after tax IRR of 10.5%. All issued shares are fully paid.

The share premium consists of 199 590 ordinary shares issued in 2005 at a premium of R0.60586 as well as share premium issued in 2008 at a premium of R132 million for 1 174 057 ordinary shares.

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 Limited (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	
	2018 R'000	2017 R'000	2018 R'000	2017 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 assumption

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 Black Scholes Option Pricing model.

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 were required to hold the instruments to maintain the BEE status until 31 March 2018, however, due to the underperformance of the scheme, the participants have not exercised their options. The IDC has not called an event of default but neither has it made a commitment to extend the scheme, in the absence of the aforementioned, Foskor continues to recognise the Share-Based Payment Reserve. 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.

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
17. SHARE-BASED PAYMENT RESERVE (continued)				
17.2 Cash-settled share-based payment plan				
Cash-settled share-based payment liability	**2 113**	25 772	**2 113**	25 772
Total cash-settled share-based payment liability	**2 113**	25 772	**2 113**	25 772

The Company entered into a cash-settled share-based payment plan with its employees. A total liability of R2.1 million (2017: R25.8 million) is carried. The share-based payment adjustment for the current year of R23.6 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 Black Scholes 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
		2018 RAND	2017 RAND
Exercise price		**3 500 000 000**	3 500 000 000
Average share price at grant date		**382.19**	382.19
Annualised expected volatility	(%)	**15.48**	41.81
Risk-free interest rate			
– one year expected option lifetime	(%)	**7.02**	7.18
– two year expected option lifetime	(%)	**7.04**	7.11
Expected dividend yield			
– one year expected option lifetime	(%)	**–**	–
– two year expected option lifetime	(%)	**–**	–
Strike price			
– one year expected option lifetime		**629.12**	629.12
– two year expected option lifetime		**717.20**	629.12

The Employees Share Option Trust was due to end on 30 March 2018. However, due to the under performance of the scheme no exercising of options have taken place. The scheme's funder has not called an event of default, which results in the scheme being extended. Changes to the scheme are being considered for the future. The volatility indicator used in the calculation was based on market prices of globally listed proxy companies that are in the same industry as Foskor.

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
17.3 Gain on share-based payment				
Cash-settled share-based payment gain	**(23 659)**	(802)	**(23 659)**	(802)
Total share-based payment gain	**(23 659)**	(802)	**(23 659)**	(802)

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
18. FINANCE LEASE LIABILITY				
Gross finance lease liability – minimum lease payments:				
Not later than one year	**3 097**	3 360	**3 097**	3 360
Later than one year and not later than five years	**8 756**	10 093	**8 756**	10 093
Later than five years	**1 184**	2 944	**1 184**	2 944
	13 037	16 397	**13 037**	16 397
Future finance charges on finance lease	**(4 185)**	(5 722)	**(4 185)**	(5 722)
Present value of finance lease liability	**8 852**	10 675	**8 852**	10 675
Less: Current portion	**(1 823)**	(1 823)	**(1 823)**	(1 823)
Long-term portion of finance lease liability	**7 029**	8 852	**7 029**	8 852
Present value of finance lease liability is as follows:				
Not later than one year	**1 823**	1 823	**1 823**	1 823
Later than one year and not later than five years	**6 064**	6 469	**6 064**	6 469
Later than five years	**965**	2 383	**965**	2 383
Present value of finance lease liability	**8 852**	10 675	**8 852**	10 675

The finance lease is between Foskor Proprietary Limited and Umhlathuze Water Board for an effluent pipeline. The lease liability is effectively secured, as the rights to the asset revert to the lessor in the event of default. The lease is over a 20-year period with eight years remaining as at 31 March 2018. 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.

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
19. ENVIRONMENTAL REHABILITATION LIABILITY					
Foskor Proprietary Limited 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. A detailed review was conducted on the Environmental Rehabilitation Provision which resulted in a decrease of the valuation of the liability.					
19.1 Environmental rehabilitation liability					
At beginning of year		**1 086 076**	683 774	**1 086 076**	683 774
Unwinding of discount	26	**27 715**	21 274	**27 715**	21 274
Adjustment to the mining footprint	4	**(94 476)**	58 463	**(94 476)**	58 463
Decommissioning asset	4	**(12 338)**	322 565	**(12 338)**	322 565
Balance at the end of the year		**1 006 977**	1 086 076	**1 006 977**	1 086 076
Environmental Rehabilitation Trust					
Balance at the beginning of the year		**185 658**	169 725	**185 658**	169 725
Movement recognised in profit and loss		**6 202**	8 958	**6 202**	8 958
– Growth in investment		**6 288**	9 009	**6 288**	9 009
– Other operating expenses		**(86)**	(51)	**(86)**	(51)
Investments held by the Trust		**191 860**	178 683	**191 860**	178 683
Cash contribution made to the Trust		**9 348**	6 975	**9 348**	6 975
Total assets held by the Trust	9	**201 208**	185 658	**201 208**	185 658
Unfunded portion of rehabilitation liability		**805 769**	900 418	**805 769**	900 418

The financial assets held by the Trust are intended to fund the environmental rehabilitation liability of Foskor Proprietary Limited 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 Proprietary Limited, 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 estimated, 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 2018 a provision for rehabilitation of R716 million for the closure costs has been made.

19.2 Mine rehabilitation guarantees

The Group had mine rehabilitation guarantees amounting to R499 million at year-end (refer above to note 33). In line with the requirements set out by the Department of Mineral Resources, this guarantee amount was in place at 31 March 2018. 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 2018 financial year. The assessments are performed on a three-year rolling basis, with the next assessment due in 2019. Estimated scheduled closure costs for the mine are R588 million. For unscheduled or premature closure, the Department of Mineral Resources, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor Proprietary Limited to provide for the liability of R682 million in the form of guarantees and cash.

The premature closure cost of R682 million is covered by guarantees totalling R499 million and investment assets totalling R201 million. The Group has, therefore, overprovided for early closure costs by R18 million.

	Notes	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 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	**137 282**	129 776
Liability in the statement of financial position		**137 282**	129 776
Amounts recognised in profit and loss:			
Defined pension benefits	25	**(1 638)**	(4 897)
Post-employment medical benefits	25	**4 103**	5 106
		2 465	209
Remeasurements recognised in other comprehensive income:			
Defined pension benefits		**1 638**	4 897
Post-employment medical benefits		**3 403**	(2 430)
		5 041	2 467

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 month's 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 2017.

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

	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 R'000
Present value of funded obligations	**331 651**	354 384
Fair value of plan assets	**(384 515)**	(382 950)
Pension fund surplus	**(52 864)**	(28 566)
Impact of asset ceiling	**52 864**	28 566
Liability in the statement of financial position at 31 March	**–**	–

	GROUP AND COMPANY			
	PRESENT VALUE OF OBLIGATION R'000	FAIR VALUE OF PLAN ASSETS R'000	ASSET CEILING R'000	TOTAL R'000
20. RETIREMENT BENEFIT OBLIGATIONS (continued)				
20.1 Defined pension benefits continued				
The movement in the defined benefit obligation over the year is as follows:				
At 1 April 2016	364 510	(403 166)	38 656	–
Current service cost	231	–	–	231
Interest expense/(income)	36 059	(41 968)	–	(5 909)
	400 800	(445 134)	38 656	(5 678)
Remeasurements				
Return on plan assets, excluding amounts included in interest income	–	21 586	–	21 586
Gain from change in financial assumptions	(9 823)	–	–	(9 823)
Other experience losses	3 224	–	–	3 224
Change in asset ceiling	–	–	(10 090)	(10 090)
Contributions				
– Plan participants	889	(889)	–	–
– Employers	–	781	–	781
Payments from plans				–
– Benefit payments	(39 443)	39 443	–	–
– Bonus allocation	(1 263)	1 263	–	–
At 31 March 2017	354 384	(382 950)	28 566	–
At 1 April 2017	**354 384**	**(382 950)**	**28 566**	**–**
Current service cost	**197**	**–**	**–**	**197**
Interest expense/(income)	**32 896**	**(35 639)**	**–**	**(2 743)**
	387 477	**(418 589)**	**28 566**	**(2 546)**
Remeasurements				
Return on plan assets, excluding amounts included in interest income	**–**	**(3 154)**	**–**	**(3 154)**
Gain from change in financial assumptions	**(14 055)**	**–**	**–**	**(14 055)**
Other experience losses	**(5 451)**	**–**	**–**	**(5 451)**
Change in asset ceiling	**–**	**–**	**24 298**	**24 298**
Contributions				
– Plan participants	**923**	**(923)**	**–**	**–**
– Employers	**–**	**908**	**–**	**908**
Payments from plans				
– Benefit payments	**(36 428)**	**36 428**	**–**	**–**
– Bonus allocation	**(815)**	**815**	**–**	**–**
At 31 March 2018	**331 651**	**(384 515)**	**52 864**	**–**

The discount rate of 9.87% (2017: 9.77%) has been based on the 12-year yield (in accordance with the discounted mean term of the liabilities) from the South African government bond yield curve at 31 December 2017.

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

20.1 Defined pension benefits continued

	Notes	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 R'000
The amounts recognised in the statement of comprehensive income are as follows:			
Current service cost		197	231
Net interest cost		(2 743)	(5 909)
Employer contributions		908	781
Total, included in staff costs	25	(1 638)	(4 897)
Recognised in other comprehensive income:			
Acturial gain		1 638	4 897

	GROUP AND COMPANY 2018 LISTED	2018 UNLISTED	2018 TOTAL	2018 %
Plan assets are comprised as follows:				
Equity instruments	183 257	269	183 526	49
Global equities	86 887	232	87 119	
Financial services	32 141	37	32 178	
Consumer goods	15 188	–	15 188	
Consumer services	22 813	–	22 813	
Basic materials	23 213	–	23 213	
Industrials	9 180	–	9 180	
Oil and gas	54	–	54	
Healthcare	7 835	–	7 835	
Telecommunications	4 386	–	4 386	
Technology	617	–	617	
Other	(19 057)	–	(19 057)	
Debt	81 880	283	82 163	22
Corporate bonds (investment grade)	69 999	1	70 000	
Government bonds	6 320		6 320	
Corporate bonds (non-investment grade)	3 883	282	4 165	
Other	1 678	–	1 678	
Cash	72 886	–	72 886	20
Property (South Africa)	26 596	–	26 596	7
Other	8 387	–	8 387	2
Total	373 006	552	373 558	100

	GROUP AND COMPANY			
	2017 LISTED	2017 UNLISTED	2017 TOTAL	2017 %
20. RETIREMENT BENEFIT OBLIGATIONS (continued)				
20.1 Defined pension benefits continued				
Equity instruments	188 183	341	188 524	49
Global equities	85 069	308	85 377	
Financial services	31 938	33	31 971	
Consumer goods	24 970	–	24 970	
Consumer services	23 616	–	23 616	
Basic materials	20 447	–	20 447	
Industrials	11 173	–	11 173	
Oil and gas	4 435	–	4 435	
Telecommunications	4 077	–	4 077	
Healthcare	100	–	100	
Technology	23	–	23	
Other	(17 665)	–	(17 665)	
Debt	75 517	340	75 857	20
Corporate bonds (investment grade)	63 440	–	63 440	
Government bonds	7 026	29	7 055	
Corporate bonds (non-investment grade)	2 700	311	3 012	
Other	2 351	–	2 351	
Cash	79 648	–	79 648	21
Property (South Africa)	25 334	–	25 334	7
Other	12 196	–	12 196	3
Total	380 878	681	381 559	100

Through its define 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.

	GROUP AND COMPANY	
	2018 **%**	**2017** **%**

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

20.1 Defined pension benefits continued

The principal actuarial assumptions used were as follows:

	2018 %	2017 %
– Discount rate	**9.87**	9.77
– CPI inflation rate	**7.10**	7.47
– Expected return on plan assets	**9.87**	9.77
– Future salary increases	**8.10**	8.47
– Future pension increases	**8.70**	8.10
– 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 9.87% (2017: 9.77%) has been based on the 12-year yield (in accordance with the discounted mean term of the liabilities) from the South African government bond yield curve at 31 December 2017.

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

		GROUP AND COMPANY IMPACT ON OVERALL LIABILITY	
		2018 **%**	**2017** **%**
Inflation rate	(increase of 1%)	**9.5**	7.8
Inflation rate	(decrease of 1%)	**8.4**	6.9

An increase of 1% will lead to an increase of R31.6 million of the accrued liability and a decrease of 1% will lead to a decrease of R27.7 million of the accrued liability.

The expected contributions to the post-employment pension scheme for the year ending 31 March 2019 are R635 000.

20.2 Post-employment medical obligation

The Group provides post-employment healthcare 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 2018.

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

	GROUP AND COMPANY	
	2018 **R'000**	**2017** **R'000**
Present value of unfunded obligations	**137 282**	129 776
Liability in the statement of financial position	**137 282**	129 776

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

	GROUP AND COMPANY
	PRESENT VALUE OF OBLIGATIONS R'000
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:	
At 1 April 2016	127 100
Current service cost	704
Interest expense	12 461
	140 265
Remeasurements:	
Gain from change in demographic assumptions	(7 306)
Loss from change in financial assumptions	2 171
Other experience losses	2 705
Contributions:	
– Employer	(8 059)
At 31 March 2017	129 776
At 1 April 2017	**129 776**
Current service cost	**688**
Interest expense	**12 224**
	142 688
Remeasurements:	
Gain from change in demographic assumptions	**(442)**
Loss from change in financial assumptions	**4 245**
Other experience gains	**(400)**
Contributions:	
– Employer	**(8 809)**
At 31 March 2018	**137 282**

	Notes	GROUP AND COMPANY 2018 R'000	GROUP AND COMPANY 2017 R'000
The amounts recognised in profit and loss were as follows:			
Current service cost		**688**	704
Interest cost		**12 224**	12 461
Contributions paid		**(8 809)**	(8 059)
Total, included in staff costs	25	**4 103**	5 106
Remeasurements recognised in other comprehensive income:			
Actuarial loss/(gain)		**3 403**	(2 430)

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 plans 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.

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 the statement of financial position.

	GROUP AND COMPANY	
	2018 %	**2017 %**
20. RETIREMENT BENEFIT OBLIGATIONS (continued)		
20.2 Post-employment medical obligation continued		
The principal actuarial assumptions for the medical obligation were:		
– Discount rate	**8.86**	9.76
– General inflation rate	**6.32**	7.26
– Medical inflation rate	**7.82**	8.76
– Normal retirement age	**60/65**	60/65
– Expected rate of salary increases	**7.32**	8.26
– Pre-retirement mortality	**SA85-90 (light)**	SA85-90 (light)
– Post-retirement mortality	**PA90-2**	PA90-2

		GROUP AND COMPANY	
		IMPACT ON OVERALL LIABILITY	
		2018 %	**2017 %**
The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:			
Inflation rate	(increase of 1%)	**11.3**	11.5
Inflation rate	(decrease of 1%)	**9.7**	9.8

The annual expense for the year ended 31 March 2018 was R12.91 million (2017: R13.16 million).

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
21. TRADE AND OTHER PAYABLES				
Trade payables	**833 457**	675 947	**830 572**	663 949
Accrued expenses	**306 115**	427 514	**303 580**	426 979
Leave	**50 698**	44 345	**50 698**	44 345
Sundry payables[1]	**28 294**	73 983	**27 706**	68 394
	1 218 564	1 221 789	**1 212 556**	1 203 667

[1] *Sundry payables as at 31 March 2018 include deferred grant income R4.98 million (2017: R4.0 million), sundry creditors R14.4 million (2017: R53.4 million) and payroll provisions R8.6 million (2017: R23.1 million).*

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
22. PROVISIONS				
Bonus[1]	**30 530**	29 774	**30 503**	29 625
Demurrage[2]	**26 218**	16 427	**26 219**	16 549
Total	**56 748**	46 201	**56 722**	46 174
Movement in the bonus provision				
At 1 April	**29 774**	10 983	**29 625**	10 834
Additional provisions	**14 945**	46 006	**14 945**	46 006
Utilised/unused during period	**(14 189)**	(27 215)	**(14 067)**	(27 215)
At 31 March	**30 530**	29 774	**30 503**	29 625
Movement in the demurrage provision:				
At 1 April	**16 427**	15 029	**16 549**	14 389
Additional provisions	**14 969**	15 498	**14 971**	15 498
Utilised during the period	**(5 178)**	(14 100)	**(5 301)**	(13 338)
At 31 March	**26 218**	16 427	**26 219**	16 549

[1] *Bonus provision comprises 13th cheque bonuses R7.5 million (2017: R2.8 million), short-term incentive plan R14.9 million (2017: R12.1 million) and long-term incentive plan R8.2 million (2017: R3.2 million).*

[2] *Demurrage is penalty payable to a ship owner if the agreed loading time is not honoured.*

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
23. OTHER INCOME					
Bad debt recovered		**700**	–	**–**	–
Rental income		**4 539**	4 560	**4 539**	4 560
Rebates		**33 821**	30 346	**33 821**	30 346
Royalties income		**21 735**	312	**21 735**	312
Scrap sales		**3 600**	5 375	**3 600**	5 375
Management fee		**9 896**	–	**9 896**	–
Other income		**7 318**	14 434	**9 528**	17 516
Total other income		**81 609**	55 027	**83 119**	58 109
24. EXPENSES BY NATURE					
Loss on disposal of property, plant and equipment	4	**490**	22 730	**512**	22 730
Auditors' remuneration		**4 824**	4 354	**4 809**	4 354
– Audit fee		**3 963**	3 506	**3 963**	3 506
– Expenses		**846**	848	**846**	848
Depreciation of property, plant and equipment	4	**336 683**	347 001	**335 873**	344 637
– Mining assets, land and buildings		**43 657**	44 896	**43 470**	44 712
– Plant, equipment and vehicles		**293 027**	302 105	**292 403**	299 925
– Aircraft		**–**	–	**–**	–
Amortisation of intangible assets	5	**18 080**	20 903	**18 080**	20 903
Operating lease charges		**2 477**	2 977	**2 477**	2 977
– Property rentals		**1 240**	1 803	**1 240**	1 803
– Equipment		**1 237**	1 174	**1 237**	1 174
Repairs and maintenance		**580 965**	636 063	**580 965**	636 063
Raw materials and costings		**1 846 405**	1 678 974	**1 846 405**	1 678 974
Electricity		**407 171**	370 464	**407 171**	370 464
Water		**109 274**	98 547	**109 274**	98 547
Fuel		**178 213**	161 529	**178 213**	161 529
Distribution costs		**1 262 889**	1 323 971	**1 262 889**	1 323 971
Usage – other		**61 112**	55 795	**61 112**	55 795
Reagents		**139 451**	115 542	**139 451**	115 542
Blasting material		**60 735**	58 780	**60 735**	58 780
Drilling costs		**48 490**	38 342	**48 490**	38 342
Milling media		**43 250**	29 357	**43 250**	29 357
Effluent discharge		**52 959**	49 062	**52 959**	49 062
Mining ore		**88 857**	72 988	**88 857**	72 988
Insurance		**31 217**	33 722	**31 217**	33 722
Services		**142 514**	144 008	**142 514**	144 008
Safety, health, environment and quality		**24 326**	24 319	**24 326**	24 319
Travel and subsistence expense		**9 543**	9 931	**9 543**	9 931
Training and development		**2 221**	4 610	**2 221**	4 610
Gain on share-based payment	17.3	**(23 659)**	(802)	**(23 659)**	(802)
Employee benefit expense	25	**1 008 926**	1 015 405	**1 008 926**	1 015 405
Provision for impairment of trade and other receivables	11	**45 157**	11 448	**45 157**	10 669
Other expenses		**165 881**	43 487	**167 673**	43 063
Total expenses		**6 648 451**	6 373 507	**6 649 439**	6 369 939
Comprising:					
Cost of sales		**5 125 175**	4 714 458	**5 122 361**	4 710 611
Distribution costs		**1 262 889**	1 323 971	**1 262 889**	1 323 971
Administrative expenses and disposals		**284 046**	335 881	**287 848**	336 160
Gain on share-based payment		**(23 659)**	(802)	**(23 659)**	(802)
		6 648 451	6 373 507	**6 649 439**	6 369 939

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
25. EMPLOYEE BENEFIT EXPENSE					
Salaries and wages		**822 677**	839 948	**822 677**	839 948
Bonus		**85 851**	77 156	**85 851**	77 156
Pension costs: Defined contribution plans		**69 962**	69 862	**69 962**	69 862
Post-employment medical liability	20.2	**4 103**	5 106	**4 103**	5 106
Defined pension benefits	20.1	**(1 638)**	(4 897)	**(1 638)**	(4 897)
Other staff costs		**27 971**	28 230	**27 971**	28 230
Total employee expense		**1 008 926**	1 015 405	**1 008 926**	1 015 405
26. FINANCE INCOME AND COST					
Finance cost					
– Bank borrowings		**(185 534)**	(127 105)	**(185 534)**	(127 105)
– Finance lease liabilities		**(1 537)**	(1 800)	**(1 537)**	(1 800)
– Unwinding of discount on the environmental liability	19.1	**(27 715)**	(21 274)	**(27 715)**	(21 274)
– Interest paid – other		**(2 664)**	(12 992)	**(2 664)**	(12 992)
Total finance cost		**(217 450)**	(163 171)	**(217 450)**	(163 171)
Less: Amounts capitalised on qualifying assets		**8 747**	–	**8 747**	–
Finance cost		**(208 703)**	(163 171)	**(208 703)**	(163 171)
Finance income					
– Interest income from banks		**23 761**	7 052	**23 310**	6 342
– Preference share dividends		**–**	2 527	**–**	2 527
– Interest income – other		**4 632**	3 503	**4 632**	3 503
		28 393	13 082	**27 942**	12 372
Financial assets designated at fair value through profit or loss		**5 179**	8 959	**5 179**	8 959
– Interest and dividends income		**–**	7 115	**–**	7 115
– Fair value gains		**5 179**	1 844	**5 179**	1 844
Total finance income		**33 572**	22 041	**33 121**	21 331
Net finance cost		**(175 131)**	(141 130)	**(175 582)**	(141 840)
27. NET FOREIGN EXCHANGE GAIN					
The exchange differences (charged)/credited to profit or loss are included as follows:					
Foreign transaction losses		**(3 145)**	(25 466)	**(3 145)**	(25 412)
– Foreign exchange transaction losses		**(3 145)**	(18 227)	**(3 145)**	(18 227)
– Derivative instruments		**–**	(7 239)	**–**	(7 185)
Foreign transaction profits		**133 273**	65 716	**133 133**	65 716
– Foreign exchange transaction profits		**133 273**	63 627	**133 133**	63 627
– Derivative instruments		**–**	2 089	**–**	2 089
Net foreign exchange gain		**130 128**	40 250	**129 988**	40 304

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
28. INCOME TAX EXPENSE				
Tax charge				
South African normal income tax				
Normal current tax:				
– Current tax on profits for the year	**(239)**	(114)	**–**	–
Total current tax	**(239)**	(114)	**–**	–
Deferred tax (refer to note 14)				
Originator and reversal of temporary differences	**198 935**	371 673	**199 167**	371 517
– Adjustment in respect of prior years	**(25 393)**	54 911	**(25 368)**	54 911
– Charged to equity	**1 411**	(691)	**1 411**	(691)
Total deferred tax	**174 953**	425 893	**175 210**	425 737
Income tax expense	**173 302**	425 203	**173 799**	425 046
Reconciliation of tax rate	**%**	%	**%**	%
Standard tax rate	**28.00**	28.00	**28.00**	28.00
Permanent difference	**(7.17)**	0.03	**(7.16)**	0.03
Deferred tax recognised movement through other comprehensive income	**0.15**	0.05	**0.15**	0.05
Prior year over provision – Deferred tax	**(2.68)**	4.15	**(2.67)**	4.15
Other	**0.15**		**0.15**	
Effective rate	**18.45**	32.23	**18.47**	32.23

The tax credit relating to components of other comprehensive income is as follows:

	GROUP AND COMPANY		
	BEFORE TAX R'000	TAX CREDIT R'000	AFTER TAX R'000
2018			
Remeasurement of post-employment benefit	**(5 041)**	**1 411**	**(3 630)**
Other comprehensive loss	**(5 041)**	**1 411**	**(3 630)**
2017			
Remeasurement of post-employment benefit	(2 467)	691	(1 776)
Share of other comprehensive loss of associates	20	(6)	15
Other comprehensive loss	(2 447)	686	(1 761)

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
29. CASH (UTILISED BY)/GENERATED FROM OPERATIONS					
Reconciliation of profit for the year:					
Loss before taxation		**(952 453)**	(1 326 887)	**(948 806)**	(1 323 018)
Adjustments for:					
– Depreciation	24	**336 683**	347 001	**335 873**	344 637
– Impairment of assets	4	**229 000**	520 467	**229 000**	520 467
– Amortisation of intangible assets	24	**18 079**	20 903	**18 079**	20 903
– Loss on disposal of property, plant and equipment	4	**490**	22 730	**512**	22 730
– Post-employment obligation movement	20	**2 465**	209	**2 465**	209
– Gain on share-based payment	17	**(23 659)**	(802)	**(23 659)**	(802)
– Foreign exchange gains		**(96 169)**	(40 250)	**(96 050)**	(40 304)
– Net finance cost	26	**175 131**	141 130	**175 582**	141 840
– Share of loss of investment in associate	8	**4 589**	1 519	**–**	–
Changes in working capital					
Inventory		**407 356**	439 973	**407 356**	439 973
Trade and other receivables		**(418 550)**	274 632	**(424 985)**	276 458
Derivative financial assets		**(32 295)**	2 168	**(32 295)**	2 169
Derivative financial liabilities		**(1 664)**	1 598	**(1 643)**	1 643
Trade and other payables		**(3 225)**	(88 184)	**10 889**	(95 067)
Provisions		**10 547**	20 189	**10 548**	20 950
Total changes in working capital		**(37 831)**	650 376	**(30 130)**	646 126
Cash (utilised by)/generated from operations		**(343 675)**	336 396	**(337 134)**	332 788

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
30. BORROWING FACILITIES					
Cash and cash equivalents	13	**275 956**	664 214	**270 978**	654 473
Long-term interest-bearing loans	32.1	**(956 419)**	(630 000)	**(956 419)**	(630 000)
Short-term interest-bearing loans	32.1	**(558 292)**	(484 052)	**(558 292)**	(484 052)
Net debt		**(1 238 755)**	(449 838)	**(1 243 733)**	(459 579)
Add back capitalised and accrued interest		**–**	2 713	**–**	2 713
Total borrowing facilities		**3 380 000**	1 382 908	**3 380 000**	1 382 908
Available for utilisation		**2 141 245**	935 783	**2 136 267**	926 042
Rand-denominated facilities					
30.1 Long-term interest-bearing facilities					
Total facility		**2 800 000**	700 000	**2 800 000**	700 000
Utilised		**(956 419)**	(700 000)	**(956 419)**	(700 000)
Available		**1 843 581**	–	**1 843 581**	–
Long-term interest-bearing facilities					
Opening balance		**630 000**	700 000	**630 000**	700 000
Additional loan		**326 419**	–	**326 419**	–
Repayable within 12 months		**–**	(70 000)	**–**	(70 000)
Capital		**–**	(70 000)	**–**	(70 000)
Total long-term loans		**956 419**	630 000	**956 419**	630 000

The R956 million is a long-term interest-bearing facility granted by the Industrial Development Corporation Limited (IDC) during the year. The purpose of the loan was for working capital and capital expenditure. During the year, Foskor started utilising the plant and equipment loan facility of R2.1 billion. Total utilised facility for working capital and plan and equipment loans were R700 million and R256 million respectively as at 31 March 2018.

The long-term interest-bearing loans are not secured by any assets of the Group. Foskor ceded its rights, title and interest on all insurance policies to the lender, Industrial Development Corporation (IDC). Terminal drawing date is 31 March 2020. The loan is subject to two year moratorium on capital repayment. Thereafter, the loan shall be payable in 20 equal instalments, semi-annually.

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
30. BORROWING FACILITIES				
30.2 Short-term interest-bearing facilities:				
Total committed facility	**580 000**	682 908	**580 000**	682 908
Utilised	**(526 460)**	(414 052)	**(526 460)**	(414 052)
Available	**53 540**	268 856	**53 540**	268 856
Repayable within 12 months (current)				
– Opening balance	**484 052**	564 240	**484 052**	564 240
– Long-term interest-bearing facilities	**31 832**	–	**31 832**	–
– Short-term interest-bearing facilities	**42 408**	(80 188)	**42 408**	(80 188)
Total short-term loans	**558 292**	484 052	**558 292**	484 052
The R580 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.				
30.3 Guarantees				
Total facility from banks	**588 883**	576 000	**588 883**	576 000
Utilised (refer to note 33)	**(565 013)**	(562 183)	**(565 013)**	(562 183)
Available	**23 870**	13 817	**23 870**	13 817
30.4 Letters of credit				
Total facility from banks	**266 925**	530 000	**266 925**	530 000
Utilised	**(256 926)**	(292 139)	**(256 926)**	(292 139)
Available	**9 999**	237 861	**9 999**	237 861

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 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	**201 895**	292 139	**201 895**	292 139
Total capital commitments	**201 895**	292 139	**201 895**	292 139
Operating lease commitments				
The future minimum lease payments payable under non-cancellable leases are as follows:				
Payable not later than one year	**1 200**	1 803	**1 200**	1 803
Payable later than one year and not later than five years	**300**	3 608	**300**	3 608
	1 500	5 411	**1 500**	5 411

The lease for the head office premises in Midrand expires at the end of June 2019 and with no escalation of the lease payments.

	Notes	2018 ESTIMATED FAIR VALUE R'000	2018 CARRYING VALUE R'000	2017 ESTIMATED FAIR VALUE R'000	2017 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	9.2	**1 015**	**1 015**	931	931
Trade receivables	11	**917 513**	**917 513**	453 295	453 295
Other loans and receivables (excluding prepayments)	11	**86 983**	**86 983**	109 622	109 622
Cash and cash equivalents	13	**275 956**	**275 956**	664 214	664 214
At fair value through profit and loss					
Derivative financial instruments	12	**34 096**	**34 096**	1 801	1 801
Environmental Rehabilitation Trust investments	9.1	**200 194**	**200 194**	184 727	184 727
Richard's Bay Ammonium Consortium Investment	9.1	**15 046**	**15 046**	–	–
Total financial assets		**1 530 803**	**1 530 803**	1 414 590	1 414 590
Liabilities					
Financial liabilities at amortised cost					
Finance lease liability	18	**8 852**	**8 852**	10 675	10 675
Trade payables (including accrued expenses)	21	**1 139 572**	**1 139 572**	1 103 461	1 103 461
Other payables (excluding leave provision)	21	**28 295**	**28 295**	73 983	73 983
Long-term interest-bearing loan	30	**956 419**	**956 419**	630 000	700 000
Current portion on interest-bearing loans	30	**558 292**	**558 292**	484 052	414 052
At fair value through profit and loss					
Derivative financial instruments	12	**–**	**–**	1 643	1 643
Share buyback option	12	**5 640**	**5 640**	5 661	5 661
Total financial liabilities		**2 697 070**	**2 697 070**	2 309 474	2 309 474
COMPANY					
Financial assets					
The carrying amount and fair values of financial assets are as follows:					
Loans and receivables					
Environmental Rehabilitation Trust	9.2	**1 015**	**1 015**	931	931
Trade receivables	11	**911 943**	**911 943**	446 818	446 818
Other loans and receivables (excluding prepayments)	11	**86 969**	**86 969**	104 696	104 696
Cash and cash equivalents	13	**270 978**	**270 978**	654 473	654 473
At fair value through profit and loss					
Derivative financial instruments	12	**34 096**	**34 096**	1 801	1 801
Environmental Rehabilitation Trust investments	9.1	**200 194**	**200 194**	184 727	184 727
Richard's Bay Ammonium Consortium Investments	9.1	**15 046**	**15 046**	–	–
Total financial assets		**1 520 241**	**1 520 241**	1 393 446	1 393 446
Liabilities					
Financial liabilities at amortised cost					
Finance lease liability	18	**8 852**	**8 852**	10 675	10 675
Trade payables (including accrued expenses)	21	**1 134 152**	**1 134 152**	1 090 928	1 090 928
Other payables (excluding leave provision)	21	**27 706**	**27 706**	68 394	68 394
Long-term interest-bearing loan	30	**956 419**	**956 419**	630 000	700 000
Current portion on interest-bearing loans	30	**558 292**	**558 292**	484 052	414 052
At fair value through profit and loss					
Derivative financial instruments	12	**–**	**–**	1 643	1 643
Share buyback option	12	**–**	**–**	–	–
Total financial liabilities		**2 685 421**	**2 685 421**	2 285 692	2 285 692

32. FINANCIAL INSTRUMENTS (continued)

32.1 Financial instruments by category continued

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:

		2018			
	Notes	LEVEL 1 R'000	LEVEL 2 R'000	LEVEL 3 R'000	TOTAL R'000
GROUP					
Assets					
At fair value through profit and loss					
Derivative financial instruments	12	–	34 096	–	34 096
Environmental Rehabilitation Trust Investments	9.1	1 161	173 981	25 052	200 194
		1 161	208 077	25 052	234 290
Liabilities					
At fair value through profit and loss					
Share buyback option	12	–	–	(5 640)	(5 640)
		–	–	(5 640)	(5 640)
COMPANY					
Assets					
At fair value through profit and loss					
Derivative financial instruments	12	–	34 096	–	34 096
Environmental Rehabilitation Trust Investments	9.1	1 161	173 981	25 052	200 194
		1 161	208 077	25 052	234 290

		2017			
	Notes	LEVEL 1 R'000	LEVEL 2 R'000	LEVEL 3 R'000	TOTAL R'000
GROUP					
Assets					
At fair value through profit and loss					
Derivative financial instruments	12	–	1 801	–	1 801
Environmental Rehabilitation Trust Investments	9.1	935	169 028	14 764	184 727
		935	170 829	14 764	186 528
Liabilities					
At fair value through profit and loss					
Derivative financial instruments	12	–	(1 643)	–	(1 643)
Share buyback option	12	–	–	(5 661)	(5 661)
		–	(1 643)	(5 661)	(7 304)
COMPANY					
Assets					
At fair value through profit and loss					
Derivative financial instruments	12	–	1 801	–	1 801
Environmental Rehabilitation Trust Investments	9.1	935	169 028	14 764	184 727
		935	170 829	14 764	186 528
Liabilities					
At fair value through profit and loss					
Derivative financial instruments	12	–	(1 643)	–	(1 643)
		–	(1 643)	–	(1 643)

32. FINANCIAL INSTRUMENTS (continued)

32.1 Financial instruments by category continued

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.

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.

		GROUP	
		2018 R'000	**2017 R'000**
Opening balance		**5 661**	5 706
Loss through profit or loss		**(21)**	(45)
Closing balance		**5 640**	5 661

The total loss for the period included in profit or loss for liabilities held at the end of the reporting period is R21 000 (2017: R45 000 loss).

Financial Instruments classified as Level 3 inputs

Share buyback option

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

		2018	2017
Strike price	(R)	**6 000 000**	6 000 000
Spot price	(R)	**8 496 518**	8 496 518
Discount rate	(%)	**7.04**	7.18
Annualised expected volatility	(%)	**39.93**	41.81

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.

Environmental Rehabilitation Trust Investments

Inputs for the assets not based on observable market data consists of deposits and money market investments.

32. FINANCIAL INSTRUMENTS (continued)

32.2 Market risk management

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 collar 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.

Details of the contracts are as follows:

		GROUP		COMPANY	
		2018	2017	2018	2017
Forward exchange contracts					
Denominated in United States Dollars		**23 500**	4 500	**23 500**	4 500
Average exchange rate as per USD contract	R	**13.32**	13.33	**13.32**	13.33
Spot rate at year-end R/US$	R	**11.82**	12.93	**11.82**	12.93
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	**31 750**	16 971	**31 750**	16 971
Rand equivalent balances at year-end	R'000	**375 380**	219 367	**375 380**	219 367
Payables (less than one year)					
US$-denominated balances at year-end	US$'000	**(29 552)**	(20 878)	**(29 552)**	(20 878)
Rand equivalent balances at year-end	R'000	**(349 413)**	(269 871)	**(349 413)**	(269 871)
Net payables rand equivalent		**25 967**	(50 504)	**25 967**	(50 504)

At 31 March 2018 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 R867 000 lower (2017: R5 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 R867 000 higher (2017: R5 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.

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 R3.4 billion (2017: R3.7 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.

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
32. FINANCIAL INSTRUMENTS (continued)					
32.2 Market risk management					
Cash and cash equivalents	13	**275 956**	664 214	**270 978**	654 473
Long-term interest-bearing loan	30	**(956 419)**	(630 000)	**(956 419)**	(630 000)
Short-term interest-bearing loan	30	**(558 292)**	(484 052)	**(558 292)**	(484 052)
Net debt		**(1 238 755)**	(449 838)	**(1 243 733)**	(459 579)

At 31 March 2018 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 R12 million higher (2017: R5 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 R12 million lower (2017: R5 million lower).

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 Dollars, 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 2018 and 31 March 2017, 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 9) are actively managed by reputable fund managers and are held in conservative portfolios, which guarantees return of the capital amount invested.

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Listed investments and Unit Trusts					
Fair value at 31 March		**175 142**	169 963	**175 142**	169 963
Listed investments	9.2	**1 161**	935	**1 161**	935
Unit Trust	9.2	**173 981**	169 028	**173 981**	169 028

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 R58 000 (2017: R47 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 R58 000 (2017: R47 000).

The Environmental Rehabilitation Trust holds unit trusts. The unit trust portfolio for these investments is invested in equity (32%), property (7%), bonds (28%), money market and cash (26%) and other (7%). A 5% decrease in the quoted price at the reporting date, with all other variables held constant, would have decreased profit before taxation by R9 million (2017: R8.5 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 R9 million (2017: R8.5 million).

32. FINANCIAL INSTRUMENTS (continued)

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.

Recoverability for the outstanding amount can be analysed as follows:

		GROUP		COMPANY	
	Notes	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Trade receivables					
Fully performing					
– Outstanding for less than 60 days		**833 035**	450 919	**827 465**	443 518
– Outstanding for more than 60 days but less than 120 days		**108 022**	15 222	**108 022**	15 222
Past due and not impaired – local debtors					
– Outstanding for more than 120 days		**27 616**	22 628	**27 616**	22 628
Total trade receivables	11	**968 673**	488 769	**963 103**	481 368
Other receivables					
Fully performing					
– Outstanding for less than 60 days		**86 983**	109 622	**86 969**	104 969
Past due and impaired – local debtors					
Total other receivables	11	**86 983**	109 622	**86 969**	104 969
Major foreign debtors – account balance					
Coromandel		**80 870**	72 678	**80 870**	72 678
Navitrade INC		**41 577**	–	**41 577**	–
Sun International		**253 454**	125 081	**253 454**	125 081
Trade drive		**–**	21 524	**–**	21 524
Major foreign debtors		**375 901**	219 283	**375 901**	219 283
Cash and cash equivalents on hand	13	**275 956**	664 214	**270 978**	654 473

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 R350 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. FINANCIAL INSTRUMENTS (continued)

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 R3.4 billion. R1.5 billion was utilised at 31 March 2018. The Group negotiates short-term general borrowing facilities annually with approved banks. R580 million of the total short-term borrowing facility was committed during the year for 12 months.

The long-term obligations include R956 million loan from the parent company, the IDC. There is no security or collateral written against the IDC loan. During the year the payment terms for the loan were extended. The loan is repayable bi-annually in eight equal instalments. The first instalment is payable in March 2020.

		GROUP		COMPANY	
	Notes	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Trade payables					
– Due in less than 60 days		**526 232**	433 381	**523 347**	421 383
– Due in more than 60 days but less than 120 days		**241 446**	151 385	**241 446**	151 385
– Due in more than 120 days		**65 779**	91 181	**65 779**	91 181
	21	**833 457**	675 947	**830 572**	663 949
Other payables					
– Due in less than 60 days		**304 291**	427 514	**303 756**	426 979
– Sundry payables due in less than 60 days		**66**	5 551	**–**	–
Trade and other payables (excluding leave provision)	21	**1 137 814**	1 109 012	**1 134 328**	1 090 928
Derivative financial instrument	12	**–**	1 643	**–**	1 643
Long-term interest-bearing loan	30	**956 419**	630 000	**956 419**	630 000
Short-term interest-bearing loan	30	**558 292**	484 052	**558 292**	484 052
Finance lease liability	18	**8 852**	10 675	**8 852**	10 675
Total		**2 661 377**	2 235 382	**2 657 891**	2 217 298

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 eight years remaining as at 31 March 2018.

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 THREE MONTHS R'000	THREE TO 12 MONTHS R'000	ONE TO FIVE YEARS R'000	OVER FIVE YEARS R'000
At 31 March 2018				
Derivative financial instrument	**33 289**	**807**	**–**	**–**
Long-term interest-bearing loan – capital	**–**	**–**	**840 000**	**1 960 000**
Long-term interest-bearing loan – interest	**26 780**	**80 332**	**994 648**	**823 200**
Short-term interest-bearing loan – capital	**–**	**524 797**	**–**	**–**
Short-term interest-bearing loan – interest	**12 687**	**1 663**	**–**	**–**
Finance lease liability – capital	**456**	**1 367**	**6 064**	**965**
Finance lease liability – interest	**15**	**197**	**873**	**139**
At 31 March 2017				
Derivative financial instrument	158	–	–	–
Long-term interest-bearing loan – capital	–	70 000	700 000	–
Long-term interest-bearing loan – interest	21 000	63 000	420 000	–
Short-term interest-bearing loan – capital	28 000	78 431	70 831	–
Short-term interest-bearing loan – interest	11 232	28 483	135 535	–
Finance lease liability – capital	456	1 823	6 469	2 382
Finance lease liability – interest	16	263	932	343

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, is to maintain the gearing ratio below 40%.

The gearing ratios are as follows:

	Notes	GROUP		COMPANY	
		2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Total borrowings		**1 514 711**	1 114 052	**1 514 711**	1 114 052
Less: Cash and cash equivalents	13	**(275 956)**	(664 214)	**(270 978)**	(654 473)
Net debt	30	**1 238 755**	449 838	**1 243 733**	459 579
Total equity		**4 375 972**	4 789 213	**4 276 745**	4 685 842
Total capital		**5 614 727**	5 239 052	**5 520 478**	5 145 423
Gearing ratio (%)		**22**	9	**23**	9
Share capital		**9 158**	9 158	**9 158**	9 158
Class B and D share capital		**3 376 344**	3 006 804	**3 376 344**	3 006 804
Share premium		**132 013**	132 013	**132 013**	132 013
Capital	15	**3 517 515**	3 147 975	**3 517 515**	3 147 975

33. GUARANTEES AND CONTINGENCIES

33.1 Guarantees

Guarantees issued by the Group to various beneficiaries amount to R565 million (2017: R562 million).

	GROUP		COMPANY	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Details and beneficiary				
Mine rehabilitation – Department of Mineral Resources	**499 357**	495 590	**499 357**	495 590
Rail transport of phosphate rock and granular fertiliser – Transnet Limited	**25 959**	25 859	**25 959**	25 859
Electricity – Eskom Limited	**17 496**	17 496	**17 496**	17 496
Water and electricity supply – Richards Bay Transitional Local Council	**12 433**	12 433	**12 433**	12 433
Mozambique Port Development Council	**8 867**	9 694	**8 867**	9 694
Various ZAR-denominated guarantees	**901**	1 111	**901**	1 111
Total	**565 013**	562 183	**565 013**	562 183

33.2 Contingencies

The Group has certain legal claims instituted against it. These claims are all being defended and the directors are of the opinion that these claims will be successfully defended. The value of these claims are R170 million. In addition, the Group has instituted legal claims of R1.2 billion against others.

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