ANNUAL FINANCIAL STATEMENTS 2023

FOR THE YEAR ENDED 31 MARCH

FOSKOR

CONTENTS

AUDITED ANNUAL FINANCIAL STATEMENTS

Level of assurance
The consolidated and separate annual financial statements were audited in compliance with the requirements of the Companies Act, No. 71 of 2008 ("Companies Act").

Preparer
The consolidated and separate annual financial statements have been prepared by the Foskor (Pty) Ltd finance staff under the guidance of the General Manager: Finance, Hoosen Moolla, AGA (SA) and General Manager: Tax and Treasury. Sthembiso Mzobe, B. Comm Honours, and were supervised by the Chief Financial Officer ("CFO"), Jubilant Speckman, CA(SA).

Date of publication
9 October 2023

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

To the members of Foskor (Pty) Ltd

The Directors are responsible for the preparation and fair presentation of the consolidated ("the Group") and separate ("the Company") annual financial statements, comprising the statements of financial position at 31 March 2023, and the statements of profit and loss and comprehensive income, statement of changes in equity and statement of 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 ("IFRS") and in the manner required by the Companies Act of South Africa.

The consolidated and separate annual financial statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable prudent judgements and estimates.

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 reviewed the Group and Company cash flow forecast for the year to 30 September 2024 and 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 external auditors are responsible for independently auditing, and expressing an opinion on whether the consolidated and separate annual financial statements are fairly presented in accordance with IFRS and the manner required by the Companies Act of South Africa. The auditors report is presented on page 7 to 14.

Approval of the consolidated and separate Annual Financial Statements

The consolidated and separate annual financial statements, as identified in the first paragraph, were approved by the Board of Directors on 26 September 2023 and are signed on its behalf by:

RM. Godsell

Mr RM Godsell
Chairman

Mr JT Palliam
Chief Executive Officer ("CEO")

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)e) of the Companies Act, thereby certify that, to the best of my knowledge and belief, Foskor (Pty) Ltd has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2023, all such returns and notices as required in terms of the Companies Act. and that all such returns and notices are true, correct and up to date.

AMKhanyile.

Ms AUS Khanyile
Company Secretary

DIRECTORS' REPORT

For the year ended 31 March 2023

The directors have pleasure to present their report together with the audited consolidated and separate annual financial statements of Foskor (Pty) Ltd for the year ended 31 March 2023.

Nature of business

Foskor (Pty) Ltd is a private company incorporated within the Republic of South Africa. Foskor's ("Foskor (Pty) Ltd") 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 54% 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 60% of the phosphoric acid sales are exported, while granular fertiliser sales are mainly sold to the local market.

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 and Energy (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 R11.5 billion, a 65% increase from the previous year, due to increase in sales volumes, commodity prices and optimisation of product sales mix. This contributed to a increase in the earnings before interest and taxation ("EBIT") from R55 million in 2022 to EBIT profit of R3.5 billion in 2023. Included in the Group's EBIT profit is an impairment reversal of R2 billion (2022: R169 million impairment charge). The Group net finance costs increased by R176 million from R426 million in 2022 to R602 million in the current year. The Group net profit after tax increased from R541 million loss to R2.8 billion profit. The Group had a positive cash balance of R692 million (2022: R162 million), a long-term interest-bearing loan balance of R4.1 billion (2022: R4.3 billion) and a short-term profit interest-bearing loan balance of R929 million (2022: R46 million).

General review of operations

As at 31 March 2023, Foskor produced 1.93 million tons (2022: 1.58 million tons) of phosphate rock concentrate, 308 000 tons (2022: 294 000 tons) of phosphoric acid and 256 000 tons (2022: 197 000 tons) of granular fertiliser mono-ammonium phosphate (MAP). Higher production in mining and acid divisions was due to business turnaround improvements.

Share capital

Authorised

	Number of shares	
	2023	**2022**
Ordinary R1 par value shares	**9 157 647**	9 157 647

There was no change in the authorised share capital of the company during the year. The authorised share capital of the company is 9 157 647 ordinary value shares of R1 par value.

Issued

	Share capital		Number of shares	
	2023	**2022**	**2023**	**2022**
Ordinary shares	**4 170 979**	4 170 979	**9 157 647**	9 157 647

There was no change in the issued share capital of the company during the year.

Shareholders of the company

	2023		2022	
Shareholder	**Number of shares**	**% of shares**	**Number of shares**	**% of shares**
The Industrial Development Corporation of South Africa Limited	**5 403 009**	**59.00%**	5 403 009	59.00%
The Manyoro Consortium	**1 373 648**	**15.00%**	1 373 648	15.00%
CFL Mauritius Ltd (a Mauritius-based Company owned by CIL)	**1 082 480**	**11.82%**	1 082 480	11.82%
The Kopano Foskor Employees Trust	**549 459**	**6.00%**	549 459	6.00%
The Ba-Phalaborwa and Umhlathuze Community Trusts	**457 884**	**5.00%**	457 884	5.00%
Coromandel International Ltd (CIL – based in India)	**199 590**	**2.18%**	199 590	2.18%
Sun International FZE (a Company based in India)	**91 577**	**1.00%**	91 577	1.00%

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 April 2022.

Subsidiaries

Details of subsidiaries of the company are set out in note 6 and note 38 of the annual financial statements.

Dividends

Dividends are approved by the Board subject to the performance and affordability of the company. After careful consideration of the financial affairs of the company, dividends were not declared for the year ended 31 March 2023.

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 ("machinery breakdown and business interruption combined"). The deductible for international business interruption for material and property damage is 30 days average daily value minimum R20 million. The insured value of the assets is R21.09 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.

Public Finance Management Act

On 11 May 2022, Foskor was granted exemption from provisions of section 3(b) of the PPPFA, procurement from international suppliers referred to in our application as "Purchases of products which are procured international and not available locally", with exception of section 8 of the PPPFA Regulations on local production and content. As Foskor is governed by policies suitable to private business enterprises, these are not aligned to the PPPFA, resulting in spend being irregular. The total amount of irregular expenditure for the period is R6.3 billion and is disclosed under note 34 in the financial statements. Based on the audit, the external auditors concluded that the systems of internal control were inadequate to timeously detect and record this expenditure in the financial statements which form the basis of the modified opinion.

The company is implementing a plan to improve the internal controls to ensure that irregular expenditure is detected and recorded timeously and also that the process assessment and determinations of potential irregular expenditure arising from supply chain management breached were performed and the resultant irregular expenditure identified and disclosed.

Resolutions

No special resolution was passed during the financial year ended 31 March 2023.

Loans to the Foskor Group

Foskor has a loan funding facility of R5 billion with Industrial Development Corporation ("IDC"), which was drawn down for working capital and capital expenditure purposes. Foskor also has short-term facilities of R635 million available from other commercial banks.

Material commitments, lease payments and contingencies

The Group's head office building in Midrand is currently leased on a month to month basis, as the previous lease agreement expired on 31 December 2022. The Acid Division leases a pipeline from the Umhlathuze Water Board (Richards Bay Municipality) to discharge effluent and the remaining period of the lease is three years. Contingencies are disclosed in note 36.2.

Capital expenditure

R463 million was invested as capital expenditure for the year ended 31 March 2023 and capital expenditure of R1.3 billion has been approved for the 2024 financial year.

Going concern

In determining the appropriate basis of preparation of the annual financial statements, the Board of Directors is required to consider whether the Group and Company can continue to operate for the foreseeable future. At the date of approving these financial statements, the directors have satisfied themselves that the Group and Company has access to sufficient borrowing facilities to meet its foreseeable cash requirements and therefore will remain a going concern.

Post financial year end events

On 28 June 2023 the board appointed two new directors. Refer to directors table below for more information.

No other material events occurred between the date of these annual financial statements and the date of approval thereof, the knowledge of which would affect the ability of the user of these annual financial statements to make proper evaluation 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.

Directors

The directors in office at the date of this report are as follows:

Name	Designation	Nationality	Changes
RM Godsell	Chairman	South African	Appointed 27 March 2019
NG Nika	Independent non-executive	South African	Appointed 3 February 2012
SS Subramanian	Non-executive	Indian	Appointed 11 March 2021
SP Ngwenya	Non-executive	South African	Appointed 27 March 2019
DP Martin	Independent non-executive	South African	Appointed 27 March 2019
TML Setlloane	Independent non-executive	South African	Appointed 24 June 2019
NVB Magubane	Independent non-executive	South African	Resigned 1 December 2022
MJ Vuso	Independent non-executive	South African	Appointed 28 August 2020
MA Hermanus	Independent non-executive	South African	Appointed 28 June 2023
NP Zulu	Independent non-executive	South African	Appointed 28 June 2023
JT Palliam[1]	Chief executive officer	South African	Appointed 22 November 2019
JM Speckman	Chief financial officer	South African	Appointed 1 November 2022

[1] *JT Palliam was appointed onto the board on 22 November 2019 when he occupied position as the Chief Financial Officer and was subsequently appointed as CEO on 1 July 2022.*

Prescribed officers

The executive director and the executive managers are deemed to be prescribed officers of Foskor (Pty) Ltd as contemplated in the Companies Act, No. 71 of 2008. The directors and prescribed officers' emoluments are disclosed in note 38 of the annual financial statements.

Service contracts with directors and executive management

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

Employee share ownership plan (ESOP)

Initially when the ESOP was set up Foskor employees (including executive management) were entitled to receive units in the Employee Share Ownership Plan Trust (ESOP) which holds 6% of Foskor's share capital through a special purpose vehicle. The initial allocation of the units was made in June 2011 to employees who had been employed with the Company on 1 April 2009, and a second allocation was made to employees engaged after 1 April 2009 but still in service on 30 June 2011 and the last allocation was done in 2013. All employees who joined the company after 2013 were not allocated any units. The number of units allotted to date is 528 995 (2022: 528 995).

Directors' interests in contracts

The non-executive directors have no interest in the Company.

Independent auditors

The Group has appointed Deloitte & Touche ("Deloitte") as auditors for the 31 March 2023 financial year. The appointment is in accordance with Section 30 of the Companies Act, No. 71 of 2008 of South Africa, as amended.

Registered address

Block G, Riverview Office Park, Janadel Road, Midrand

PO Box 2494, Halfway House, 1685

BOARD AUDIT COMMITTEE REPORT

This report is provided by the Board Audit Committee ("BAC") in respect of the 2023 financial year of Foskor (Pty) Ltd in compliance with Section 94 of the Companies Act, No. 71 of 2008, as amended (the Act). The BAC's function is guided by a detailed charter which is informed by the Act and the King IV Report on Corporate Governance and approved by the Board of Directors.

Membership

The BAC members were appointed by the Board of Directors in respect of the 2023 financial year. The committee is a sub 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
- Mr Thero Micarios Lesego Setiloane – Independent
- Mr Sibusiso Peter Paul Ngwenya
- Ms Matsotso Johanna Vuso – Independent

Purpose

The purpose of the BAC is to assist the Board of Directors 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 BAC 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.

- In respect of the External Auditor and the External Audit, the BAC amongst other matters:
  - Appointed Deloitte as the external auditor for the financial year ended 31 March 2023, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor. The BAC confirms that the auditors are accredited.
  - Approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditors.
  - 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 accepted that no services undertaken during the year.
  - 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 annual financial statements, the BAC 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 Group and Company 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 Group and Company was determined to be a going concern.
  - Reviewed the external auditor's audit report.
  - Reviewed the representation letter relating to the Group and Company financial statements which was signed by management.
  - Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- In respect of internal control and internal audit, the Internal Audit function provides a written assessment on the effectiveness of internal controls and internal financial controls to the BAC 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 BAC.

- In respect of risk management and information technology, the BAC, 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 BAC 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 BAC:
  - 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 BAC 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.

Key audit matters

The BAC applied its mind to the key audit matters identified by the external auditors and is comfortable that these have been adequately addressed and disclosed. These items, which required significant judgment, were:

- key judgments and estimates used impairment of the cash-generating unit and impairment of assets; and
- recognition of the deferred tax asset and the valuation of the impairment of the deferred tax asset.

Annual financial statements

Following the review by the BAC of the annual financial statements of Foskor (Pty) Ltd for the year ended 31 March 2023, 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 except for irregular expenditure as concluded by the external auditors. Having achieved its objectives, the committee recommended the financial statements for the year ended 31 March 2023 for approval to the Foskor (Pty) Ltd Board of Directors. The Board of Directors has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

The BAC has noted the qualification of the irregular expenditure and improvement of controls in this area is a focus for the committee in 2024 to ensure that external auditors are able to obtain comfort on the relevant assertions in this area.

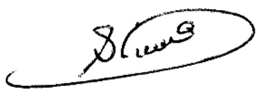
Focus areas for 2024 financial year

- Enhancement of the internal audit function
- Enhancement and improvement of internal controls especially in key areas and functions
- Continuous improvement and strengthening of the Group's balance sheet
- Partnering with management and IT to oversee cyber security improvements, internal controls, and other initiatives to mitigate fraud and third-party risks.
- Enhancement of internal controls in areas of PFMA compliance.

Conclusion

The BAC 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 Committee



Mr NG Nika
Chairman of the Board Audit Committee

Johannesburg
26 September 2023

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT AND THE SHAREHOLDERS ON FOSKOR PROPRIETARY LIMITED

Report on the audit of the consolidated and separate financial statements

Qualified Opinion

We have audited the consolidated and separate financial statements of Foskor Proprietary Limited and its subsidiaries (the Group and Company) set out on pages 16 to 108, which comprise the consolidated and separate statement of financial position as at 31 March 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Foskor Proprietary Limited and its subsidiaries (the Group and Company) as at 31 March 2023, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for qualified opinion

Irregular expenditure

The public entity did not fully and appropriately record and disclose irregular expenditure, to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate systems of internal control to timeously detect and record this expenditure in the financial statements. Assessment and determinations of potential irregular expenditure arising from supply chain management breaches were not performed as required by legislation and the resultant irregular expenditure was not identified and not disclosed. Some transactions of irregular expenditure were recorded in the financial period to which they do not relate. Certain items of irregular expenditure resulting from multi-year contracts were not identified and disclosed in the financial statements. Items which did not meet the requirements of irregular expenditure definition were included in the financial statements when the expenditure was not incurred. We were unable to obtain sufficient and appropriate evidence of some transactions that were recognised as irregular expenditure adjustments in the financial statements.

As a result of the weaknesses identified and described above, we were unable to determine the full extent of the misstatement of irregular expenditure disclosed in terms of section 55(2)(b)(i) of the PFMA stated at R6 308 million (2022: R 3 505 million) in note 34.1 to the consolidated and separate financial statements respectively, as it was impracticable to do so.

Context for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Group and Company in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of 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 corresponding sections of the International Ethics Standards Board for *Accountants' International code of ethics for professional accountants (including International Independence Standards)*.

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. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters identified are applicable to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in the audit
Impairment of the Cash generating unit (CGU) of Foskor mining and manufacturing plant and equipment assets As disclosed in note 4 to the consolidated and separate financial statements, management assessed the CGU of Foskor mining and manufacturing plant and equipment assets for Impairment in accordance with IAS 36 Impairment of assets. The recoverable amount of a group of assets, or CGU, is to be measured whenever there is an indication that the value of the group of assets or the CGU may be impaired. Significant judgement is required by the management in assessing the impairment of the group of assets or the CGU, which is determined with reference to fair value less cost to sell or the value in use, which is based on the cash flow forecast for the CGU. This assessment was performed to determine whether it is necessary to recognise an impairment. Key inputs considered in the determination of impairment of the CGU include the following: • Weighted average cost of capital • Growth rates • Gross profit margin • EBIT margin The above impacts the discount rates applied to the projected future cash flows. Due to the significant judgement and assumptions applied by management, the impairment of the CGU at Foskor was considered a key audit matter.	• We assessed the design and implementation of controls over the impairment assessment. We concluded that the key control was appropriately designed and implemented. • We considered management's assessment of impairment risk and its assessment of the indicators of impairment or impairment reversal. • We performed an independent assessment of impairment and impairment reversal indicators considering the current economic environment, including the impact of the war between Russia and Ukraine and the increase in inflation globally. • We performed an assessment of management's determination of relevant CGUs by reference to the requirements of the accounting standards and our understanding of the nature of the mining and manufacturing operations and the extent to which active markets are considered to exist for intermediary products. • We obtained an understanding of the methodology applied by management in developing its impairment and impairment reversal assessments, which included understanding the inherent subjectivity and complexity of underlying key assumptions, • We challenged the significant assumptions used and the evidence on which these assumptions were based. We considered the risk of management bias in macroeconomic forecast assumptions by analysing management's inputs against third-party forecast data. We used Deloitte specialists to perform an independent assessment of discount rates. • Where indicators of impairment or impairment reversal were identified, we performed detailed testing on management's impairment calculations and where appropriate based on our risk assessment, we utilised Deloitte valuation and mining specialists to assess the reasonableness of management's underlying model inputs and key assumptions (e.g., reserve and resource estimation and Life of mine (LOM)). • We analysed assumptions against historical performance as well as approved budgets and LOM plans as part of evaluating management's ability to accurately forecast. • We assessed the competence, capability, and objectivity of the Group's internal experts responsible for preparing the LOM plans. We compared the capital expenditure projections to existing planned works and the capital development work required. • We performed a stand-back assessment and evaluated management's impairment or impairment reversal assessment for any evidence of management bias in assumptions and judgements applied. • We evaluated whether the accounting treatment applied in determining the impairment and the related disclosures are in accordance with the applicable financial reporting framework. Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the risk associated with the significant judgemental nature of the discount rates and assumptions applied by management.

Key audit matter	How the matter was addressed in the audit
Deferred tax asset recognition and recoverability A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised. The carrying value of the deferred tax asset recognised on assessed losses as at 31 March 2023 was R702 million, as disclosed in note 14 to the consolidated and separate financial statements. In assessing the future taxable income, management has made estimates based on assumptions in relation to the future taxable income of the relevant subsidiaries. Due to the significant estimation and uncertainty related to the cash flows, the assessment of the recoverability of the deferred tax asset at Foskor was considered a key audit matter.	• We assessed the design and implementation of controls over the recognition and valuation of the deferred tax asset. • We evaluated management's methodology for assessing the recognition and recoverability of deferred tax assets. Where recognition is supported by the availability of sufficient probable taxable profits in future periods against which the asset can be utilised in future periods, our evaluation of these future profits considered both the business model and the South African tax jurisdiction. • We obtained the approved budget and five-year forecast from the directors used to support the future taxable income. Forecasts for periods beyond the normal five-year forecasting horizon were appropriately not included. • We assessed the consistency of the forecasts used to justify the recognition of deferred tax assets to those used in the CGU impairment and going concern assessments. • We tested the mathematical accuracy and logic of the budget calculations and taxable income. • We compared the forecasted taxable income in the previous year with the actual performance of the current year. • We assessed the budgeting techniques and accuracy thereof by comparing the prior year budget to the current year budget to assess for material discrepancies in the forecast and considered relevant contradictory evidence in the forecasts used. • We evaluated the adequacy of the disclosures in the financial statements on the expected recoverability of the deferred tax assets relating to the assessed losses. We concluded that the recognition and recoverability of deferred tax assets was appropriate.

Other matters

We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Previous period audited by predecessor auditor

The financial statements of the previous year ended 31 March 2022 were audited by another auditor in terms of section 4(3) of the Public Audit Act of South Africa, Act 25 of 2004 (PAA).

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised, irregular, and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and comparative figures are disclosed in note 34.1 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Foskor (Pty) Ltd. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now required to be included as part of other information in the annual report of Foskor (Pty) Ltd.

We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the consolidated and separate financial statements

The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the Companies Act and PFMA, and for such internal control as the accounting authority determines 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 accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor 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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements. A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 39 to the consolidated and separate financial statements.

Report on the audit of the annual performance report

The public entity is not required to prepare a report on its performance against predetermined objectives, as the Minister of Finance granted an exemption to this requirement to all subsidiaries of the Industrial Development Corporation of South Africa Limited (IDC). This exemption was granted on 29 November 2020 for a period of three years.

Report on compliance with legislation

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

The financial statements submitted for auditing were not prepared in accordance with the prescribed reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements and restatements of inventory, decommissioning asset, decommissioning liability, deferred tax, property, plant and equipment, revenue, cost of sales, accounts receivable, operating expenses, trade and other payables, and related disclosures items, identified by the auditors and management in the submitted financial statements, were corrected. The details of the restatement have been described in Note 1 to the consolidated and separate financial statements.

Expenditure management

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R6.3 billion as disclosed in note 34.1 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by contravention of the PFMA, Preferential Procurement Policy Framework Act and Treasury Regulations requirements in the procurement of goods and services.

Consequence management

We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

We were unable to obtain sufficient appropriate audit evidence that all allegations of fraud which exceeded R100 000 were reported to the SAPS, as required by section 34(1) of the PRECCA.

Investigations were not conducted into allegations of financial misconduct committed by the officials, as required by treasury regulation 33.1.1.

Revenue management

Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Procurement and contract management

We were unable to obtain sufficient appropriate audit evidence that some contracts were awarded in accordance with the legislative requirements as information was not submitted for audit due to inadequate recording keeping by the entity.

Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent, and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

The deviation was not in line with the circumstances provided in the SCM policy under which the procurement may occur as required by PFMA Instruction Note 3 of 2021/22 par. 4.3 and 4.4.

Some of the deviation processes followed in respect of identifying prospective suppliers are not in line with the process prescribed in the institution's SCM policy as required PFMA instruction note no.3 of 2021/22 par. 4.(d).

We were unable to obtain sufficient appropriate audit evidence that the preference point system was applied in all procurement of goods and services as required by section 2(a) of the PPPFA. A non-compliance was reported in the prior year.

Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2017 and/or 2022. A similar non-compliance was also reported in the prior year.

Some of the contracts and quotations were awarded to bidders based on functionality criteria that were not stipulated in the original invitation for bidding and quotations, as required by the 2017 Preferential Procurement Regulation 5(1) and (3). A similar non-compliance was also reported in the prior year.

Some of the contracts and quotations were awarded to bidders based on pre-qualification criteria that were not stipulated and/or differed from those stipulated in the original invitation for bidding and quotations, in contravention of the 2017 Preferential Procurement Regulation 4(1) and 4(2).

We were unable to obtain sufficient appropriate audit evidence that bid documentation for procurement commodities designated for local content and production, stipulated the minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(2).

We were unable to obtain sufficient appropriate audit evidence that commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015/2016. A non-compliance was reported in the prior year.

We were unable to obtain sufficient appropriate audit evidence that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5). A non-compliance was reported in the prior year.

Other information in the annual report

The accounting authority is responsible for the other information. The other information comprises the information included in the document titled "Foskor Annual financial statements 31 March 2023" which includes the directors' report, the report of the board audit committee and the statement by the company secretary as required by the Companies Act 71 of 2008 which were obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and auditor's reports.

Our opinion on the consolidated and separate financial statements and our findings on the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the effects of the qualification described in the basis for qualification paragraph, the cumulative irregular expenditure disclosure note 5 in the selected explanatory notes to the abridged group annual financial statements of R11 185 million (2022: R 4 877 million) are materially misstated.

Internal control deficiencies

We considered internal control relevant to our audit of the financial statements, and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

The accounting authority did not implement adequate internal controls over the preparation and review of accurate financial statements to ensure that they were fully compliant with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA, as material misstatements and restatements were identified in the financial statements that were submitted for auditing.

The accounting authority did not implement adequate internal controls over the preparation and review of irregular expenditure registers to ensure they were fully compliant with the requirements of the National Treasury Instruction No. 4 of 2022/2023 on the PFMA Compliance Reporting Framework.

As part of exercising its oversight responsibility regarding compliance with applicable legislation and related internal controls, the accounting authority has not implemented all internal controls necessary to comply with legislative requirements related to the implementation of effective procurement and contract management, expenditure management and consequence management processes as the public entity had previously had a full exemption from compliance with section 55 of the PFMA, which has since expired.

Other reports

We draw attention to certain investigations into allegations of fraud that are in progress being conducted by the Directorate for Priority Crime Investigation which had, or could have, an impact on the matters reported in the consolidated and separate financial statements, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on compliance with legislation.

Audit tenure

In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Foskor Proprietary Limited and its subsidiaries for one year with the appointment being affected on 15 February 2023.

Yours faithfully

DELOITTE & TOUCHE

Deloitte & Touche
Registered Auditors
Per Tumellano Lavhengwa
Registered Partner

09 October 2023
5 Magwa Crescent
Waterfall City
Waterfall
2090

Annexure to the auditor's report

Auditor's responsibility for the audit

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements and the procedures performed on Foskor's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, 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 Foskor and its subsidiaries, internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Foskor and its subsidiaries 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 about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause the public entity to cease operating as a going concern.
- evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Foskor to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Foskor audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

We communicate with the accounting authority 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.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore key audit matters. We describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation

The list of selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
Public Finance Management Act No.1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b); 57(d) Section 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 29.1.1; 29.1.1(a); 29.1.1(c;); 29.2.1; 29.2.2; 29.3.1 Regulation 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3
Companies Act No.71 of 2008	Section 30(3)(b)(i); 33(1)(a) Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 72(4)(a); Section 75(6) Section 86(1); 86(4); Section 88(2)(d) Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Companies Regulations	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulation 17; 18(1A)1; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 31 March 2023

	Notes	GROUP 2023 R'000	GROUP 2022 Restated R'000	GROUP As at 1 April 2021 Restated R'000	COMPANY 2023 R'000	COMPANY 2022 Restated R'000	COMPANY As at 1 April 2021 Restated R'000
ASSETS							
Non-current assets							
Property, plant and equipment	4	**4 840 630**	2 751 290	2 771 277	**4 823 084**	2 733 658	2 755 385
Intangible assets	5	**2 119**	3 976	6 068	**2 119**	3 976	6 068
Investments in subsidiaries	6	**–**	–	–	**116 006**	116 006	116 006
Investment in associate	8	**–**	–	–	**–**	–	–
Investment in rehabilitation trust	6	**–**	–	–	**254 179**	184 157	184 157
Loans to subsidiaries	6	**–**	–	–	**26 320**	17 050	13 728
Investment in joint venture	7	**25**	25	25	**23**	23	23
Financial investments	9	**517 749**	396 125	344 428	**80 996**	63 708	12 013
Deferred tax	14	**705 687**	753 425	960 017	**703 330**	751 929	959 048
		6 066 210	3 904 841	4 081 815	**6 006 057**	3 870 507	4 046 428
Current assets							
Inventories	10	**2 818 356**	2 535 049	2 042 193	**2 818 356**	2 535 049	2 042 193
Trade and other receivables	11	**1 136 862**	934 421	727 503	**1 126 684**	929 451	721 128
Derivative financial instruments	12	**–**	–	321	**–**	–	321
Current tax assets		**42 675**	–	–	**42 675**	–	–
Cash and cash equivalents	13	**691 555**	162 214	311 982	**681 431**	159 321	308 426
		4 689 448	3 631 684	3 081 999	**4 669 146**	3 623 821	3 072 068
Total assets		**10 755 658**	7 536 525	7 163 814	**10 675 203**	7 494 328	7 118 496
EQUITY AND LIABILITIES							
Equity attributable to owners							
Share capital	15.1	**4 170 979**	4 170 979	4 170 979	**4 170 979**	4 170 979	4 170 979
Share premium	15.1	**132 013**	132 013	132 013	**132 013**	132 013	132 013
Retained losses		**(1 185 394)**	(3 972 462)	(3 475 074)	**(1 474 510)**	(4 227 678)	(3 731 549)
Share-based payment reserve	17.1	**303 914**	303 914	303 914	**303 914**	303 914	303 914
Total equity		**3 421 512**	634 444	1 131 832	**3 132 396**	379 228	875 357
Liabilities							
Non-current liabilities							
Lease liability	18	**4 068**	2 933	1 516	**1 993**	965	1 516
Environmental rehabilitation liability	19	**376 110**	430 474	397 945	**376 110**	430 474	397 945
Employee share-based payment liability	17.2	**–**	–	41	**–**	–	41
Long-term legal liability	31	**–**	–	35 381	**–**	–	35 381
Long-term interest-bearing loans	30	**4 059 670**	4 343 538	3 596 916	**4 059 670**	4 343 538	3 596 916
Retirement benefit obligations	20	**139 274**	138 561	139 983	**139 274**	138 561	139 983
		4 579 122	4 915 506	4 171 782	**4 577 047**	4 913 538	4 171 782
Current liabilities							
Trade and other payables	21	**1 683 803**	1 713 007	1 518 689	**1 678 638**	1 711 957	1 513 556
Loans from subsidiaries	6	**–**	–	–	**221 659**	221 814	221 914
Short-term legal liability	31	**4 583**	54 361	55 000	**4 583**	54 361	55 000
Short-term interest-bearing loans	30	**929 483**	46 048	236 744	**929 483**	46 048	236 744
Current tax liability		**450**	494	370	**539**	539	539
Lease liability	18	**2 050**	1 509	2 589	**1 945**	1 417	2 365
Derivative financial instruments	12	**5 742**	5 730	5 796	**–**	–	227
Provisions	22	**128 913**	165 426	41 012	**128 913**	165 426	41 012
		2 755 024	1 986 575	1 860 200	**2 965 760**	2 201 562	2 071 357
Total liabilities		**7 334 146**	6 902 081	6 031 982	**7 542 807**	7 115 100	6 243 139
Total equity and liabilities		**10 755 658**	7 536 525	7 163 814	**10 675 203**	7 494 328	7 118 496

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	23	**11 511 841**	6 984 244	**11 511 203**	6 983 730
Cost of sales	24	**(8 141 727)**	(5 393 891)	**(8 143 947)**	(5 399 355)
Gross profit		**3 370 114**	1 590 353	**3 367 256**	1 584 375
Distribution expenses	24	**(1 558 013)**	(1 194 271)	**(1 560 299)**	(1 197 556)
Administrative expenses	24	**(436 528)**	(380 922)	**(434 124)**	(372 734)
Other operating income	23	**163 729**	261 497	**169 762**	266 808
Loss from financial assets measured at fair value	33	**–**	(1 948)	**(23)**	(1 944)
Impairment reversal/(charge)	4	**1 999 120**	(169 060)	**1 999 120**	(169 060)
Expected credit loss		**5 271**	(51 129)	**5 749**	(51 129)
Gains on derecognition of financial assets		**–**	41	**–**	41
Operating profit before tax		**3 543 693**	54 561	**3 547 441**	58 801
Interest income	26	**75 825**	36 493	**48 762**	36 231
Finance costs	26	**(678 050)**	(462 623)	**(687 627)**	(464 780)
Net foreign exchange (loss)/gain	27	**(83 392)**	35 950	**(83 388)**	35 948
Profit/(loss) before taxation		**2 858 076**	(335 619)	**2 825 188**	(333 800)
Income tax	28	**(47 588)**	(206 558)	**(48 600)**	(207 118)
Profit/(loss) for the year		**2 810 488**	(542 177)	**2 776 588**	(540 918)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligation	20	**3 065**	1 089	**3 065**	1 089
Other comprehensive income for the year, net of tax		**3 065**	1 089	**3 065**	1 089
Total comprehensive profit/(loss) for the year		**2 813 553**	(541 088)	**2 779 653**	(539 829)

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Notes	Share capital R'000	Share premium R'000	Retained earnings/ (losses) R'000	Share-based payment reserve R'000	Total R'000
GROUP						
Balance at 31 March 2021	2	4 170 979	132 013	(3 244 552)	303 914	1 362 354
Derecognition of rehabilitation trust	2	–	–	93 075	–	93 075
Recognition of gypsum dam environmental liability	2	–	–	(101 151)	–	(101 151)
Recognition of decommissioning infrastructural asset	2	–	–	(16 486)	–	(16 486)
Derecognition of magnetite inventory	2	–	–	(205 960)	–	(205 960)
Restated balance at 1 April 2021		4 170 979	132 013	(3 475 074)	303 914	1 131 832
Change in estimate		–	–	43 700[1]	–	43 700
Loss for the year		–	–	(542 177)	–	(542 177)
Post-employment benefit obligation	20	–	–	1 089	–	1 089
Restated balance at 31 March 2022		**4 170 979**	**132 013**	**(3 972 462)**	**303 914**	**634 444**
Prior year period revenue adjustment		**–**	**–**	**(26 485)**	**–**	**(26 485)**
Profit for the year		**–**	**–**	**2 810 488**	**–**	**2 810 488**
Other comprehensive income		**–**	**–**	**3 065**	**–**	**3 065**
Balance at 31 March 2023		**4 170 979**	**132 013**	**(1 185 394)**	**303 914**	**3 421 512**
COMPANY						
Balance at 31 March 2021		4 170 979	132 013	(3 352 774)	303 914	1 254 132
Derecognition of rehabilitation trust		–	–	(55 178)	–	(55 178)
Recognition of environmental liability	2	–	–	(101 151)	–	(101 151)
Recognition of decommissioning infrastructural asset	2	–	–	(16 486)	–	(16 486)
Derecognition of magnetite inventory	2	–	–	(205 960)	–	(205 960)
Restated balance at 1 April 2021		4 170 979	132 013	(3 731 549)	303 914	875 357
Change in estimate		–	–	43 700	–	43 700
Loss for the year		–	–	(540 918)	–	(540 918)
Other comprehensive income	20	–	–	1 089	–	1 089
Restated balance at 31 March 2022		4 170 979	132 013	(4 227 678)	303 914	379 228
Prior year period revenue adjustment		**–**	**–**	**(26 485)**	**–**	**(26 485)**
Profit for the year		**–**	**–**	**2 776 588**	**–**	**2 776 588**
Other comprehensive income		**–**	**–**	**3 065**	**–**	**3 065**
Balance at 31 March 2023		**4 170 979**	**132 013**	**(1 474 510)**	**303 914**	**3 132 396**

[1] *Management identified that assets which were previously categorised as plant and machinery should be under buildings.*

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 31 March 2023

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash flows from operating activities					
Cash generated from/(utilised) by operations	29	**1 144 553**	(718)	**1 148 923**	5 672
Interest income	26	**13 335**	18 794	**12 632**	18 532
Finance cost paid	26	**(239 318)**	(49 128)	**(239 246)**	(53 677)
Finance cost paid – lease liability	18	**(964)**	(705)	**(741)**	(559)
Foreign exchange gain	27	**204 418**	25 520	**204 418**	25 520
Foreign exchange loss	27	**(283 349)**	(10 490)	**(283 349)**	(10 492)
Repayment of legal liability	31	**(49 778)**	(55 000)	**(49 778)**	(55 000)
Tax paid		**(42 523)**	–	**(42 675)**	–
Repayment of retirement medical benefits	20	**(11 234)**	–	**(11 234)**	–
Net cash from operating activities		**735 140**	(71 727)	**738 950**	(70 004)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(462 648)**	(213 261)	**(462 648)**	(211 154)
Purchase of financial investment held in the environmental rehabilitation trust	9.1	**(35 011)**	(35 011)	**(35 011)**	(35 011)
Proceeds from Richards Bay Ammonium Consortium Investment	9.4	**7 000**	–	**7 000**	–
Net cash from investing activities		**(490 659)**	(248 272)	**(490 659)**	(246 165)
Cash flows from financing activities					
Repayment of loans from subsidiaries		**–**	–	**(11 847)**	(3 437)
Proceeds of loans from subsidiaries		**–**	–	**504**	–
Repayment of lease liability – Capital	18	**(3 785)**	(1 769)	**(3 483)**	(1 499)
Proceeds from long-term interest-bearing loans	30	**2 412 890**	1 006 217	**2 412 890**	1 006 217
Repayment of long-term interest-bearing loans	30	**(2 302 608)**	(633 241)	**(2 302 608)**	(633 241)
Proceeds from short-term interest-bearing loans	30	**5 643 469**	3 534 817	**5 643 469**	3 534 817
Repayment of short-term interest-bearing loans	30	**(5 465 106)**	(3 735 793)	**(5 465 106)**	(3 735 793)
Net cash from financing activities		**284 860**	170 231	**273 819**	167 064
Total cash movements for the year		**529 341**	(149 768)	**522 110**	(149 105)
Total cash at the beginning of the year		**162 214**	311 982	**159 321**	308 426
Total cash at the end of the year	13	**691 555**	162 214	**681 431**	159 321

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. PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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) and the requirements of the Companies Act of South Africa, No. 71 of 2008. The financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value through profit or loss and financial assets measured through other comprehensive income.

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 under each note.

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

1.2 New standards and interpretations

1.2.1 Standards and interpretations effective and adopted in the current year

The efective date of the following standards is for accounting periods beginning on or after 1 January 2022. The Group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements. The impact of the amendments is not material.

Reference to the Conceptual Framework: Amendment to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the International Accounting Standards Committee Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37: *Provisions, Continent Liabilities and Contingent Assets* or IFRIC 21: *Levies*. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the acquisition date. The amendment further clarifies that contingent assets of acquirees should not be recognised as part of the business combination.

Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sale proceeds and related cost in profit or loss.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts (for example, depreciation allocation).

Annual Improvements to IFRS Standards 2018–2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

IFRS 1, First-time Adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9, Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16, Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41, Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

1.2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2023 or later periods:

Amendments to IFRS 17 Insurance Contracts including the Extension of the Temporary Exemption from Applying IRFS 9 (Amendments to IFRS 4)

The forthcoming insurance contract Standard will replace IFRS 4 and therefore, the temporary exemption from IFRS 9 will no longer exist when the insurer first applies that forthcoming Standard.

1.2 New standards and interpretations continued

1.2.2 Standards and interpretations not yet effective continued

The amendment will not have a material impact on Group's consolidated and separate annual financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction, must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendment is to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The effective date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is currently being assessed.

Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies.

Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is currently being assessed.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendment changes the requirements to classify a liability as current or non-current.

If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The impact of this amendment is currently being assessed.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments require a seller-lessee to apply the subsequent measurement requirements for lease liabilities unrelated to a sale and leaseback transaction to lease liabilities arising from a leaseback in a way that it recognises no amount of the gain or loss related to the right of use that it retains.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate annual financial statements.

2. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the current year, management identified a number of transactions that appeared to have been processed incorrectly in both current and prior periods. The impact of these transactions spanned various accounting topics, including inventories, decommissioning asset capitalisation and the related liability. In assessing whether the identified adjustments should be processed as prior period errors or recognised in the current period, management considered whether the facts that gave rise to the adjustments existed in prior years, or whether those events only arose due to information that came to light in the current year. The 2021 consolidated and separate annual financial statements have been restated to correct the prior period errors.

The nature and impact of the prior period errors is set out below.

Inventories

Magnetite to the value of R286 million as at 1 April 2021 has been derecognised as inventory. At the time of production (up to 2009) there was no active market to sell the product and no cost of production had been assigned at the time of production. The future sales of magnetite will result in no expense to the magnetite being recognised other than additional costs incurred such as decapping and material handling.

Decommissioning asset and liability

The environmental liability for the decommissioning of the gypsum dam and decommission of the Acid Division's plant was first recognised in 2017 with the contra recognised as decommissioning asset. Since the initial recognition in 2017, the only movements that have been recognised in the financial statements were the increase/decrease of the liability based on the annual assessment by the independent specialist and the contra movement has been recognised against the environmental asset. During the current year, the following errors were noted in the previous accounting treatment:

- the liability was not split between the part which relates to infrastructure and the component which relates to gypsum dam and waste. This resulted in the contra for the liability being recognised against the asset instead of a split between the asset and operating expenses as per IAS 16;
- the impact of the time value of money was not considered resulting in understatement of the finance cost and overstatement of the liability; and
- depreciation of the asset was recognised.

Financial investment – Environmental rehabilitation trust

The environmental rehabilitation trust was consolidated in the Company instead of Group level only. The correction of the error was processed to remove the trust's investment under the Company. The Group's figures remain unchanged, except for the reversal of deferred taxation. The deferred taxation was reversed under the Group as the rehabilitation trust is exempt from taxation.

To correct the error management has derecognised the financial investment under company as well as the retained earnings movements over the years. The Company's contributions to the trust has been recognised as an investment in rehabilitation trust.

The above errors have been corrected retrospectively, however, the impact on the statement of comprehensive income in the historic period were considered to be immaterial and recognised in the 2023 financial year.

The errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

	GROUP					
		Impact of 2021 adjustments				
Statement of financial position	As reported 31 March 2021 R'000	Inventories R'000	Decom-missioning asset R'000	Decom-missioning liability R'000	Rehabili-tation trust R'000	Restated 31 March 2021 R'000
Property, plant and equipment	3 015 833	–	(324 097)	79 541	–	2 771 277
Deferred tax	786 847	80 095	–	–	93 075	960 017
Inventories	2 328 248	(286 055)	–	–	–	2 042 193
Retained losses	3 244 552	205 960	–	117 637	(93 075)	3 475 074
Environmental rehabilitation liability	(524 864)	–	324 097	(197 178)	–	(397 945)

	COMPANY					
		Impact of 2021 adjustments				
Statement of financial position	As reported 31 March 2021 R'000	Inventories R'000	Decom-missioning asset R'000	Decom-missioning liability R'000	Rehabili-tation trust R'000	Restated 31 March 2021 R'000
Property, plant and equipment	2 999 941	–	(324 097)	79 541	–	2 755 385
Deferred tax	785 878	80 095	–	–	93 075	959 048
Inventories	2 328 248	(286 055)	–	–	–	2 042 193
Investment in rehabilitation trust	–	–	–	–	184 157	184 157
Financial investment	344 423	–	–	–	(332 410)	12 013
Retained losses	3 352 774	205 960		117 637	55 178	3 731 549
Environmental rehabilitation liability	(524 864)	–	324 097	(197 178)	–	(397 945)

2. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS continued

	GROUP					
		Impact of 2021 adjustments				
Statement of financial position	As reported 31 March 2022 R'000	Inventories R'000	Decom-missioning asset R'000	Decom-missioning liability R'000	Rehabili-tation trust R'000	Restated 31 March 2022 R'000
Property, plant and equipment	3 007 355	–	(335 606)	79 541	–	2 751 290
Deferred tax assets	580 255	80 095	–	–	93 075	753 425
Inventories	2 821 104	(286 055)	–	–	–	2 535 049
Retained losses	3 741 940	205 960	11 509	106 128	(93 075)	3 972 462
Environmental rehabilitation liability	(568 902)	–	324 097	(185 669)	–	(430 474)

	COMPANY					
		Impact of 2021 adjustments				
Statement of financial position	As reported 31 March 2022 R'000	Inventories R'000	Decom-missioning asset R'000	Decom-missioning liability R'000	Rehabili-tation trust R'000	Restated 31 March 2022 R'000
Property, plant and equipment	2 989 723	–	(335 606)	79 541	–	2 733 658
Deferred tax assets	578 759	80 095	–	–	93 075	751 929
Inventories	2 821 104	(286 055)	–	–	–	2 535 049
Investment in rehabilitation trust	184 157	–	–	–	–	184 157
Financial investment	396 118	–	–	–	(332 410)	63 708
Retained losses	3 848 903	205 960	11 509	106 128	55 178	4 227 678
Environmental rehabilitation liability	(568 902)	–	324 097	(185 669)	–	(430 474)

The above changes are due to adjustments processed as at 1 April 2021.

3. GOING CONCERN

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

In assessing the Group's and Company'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 2024 financial year.

Management have considered various scenarios to test the Group's and Company'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.

Management will continue with its foreign exchange management policies to cover the Group's and Company's exposure to the ZAR/USD volatility. The Group and Company has working capital facilities in place to meet its future cash flow requirements. The borrowing facilities together with the positive cash-generation forecast, provide an adequate headroom to cater for any downside risks in the forecast.

As a result of management's mitigation strategy detailed above, no material uncertainty exists which may cast significant doubt on the Group's and Company's ability to continue as a going concern as at 31 March 2023.

Furthermore, the directors have considered the solvency and liquidity requirements of the Companies Act, 2008.

The Group's total assets at 31 March 2023 are R10.75 billion and its total liabilities are R7.33 billion, a surplus of R3.42 billion. The net asset position for the past few years is as follows:

(R'm)	2024 Forecast	2023	2022	2021	2020	2019
Total assets	8 569	**10 756**	7 536	7 164	8 199	8 315
Total liabilities	5 549	**7 334**	6 902	6 032	4 621	3 264
Net assets	3 020	**3 422**	634	1 132	3 578	5 051

The current assets of the Group at 31 March 2023 are R4.69 billion, whilst current liabilities are R2.75 billion. This indicates that there are sufficient current assets to meet the current liabilities. The table below reflects the trend in current assets and liabilities.

(R'm)	2024 Forecast	2023	2022	2021	2020	2019
Total current assets	3 412	**4 689**	3 632	3 082	2 606	2 810
Total current liabilities	1 111	**2 755**	1 987	1 860	1 302	1 421
Net current assets	2 301	**1 934**	1 645	1 222	1 304	1 389

The Company total assets at 31 March 2023 are R10.67 billion and its total liabilities are R7.54 billion, a surplus of R3.13 billion. The net asset position for the past few years is as follows:

(R'm)	2024 Forecast	2023	2022	2021	2020	2019
Total assets	8 569	**10 675**	7 494	7 118	8 299	8 412
Total liabilities	5 549	**7 543**	7 115	6 243	4 835	3 476
Net assets	3 020	**3 132**	379	875	3 464	4 936

The current assets of the Company at 31 March 2023 are R4.66 billion whilst current liabilities are R2.96 billion. This indicates that there are sufficient current assets to meet current liabilities. The table below reflects the trend in current assets and liabilities.

(R'm)	2024 Forecast	2023	2022	2021	2020	2019
Total current assets	3 412	**4 669**	3 624	3 072	2 595	2 801
Total current liabilities	1 111	**2 966**	2 202	2 071	1 516	1 634
Net current assets	2 301	**1 703**	1 422	1 001	1 079	573

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 and Company 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.

4. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment
Property, plant and equipment includes mining assets, land and buildings, plant, equipment, vehicles and 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 de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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 25 years
Equipment	8 to 10 years
Computer equipment	3 to 5 years
Factory equipment	4 to 10 years
Capital insurance spares	10 to 20 years

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

Accounting policy continued

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.

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 ("CGUs")
A CGU 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 CGU 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 CGUs 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.

Significant estimates and judgements

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 assessed to be the smallest independent Group of assets that generated independent cash flows as more than 70% of the Mine Division's output is utilised in the Acid Division.

4. PROPERTY, PLANT AND EQUIPMENT continued

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.
Risk free rate	The risk free rate obtained from various sources such as the South African Reserve Bank, Industrial Development Corporation (IDC) and data search engines like Reuters and Bloomberg. They consist of bond rate and return swaps from different indices.

Significant estimates and judgements continued

For impairment testing, management projects cash flows over a period of 92 years (current year plus ninety one 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 90 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 15.41% (2022: 16.61%), giving consideration to the specific amount and timing of future cash flows as well as the risks specific to the operations. The risk-free rate increased from 10.29% in 2022 to 11.55% in 2023 and the average cost of debt increased from 7.85% in 2022 to 9.3% in 2023.

For the 2023 financial year, the Group's non-financial assets (Plant and Equipment) had a carrying amount of R2.84 billion and recoverable amount of R5.18 billion resulting in an impairment reversal of R2 billion (2022: impairment of R169 million). This was primarily due to revisions to underlying assumptions, with the main contributor being the removal of special risk premium that reduced the discount rate, as well as other contributors such as the business turnaround improvements, commodities prices review regularly to determine ideal products sales mix, improvement in recoveries and operational efficiencies as well as weakening of the exchange rate of the rand against the US dollar. The net impact of the change in these assumptions led to the value-in-use increasing above the carrying amount of the non-financial assets of the operations.

In preparing the financial statements, management has done comparisons on the WACC of 15.41% on 2023 as compared to the 16.61% from 2022. The WACC was lower due to a reduction in the cost of equity but an increase in the cost of debt. The risk-free rate increased as long-term government bonds reduced by 1.26% (11.55% in 2023 vs 10.29% in 2022). The cost of equity, as such, increased by 1.26% due to macroeconomic conditions.

Foskor remains extremely sensitive to changes in WACC a % change will result in impairment as follows:

Measurement	Movement in assumption	Reversal of impairment/(further impairment)
Increase in WACC	1%	(928)
Decrease in WACC	1%	1 129

4. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP							
	2023 R'000				2022 Restated R'000			
	Cost	Accumulated depreciation	Accumulated impairment reversal	Carrying amount	Cost	Accumulated depreciation	Accumulated impairment	Carrying amount
Land	**62 707**	**–**	**–**	**62 707**	62 707	–	–	62 707
Mining asset, buildings and rehabilitation assets	**1 217 465**	**(754 272)**	**633 816**	**1 097 009**	1 908 971	(712 438)	(633 816)	562 717
Plant, equipment and vehicles	**5 125 130**	**(3 286 713)**	**1 026 622**	**2 865 039**	6 490 715	(3 262 676)	(1 544 691)	1 683 348
Capital work in progress	**477 193**	**–**	**338 682**	**815 875**	781 200	–	(338 682)	442 518
Total	**6 882 495**	**(4 040 985)**	**1 999 120**	**4 840 630**	9 243 593	(3 975 114)	(2 517 189)	2 751 290

	COMPANY							
	2023 R'000				2022 Restated R'000			
	Cost	Accumulated depreciation	Accumulated impairment reversal	Carrying amount	Cost	Accumulated depreciation	Accumulated impairment	Carrying amount
Land	**62 707**	**–**	**–**	**62 707**	62 707	–	–	62 707
Mining asset, buildings and rehabilitation assets	**1 213 343**	**(752 305)**	**633 816**	**1 094 854**	1 905 032	(710 736)	(633 816)	560 480
Plant, equipment and vehicles	**5 098 456**	**(3 275 430)**	**1 026 622**	**2 849 648**	6 464 040	(3 251 396)	(1 544 691)	1 667 953
Capital work in progress	**477 193**	**–**	**338 682**	**815 875**	781 200	–	(338 682)	442 518
Total	**6 851 699**	**(4 027 735)**	**1 999 120**	**4 823 084**	9 212 979	(3 962 132)	(2 517 189)	2 733 658

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

4. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP							
	Opening balance Restated R'000	Additions R'000	Decom-missioning assets R'000	Adjustment to the mining asset R'000	Depreciation charge R'000	Impairment reversal R'000	Disposals R'000	Closing balance Restated R'000
Year ended 31 March 2023 Movement in carrying value for the year								
Land	62 707	–	–	–	–	–	–	62 707
Mining asset, buildings and rehabilitation assets	562 717	2 285	(47 263)	(9 830)	(43 552)	633 816	(1 164)	1 097 009
Plant, equipment and vehicles	1 683 348	434 977	–	–	(264 673)	1 026 622	(15 235)	2 865 039
Capital work in progress	442 518	34 675	–	–	–	338 682	–	815 875
Total	2 751 290	471 937	(47 263)	(9 830)	(308 225)	1 999 120	(16 399)	4 840 630

	COMPANY							
	Opening balance Restated R'000	Additions R'000	Decom-missioning assets R'000	Adjustment to the mining asset R'000	Depreciation charge R'000	Impairment reversal R'000	Disposals R'000	Closing balance Restated R'000
Year ended 31 March 2023 Movement in carrying value for the year								
Land	62 707	–	–	–	–	–	–	62 707
Mining asset, buildings and rehabilitation assets	560 480	2 106	(47 263)	(9 830)	(43 291)	633 816	(1 164)	1 094 854
Plant, equipment and vehicles	1 667 953	434 977	–	–	(264 669)	1 026 622	(15 235)	2 849 648
Capital work in progress	442 518	34 675	–	–	–	338 682	–	815 875
Total	2 733 658	471 758	(47 263)	(9 830)	(307 960)	1 999 120	(16 399)	4 823 084

During the year, the Group capitalised borrowing costs of R5 million (2022: R7 million) on qualifying assets. The borrowing costs were capitalised at the Group general borrowings weighted average annual rate of 12.28% (2022: 10.38%).

Movable plant and equipment have been pledged as security for loans granted by The Industrial Development Corporation of South Africa Ltd.

Included in our assets are assets at an original cost of R1.3 billion that is carried at nil value as these assets have been fully depreciated and still in use.

The Group recognised impairment reversal of R2 billion (2022: R169 million impairment charge).

4. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP											
	Opening balance Restated R'000	Derecognition of decommissioning asset R'000	Recognition of decommissioning infrastructural asset R'000	Opening net carrying amount restated 1 April 2021 R'000	Additions R'000	Reclassification of asset[1] R'000	Change in estimate[1] R'000	Adjustment to the mining asset R'000	Depreciation charge R'000	Reclassification of impairment: 1 April 2021 R'000	Impairment charge R'000	Closing balance Restated R'000
Year ended 31 March 2022												
Movement in carrying value for the year												
Land	61 153	–	–	61 153	–	1 554	–	–	–	–	–	62 707
Mining asset,buildings and rehabilitation assets	1 270 059	(324 097)	79 541	1 025 503	76 825	56 782	43 700	19 070	(25 347)	(586 654)	(47 162)	562 717
Plant, equipment and vehicles	921 411	–	–	921 411	125 080	(58 336)	–	–	(108 245)	899 777	(96 339)	1 683 348
Capital work in progress	763 210	–	–	763 210	17 990	–	–	–	–	(313 123)	(25 559)	442 518
Total	3 015 833	(324 097)	79 541	2 771 277	219 895	–	43 700	19 070	(133 592)	–	(169 060)	2 751 290

	COMPANY											
	Opening balance Restated R'000	Derecognition of decommissioning asset R'000	Recognition of decommissioning infrastructural asset R'000	Opening net carrying amount restated 1 April 2021 R'000	Additions R'000	Reclassification of asset[1] R'000	Change in estimate[1] R'000	Adjustment to the mining asset R'000	Depreciation charge R'000	Reclassification of impairment: 1 April 2021 R'000	Impairment charge R'000	Closing balance Restated R'000
Land	61 153	–	–	61 153	–	1 554	–	–	–	–	–	62 707
Mining asset,buildings and rehabilitation assets	1 269 571	(324 097)	79 541	1 025 015	74 718	56 782	43 700	19 070	(24 989)	(586 654)	(47 162)	560 480
Plant, equipment and vehicles	906 007	–	–	906 007	125 080	(58 336)	–	–	(108 236)	899 777	(96 339)	1 667 953
Capital work in progress	763 210	–	–	763 210	17 990	–	–	–	–	(313 123)	(25 559)	442 518
Total	2 999 941	(324 097)	79 541	2 755 385	217 788	–	43 700	19 070	(133 225)	–	(169 060)	2 733 658

[1] *Management identified that assets which were previously categorised as plant and machinery should be under buildings.*

4. PROPERTY, PLANT AND EQUIPMENT continued

4.1 Right-of-use assets

Accounting policy

Right-of-use of assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are included under property, plant and equipment and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

	GROUP					
	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Buildings	**2 294**	**(363)**	**1 931**	619	(464)	155
Plant, equipment and vehicles	**45 866**	**(40 438)**	**5 428**	43 216	(36 461)	6 755
Total	**48 160**	**(40 801)**	**7 359**	43 835	(36 925)	6 910

	COMPANY					
	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant, equipment and vehicles	**45 866**	**(40 438)**	**5 428**	43 216	(36 461)	6 755

Included in property, plant and equipment is capitalised leased assets which comprises building, effluent pipeline and other equipment.

4. PROPERTY, PLANT AND EQUIPMENT continued

4.1 Right-of-use assets continued

	GROUP			
	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Year ended 31 March 2023				
Movement in carrying value for the year				
Buildings	**1 983**	**177**	**(229)**	**1 931**
Plant, equipment and vehicles	**4 676**	**4 298**	**(3 546)**	**5 428**
	6 659	**4 475**	**(3 775)**	**7 359**

	COMPANY			
	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Year ended 31 March 2023				
Movement in carrying value for the year				
Plant, equipment and vehicles	**4 676**	**4 298**	**(3 546)**	**5 428**

	GROUP			
	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Year ended 31 March 2022				
Movement in carrying value for the year				
Buildings	155	2 106	(278)	1 983
Plant, equipment and vehicles	6 755	–	(2 079)	4 676
	6 910	2 106	(2 357)	6 659

	COMPANY			
	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Year ended 31 March 2022				
Movement in carrying value for the year				
Plant, equipment and vehicles	6 755	–	(2 079)	4 676

5. INTANGIBLE ASSETS

Accounting policy

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense when 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. Expenditure on research phase is expensed when it is incurred.

Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

	GROUP					
	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Computer software	**82 984**	**(80 865)**	**2 119**	82 984	(79 008)	3 976
Total	**82 984**	**(80 865)**	**2 119**	82 984	(79 008)	3 976

	COMPANY					
	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Computer software	**82 984**	**(80 865)**	**2 119**	82 984	(79 008)	3 976
Total	**82 984**	**(80 865)**	**2 119**	82 984	(79 008)	3 976

5. INTANGIBLE ASSETS continued

	GROUP					
	2023 R'000			2022 R'000		
Movement in carrying value	Opening balance	Depreciation	Closing balance	Opening balance	Depreciation	Closing balance
Computer software	**3 976**	**(1 857)**	**2 119**	6 068	(2 092)	3 976

	COMPANY					
	2023 R'000			2022 R'000		
Movement in carrying value	Opening balance	Depreciation	Closing balance	Opening balance	Depreciation	Closing balance
Computer software	**3 976**	**(1 857)**	**2 119**	6 068	(2 092)	3 976

6. INVESTMENTS IN SUBSIDIARIES

Accounting policy

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

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

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

Where a business combination is achieved in stages, the previously held equity interest is re-measured at the acquisition-date fair value with the resulting gain or loss recognised in 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 re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

The loans to and from subsidiaries are designated at fair value through profit and loss.

6. INVESTMENTS IN SUBSIDIARIES continued

Significant estimates and judgements

The loans to and from subsidiaries are interest-free and they have no fixed repayment terms.

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.

			Issued ordinary and preference shares				Shares at cost		Indebtedness	
			Number	Number	%	%	R'000	R'000	R'000	R'000
	Country of Incorporation	Nature of business	2023	2022	2023	2022	2023	2022	2023	2022
Indian Ocean Fertilizer (Pty) Ltd	South Africa	Previous Acid Division (Dormant)	**93 265 304**	93 265 304	**100**	100	**103 956**	103 956	**(218 501)**	(218 501)
Inter Minerals Holdings AG	Switzerland	Dormant SPV	**–**	–	**–**	–	**10**	10	**(10)**	(10)
Phosphate Shipping (Pty) Ltd	South Africa	Ship Broker Agency	**1**	1	**100**	100	**–**	–	**(3 148)**	(3 303)
Shares in and loans from subsidiaries							**103 966**	103 966	**(221 659)**	(221 814)
Phosfert Marine (Pty) Ltd	South Africa	Clearing & Forward Agency	**40 000**	40 000	**100**	100	**40**	40	**15 999**	6 441
Verdino 174 (Pty) Ltd	South Africa	Storage Tanks	**120**	120	**100**	100	**12 000**	12 000	**10 137**	10 457
Foskor Social Responsibility Trust	South Africa	Social Responsibility Trust	**–**	–	**–**	–	**–**	–	**154**	122
IOF Property Trust	South Africa	Property Trust	**–**	–	**–**	–	**–**	–	**30**	30
Shares in and loans to subsidiaries							**12 040**	12 040	**26 320**	17 050
Foskor Rehabilitation Trust	South Africa	Environmental Rehabilitation Trust	**–**	–	**–**	–	**254 179**	184 157	**–**	–
Investment in rehabilitation trust							**254 179**	184 157	**–**	–
Total shares at cost/net loans owing							**370 185**	300 163	**(195 339)**	(204 764)

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 intention of the subsidiaries is to settle the loans in the long term. The shares in Indian Ocean Fertilizer (Pty) Limited previously held by Inter Minerals South Africa (Pty) Limited are now held directly by Foskor (Pty) Ltd.

Indicators for impairment were considered at 31 March 2023 and the impairment of loans to subsidiaries was recognised in profit and loss.

7. INVESTMENT IN JOINT VENTURE

Accounting policy

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 (joint operations) or have rights to the net assets of the joint arrangement (joint venture). The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture.
- The Group's interest in joint ventures is accounted for by 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.

		GROUP		COMPANY	
		2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
7.1	Foskor (Pty) Ltd has a 50% interest in a joint venture, Palfos.				
	Palfos Aviation (Pty) Ltd (South Africa)				
	Carrying amount of Investment	**25**	25	**23**	23

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 38.2 for the nature of activities and principal place of business. The Palfos Aviation (Pty) Ltd signed financial statements were not available at the date of issue of this report.

		GROUP		COMPANY	
		2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
7.2	Foskor (Pty) Ltd has a 40% interest in a joint venture, Limpopo Iron Ore (Pty) Ltd				
	Limpopo Iron Ore (Pty) Ltd (South Africa)				
	Carrying amount of Investment	**–**	–	**–**	–

The investment consists of 40 shares of R1 each, being 40% of the authorised and issued share capital. The Limpopo Iron Ore (Pty) Ltd signed financial statements were not available at the date of issue of this report.

8. INVESTMENT IN ASSOCIATE

Accounting policy

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

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

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

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

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At beginning of year					
Investment in Foskor Zirconia (Pty) Ltd	8.1	**–**	–	**–**	–

Foskor (Pty) Ltd owns 29.9% of Foskor Zirconia (Pty) Ltd. The remaining shareholding of Foskor Zirconia (Pty) Limited is owned by Carborundum Universal Limited (51%) and Perfect Positions Investments 41 CC (19.1%). Foskor Zirconia (Pty) Ltd is a company incorporated in South Africa that manufactures monoclinic and calcia stabilised Zirconia. Foskor Zirconia (Pty) Ltd is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. The investments is nil due to impairment recognised in the prior years up until 31 March 2019. The associate has 31 March as its financial year-end. Refer to note 38 for the nature of activities and principal place of business.

8. INVESTMENT IN ASSOCIATE continued

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

	Notes	GROUP 2023 R'000	GROUP 2022 R'000
Summarised statement of financial position			
Current			
Cash and cash equivalents		**26 953**	2 717
Other current assets (excluding cash)		**153 405**	150 057
Total current assets		**180 358**	152 774
Non-current assets			
Assets		**71 761**	31 875
Total non-current assets		**71 761**	31 875
Current liabilities			
Financial liabilities (excluding trade payables)		**4 411**	56 374
Other current liabilities (including trade payables)		**112 038**	175 584
Total current liabilities		**116 449**	231 958
Non-current liabilities			
Loans from shareholders		**41 264**	45 000
Other liabilities		**4 930**	4 740
Total non-current liabilities		**46 194**	49 740
Net assets		**89 476**	(97 049)
Summarised statement of comprehensive income			
Revenue		**449 320**	356 188
Depreciation and amortisation		**5 057**	2 751
Interest expense		**5 892**	4 524
Profit before tax		**59 522**	15 061
Taxation		**–**	–
Profit after tax		**59 522**	15 061
Total comprehensive profit		**59 522**	15 061
Other comprehensive profit/(loss)		**102**	(73)
Total comprehensive profit for the year		**59 624**	14 988
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		**(97 049)**	(112 037)
Reserves – Shareholders' investment		**126 900**	–
Total comprehensive profit		**59 522**	15 061
Other comprehensive profit/(loss)		**102**	(73)
Closing net assets at 31 March		**89 476**	(97 049)
Interest in associates (29.9%)		**26 753**	(29 018)
Limitation of profit/loss		**(26 753)**[1]	29 018
Carrying value	8	**–**	–

[1] *The share of profit is not recognised as management has not recognised the carrying value of investment due to Foskor Zirconia ongoing balance sheets restructuring.*

9. FINANCIAL INVESTMENTS

Accounting policy

Investments comprise listed and unlisted investments as well as cash investments which are measured at FV through profit or loss and are accounted for at fair value, with gains and losses subsequent to initial recognition recognised in profit or loss.

Investment in a debt instrument which is held to collect and generate contractual cash flows that meet the criteria of the contractual cash flow test and is accordingly classified at amortised cost. Subsequent to initial recognition, Interest earned as well as impairments raised are recognised in profit or loss.

Significant estimates and judgements

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.

		GROUP		COMPANY		
		2023 R'000	2022 R'000	2023 R'000	2022 Restated[1] R'000	2021 Restated[1] R'000
9.1	**Environmental Rehabilitation Trust investments – At fair value through profit or loss**	**435 251**	381 370	**–**	50 259[1]	
	Unit trusts	**266 268**	248 621	**–**	–	–
	Money market investments	**21 969**	18 303	**–**	–	–
	Rehabilitation guarantee investment	**146 245**	113 470	**–**	50 259	–
	Sanlam shares	**489**	626	**–**	–	–
	Old Mutual group shares	**280**	350	**–**	–	–
	Reconciliation of balance					
	Opening balance	**381 370**	331 111	**–**	–	–
	Fair value gain	**9 566**	9 875	**–**	9 875	–
	Contribution	**35 011**	35 011	**–**	35 011	–
	Interest income	**14 739**	10 570	**–**	10 570	–
	Dividends received	**1 931**	2 122	**–**	2 122	–
	Management fees	**(7 366)**	(7 319)	**–**	(7 319)	–
		435 251	381 370	**–**	50 259	–

The unit trust portfolio for these investments is invested in equity (49%), property (1%), bonds (42%), money market and cash (7%) and other (1%). The Environmental Rehabilitation Trust is an irrevocable trust under the Company's control.

9. FINANCIAL INVESTMENTS continued

	GROUP		COMPANY		
	2023 R'000	2022 R'000	2023 R'000	2022 Restated[1] R'000	2021 Restated[1] R'000
9.2 Environmental Rehabilitation Trust investments – At amortised cost					
Cash deposits held by the Environmental Rehabilitation Trust	**1 485**	1 364	**–**	65	–
RMB	**978**	926	**–**	30	–
ABSA	**507**	438	**–**	35	–
Reconciliation of balance – RMB					
Opening balance	**926**	896	**–**	–	–
Interest income	**52**	30	**–**	30	–
Closing balance	**978**	926	**–**	30	–
Reconciliation of balance – ABSA					
Opening balance	**438**	403	**–**	–	–
Interest income	**14**	3	**–**	3	–
Dividends received	**58**	35	**–**	35	–
Bank charges	**(3)**	(3)	**–**	(3)	–
Closing balance	**507**	438	**–**	35	–

[1] *The financial investment in the Environmental Rehabilitation Trust has been restated for the prior period error. (Refer to note 2).*

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 Restated[1] R'000	COMPANY 2021 Restated[1] R'000
9.3 Preference shares held in Foskor Zirconia (Pty) Ltd – At fair value through profit or loss					
At beginning of the year	**–**	–	**–**	–	–
Additional of investment	**31 900**	–	**31 900**	–	–
At 31 March	**31 900**	–	**31 900**	–	–
The preference shares issued are redeemable in tranches as decided from time to time by the company's board of directors.					
9.4 Richards Bay Ammonium Consortium – At fair value through profit or loss					
At beginning of the year	**13 391**	12 018	**13 384**	12 013	13 443
IFRS 9 valuation	**(8)**	–	**3**	1	1
Investment income	**1 466**	1 373	**1 466**	1 370	1 569
Repayments	**(7 000)**	–	**(7 000)**	–	(3 000)
The Richards Bay Ammonium Consortium is an investment deposit that commenced in 2012. The purpose of the investment for the upgrading of ammonia facilities.					
At 31 March	**7 849**	13 391	**7 853**	13 384	12 013
9.5 Financial investment in Foskor Zirconia (Pty) Ltd					
At beginning of the year	**–**	–	**–**	–	–
Additional investment	**41 264**	–	**41 264**	–	–
IFRS 9 valuation	**–**	–	**(21)**	–	–
As part of Foskor Zirconia 's balance sheets restructure, Foskor (Pty) Ltd has converted current debt into long-term agreement payable over 36 months at an interest rate of prime plus 3%.					
At 31 March	**41 264**	–	**41 243**	–	–
Total investments	**517 749**	396 125	**80 996**	63 708	12 013

10. INVENTORIES

Accounting policy

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

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

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

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

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

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

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

	GROUP			COMPANY		
	2023 R'000	2022 Restated R'000	1 April 2021 Restated R'000	2023 R'000	2022 Restated R'000	1 April 2021 Restated R'000
Phosphate rock	**526 693**	564 443	659 408	**526 693**	564 443	659 408
Raw materials	**622 210**	765 740	469 781	**622 210**	765 740	469 781
Finished goods	**1 055 142**	659 167	442 827	**1 055 142**	659 167	442 827
Spares and consumables stores	**711 851**	591 063	470 226	**711 851**	591 063	470 226
	2 915 896	2 580 413	2 042 242	**2 915 896**	2 580 413	2 042 242
Inventories (write-downs)	**(97 540)**	(45 364)	(49)	**(97 540)**	(45 364)	(49)
Total inventories	**2 818 356**	2 535 049	2 042 193	**2 818 356**	2 535 049	2 042 193

Magnetite inventory has been restated to a nil value (as at 1 April 2021: R286 million) as there was no active market when the product was produced up to 2009 and cost of production was not assigned at that point in time. The future sales of magnetite will result in no expense being recorded other than additional costs incurred such as decapping and material handling.

The Group has pledged spares and consumables as security for the loan from The Industrial Development Corporation of South Africa Ltd.

Spares and consumables stores to the value of R614 million was expensed during the year.

The cost of inventories recognised as an expense and included in cost of sales amounted to R3 billion (2022: R1.51 billion).

11. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business to both local as well as export customers. Trade receivables balances have been Grouped so that the Expected Credit Loss ("ECL") calculation is performed on Groups of receivables with similar risk characteristics and ability to pay, these Groupings predominately reflect the geographic location of the counterparty, being local to South Africa, or foreign to South Africa. Furthermore, Foskor has entered into a factoring arrangement with a commercial bank, whereby certain Trade receivables are sold shortly after invoicing to provide the Group with Liquidity. In terms of this arrangement, Foskor does not meet the requirements for derecognition of the Trade receivables due to its continued involvement in the Trade receivable, particularly with regards to credit losses.

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 allowance for impairment.

Foskor has classified its Trade receivables, in accordance with the requirements of IFRS 9, as follows:

- Trade receivables which have been factored in terms of the factoring arrangement, are classified and measured at amortised cost.
- Trade as well as other receivables, which have not been factored, are held in a "Hold to collect" business model and generate cash flows which comprise the principal amount outstanding as well as interest where applicable, accordingly, these receivables are classified and measured at amortised cost.

ECLs are calculated using the simplified method allowed for by IFRS 9, by applying a loss ratio to the aged balance of trade receivables at each reporting date. This method results in Foskor recognising the lifetime expected credit losses for all trade receivables. The loss ratio is calculated according to the ageing/payment profile of sales and geographical location by applying historic/proxy write-offs to the payment profile of the sales population further adjusted for forward looking indicators of expected loss where applicable. In instances where there was no evidence of historical write offs management used a proxy write off. Where applicable, management has adjusted the allowance for impairment losses to integrate into the calculation the fact that certain Trade receivables have been insured. This insurance cover compensates the Group in the case of default to 90% of the face value of the receivable, and thus the Group's ECL is limited to 10% of the value of the Trade receivable. Furthermore, a specific allowance 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 allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows integrating the probability of default and forward looking indicators, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

Significant estimates and judgements

Expected credit loss allowance

The Group measures the loss allowance for trade receivables and contract assets on the simplified approach (Lifetime ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past payment history of the debtor, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date such as inflation and GDP growth. The Group has recognised a loss allowance of 100% against all receivables where historical experience has indicated that these receivables are generally not recoverable.

11. TRADE AND OTHER RECEIVABLES continued

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Financial instruments				
Trade receivables – factored[1]	**455 536**	409 191	**455 536**	409 191
Trade receivables – not factored	**417 858**	291 309	**407 307**	286 802
Trade receivables[1]	**873 394**	700 500	**862 843**	695 993
Loss allowance	**(971)**	(3 459)	**(432)**	(3 398)
Trade receivables – net	**872 423**	697 041	**862 411**	692 595
Other receivables[2]	**293 110**	364 616	**293 102**	364 506
Loss allowance	**(202 922)**	(206 010)	**(202 922)**	(206 010)
Non-financial instruments				
Value added tax	**135 104**	43 639	**135 221**	43 391
Prepayments	**39 147**	35 135	**38 872**	34 969
Total trade and other receivables	**1 136 862**	934 421	**1 126 684**	929 451
11.1 Trade receivables – factored				
Local trade receivables subject to factoring	**455 536**	409 191	**455 536**	409 191
Liability associated to debtor factoring	**(222 255)**	(33 612)	**(222 255)**	(33 612)
11.2 Trade receivables – not factored				
Foreign trade receivables	**318 384**	231 847	**318 384**	231 847
Local trade receivables	**99 474**	59 462	**88 923**	54 955
	417 858	291 309	**407 307**	286 802

[1] *The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement,Foskor (Pty) Ltd has transferred the relevant receivables to Absa Bank Limited in exchange for cash (80% received upfront,and deferral of 20%). Foskor (Pty) Ltd is prevented from ceding or pledging these receivables. However, Foskor (Pty) Ltd 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.*

Trade receivables are denominated in South African Rand.

A balance of R793 million (2022: R682 million) relates to transactions with related parties.

[2] *Other receivables mainly comprise of royalties due, management fees and payments in advance of R248 million (2022: R343 million) and also include R21 million of demurrage claims (2022: R14.9 million).*

11. TRADE AND OTHER RECEIVABLES continued

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Movement in the loss allowance of trade receivables				
At beginning of year	**(3 459)**	(26 956)	**(3 398)**	(26 895)
Expected credit loss on trade receivables movement	**2 385**	(3 398)	**2 924**	(3 398)
Unused credit losses reversed	**103**	2 053	**42**	2 053
Utilised credit losses	**–**	24 842	**–**	24 842
At 31 March	**(971)**	(3 459)	**(432)**	(3 398)
Movement in the loss allowance of other receivables				
At beginning of year	**(206 010)**	(163 327)	**(206 010)**	(163 327)
Expected credit loss on other receivables movement	**3 088**	(42 683)	**3 088**	(42 683)
At 31 March	**(202 922)**	(206 010)	**(202 922)**	(206 010)

[1] *An amount of R305 thousand for expected credit loss movement is recognised under finance costs.*

12. DERIVATIVE FINANCIAL INSTRUMENTS

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Liabilities					
Share buyback option	35.1	**(5 742)**	(5 730)	**–**	–

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 instruments are recognised in profit or loss.

13. CASH AND CASH EQUIVALENTS

Accounting policy

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. The probability of default for cash is zero percent and consequently the ECL for cash is nil.

Significant estimates and judgements

The cash held is kept at sound financial institutions which have good credit ratings and accordingly low credit risk. The credit ratings are based on the Moody's Baa3 long-term local- and foreign-currency deposit ratings for South Africa's five largest South African banks: The Standard Bank of South Africa Limited, FirstRand Bank Limited, Absa Bank Limited, Nedbank Limited and Investec Bank Ltd. A low PD of zero and an LGD of 40% was applied to all the banks based on the updated Basel framework which stipulates a minimum of 40% LGD for unsecured exposures. Therefore, an expected credit loss of nil was raised.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash and cash equivalents consist of:				
Cash at bank and on hand	**691 555**	162 214	**681 431**	159 321

14. DEFERRED TAX

Accounting policy

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 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 tax liability 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 tax liability 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 liability tax liability is settled.

Deferred tax liability 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 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.

14. DEFERRED TAX continued

	Notes	GROUP 2023 R'000	GROUP 2022 Restated R'000	GROUP 2021 Restated R'000	COMPANY 2023 R'000	COMPANY 2022 Restated R'000	COMPANY 2021 Restated R'000
The deferred tax balance movement is made up as follows:							
At beginning of year		**753 425**	960 017	1 060 122	**751 929**	959 048	1 058 958
Mining operations temporary differences – other		**(325 609)**	69 071	(17 477)	**(325 611)**	69 071	(17 477)
Mining operations temporary differences – capex		**(53 496)**	(16 954)	277 230	**(53 177)**	(16 954)	277 230
Non-mining operations temporary differences – other		**(191 101)**	30 771	(16 192)	**(191 101)**	30 123	(16 192)
Tax credit relating to components of OCI		**656**	2 431	–	**656**	2 431	–
Change in tax rate		**–**	(61 360)	–	**–**	(61 303)	–
Derecognition of magnetite inventory		**–**	–	80 095	**–**	–	80 095
Derecognition of rehabilitation trust investment		**–**	–	93 075	**–**	–	93 075
Prior year correction		**–**	(34)	–	**–**	–	–
Prior year rehabilitation trust reversal equity		**10 263**	–	–	**10 263**	–	–
Over-provision prior year		**(47 678)**	72 000	4 207	**(47 678)**	72 000	4 207
Deferred tax asset recognised/(reversal)		**756 832**	(276 641)	(799 816)	**756 832**	(276 611)	(799 816)
Tax loss (utilised)/increased		**(199 277)**	(23 469)	279 248	**(200 456)**	(23 469)	279 443
Prepayments		**1 672**	(2 407)	(475)	**1 672**	(2 407)	(475)
At 31 March		**705 687**	753 425	960 017	**703 329**	751 929	959 048
The deferred tax balance is made up as follows:							
Deferred tax assets							
Lease liability		**–**	694	1 087	**–**	667	1 087
Provisions		**105 374**	150 997	103 678	**105 270**	150 974	103 678
Mining rehabilitation liability		**66 383**	65 323	56 215	**66 383**	65 323	56 215
Decommissioning liability		**35 167**	93 970	90 747	**35 167**	93 970	90 747
Prior year restatement – inventory		**80 095**	80 095	80 095	**80 095**	80 095	80 095
Prior year restatement – rehabilitation trust investment		**–**	93 075	93 075	**–**	93 075	93 075
Income in advance		**12 813**	94 560	26 429	**12 647**	93 908	26 429
Cash-settled share-based payments		**–**	–	12	**–**	–	12
Post-retirement medical aid charged to OCI		**38 432**	–	–	**38 432**	––	–
Tax loss		**1 400 416**	909 780	1 171 426	**1 398 414**	908 928	1 170 457
At 31 March		**1 738 680**	1 488 494	1 622 764	**1 736 408**	1 486 940	1 621 795

14. DEFERRED TAX continued

	Notes	GROUP 2023 R'000	GROUP 2022 Restated R'000	GROUP 2021 Restated R'000	COMPANY 2023 R'000	COMPANY 2022 Restated R'000	COMPANY 2021 Restated R'000
Deferred tax liabilities							
Lease liability		**(402)**	–	–	**(402)**	–	–
Property, plant and equipment – mining		**(680 879)**	(334 124)	(317 172)	**(680 879)**	(334 124)	(317 172)
Property, plant and equipment – other		**(347 154)**	(129 759)	(156 190)	**(347 239)**	(129 759)	(156 190)
Mining rehabilitation investment		**–**	(107 166)	(93 075)	**–**	(107 166)	(93 075)
Decommissioning asset		**–**	(93 970)	(90 747)	**–**	(93 970)	(90 747)
Change in tax rate		**–**	(61 360)	–	**–**	(61 303)	–
Prepayments		**(3 730)**	(7 151)	(2 175)	**(3 731)**	(7 150)	(2 175)
Post-retirement medical aid charged to OCI		**(828)**	(1 539)	(3 388)	**(828)**	(1 539)	(3 388)
At 31 March		**(1 032 993)**	(735 069)	(662 747)	**(1 033 079)**	(735 011)	(662 747)
Deferred tax assets/(liabilities) (net)		**705 687**	753 425	960 017	**703 329**	751 929	959 048
The gross movement on the deferred income tax is as follows:							
At beginning of year		**753 425**	960 017	1 060 122	**751 929**	959 048	1 058 958
Charge in profit or loss		**(568 535)**	57 012	522 370	**(568 217)**	56 364	521 984
Tax charge relating to components of other comprehensive income		**656**	2 431	545	**656**	2 431	545
Change in tax rate		**–**	(61 360)	–	**–**	(61 303)	–
Derecognition of magnetite inventory		**–**	–	80 095	**–**	–	80 095
Derecognition of rehabilitation trust investment-equity		**10 263**	–	–	**10 263**	–	–
Deferred tax assets recognised/(reversal)		**756 832**	(276 641)	(799 816)	**756 832**	(276 611)	(799 816)
Derecognition of rehabilitation trust investment		**–**	–	93 075	**–**	–	93 075
Prior year correction		**–**	(34)	–	**–**	–	–
Tax loss utilised		**(199 277)**	–	(581)	**(200 456)**	–	–
Under/over-provision prior year		**(47 677)**	72 000	4 207	**(47 678)**	72 000	4 207
Closing deferred tax assets		**705 687**	753 425	960 017	**703 329**	751 929	959 048

Deferred tax asset has been recognised in respect of incurred losses in the prior years. A formal process of assessment of the future profitability of the entity has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within a foreseeable period.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R320 million (2022: R1.07 billion) in respect of losses amounting to R1.18 billion that can be carried forward against future taxable income.

15. EQUITY AND RESERVES

Accounting policy

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.

	GROUP AND COMPANY				
	Total number of shares	Preference shares R'000	Authorised ordinary shares R'000	Total R'000	Share premium R'000
15.1 Share capital and premium					
Balance at 31 March 2022	**9 162 218**	**4 161 821**	**9 158**	**4 170 979**	**132 013**
Balance at 31 March 2023	**9 162 218**	**4 161 821**	**9 158**	**4 170 979**	**132 013**

The total authorised share capital of ordinary shares is 9 157 647 (2022: 9 157 647) with a par value of R1 per share. The total class B and D shares issued amounts to 3 176 and 1 395 shares respectively. 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 share premium consists of 199 590 ordinary shares issued in 2005 at a premium of R0.60586 as well as shares premium issued in 2008 at a premium of R 132 million for 1 174 057 ordinary shares.

16. DIVIDENDS PAID

Accounting policy

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.

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

17. SHARE-BASED PAYMENT RESERVE

Accounting policy

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 re-measured at each reporting date and at the date of settlement. Any changes in the fair value are recognised in profit or loss for the period.

Significant estimates and judgements

Fair value of share-based payments

The valuation technique applied to determine the simulated Company value is part of the Black-Scholes Option Pricing methodology. The market conditions relating to the growth in the market value of the Foskor shares have been taken into account in estimating the fair value of the equity instruments granted. The key assumptions used in the calculation are included in note 17 of the financial statements.

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, IDC sold 15% interest in Foskor Strategic Business Partner (SBPs) and Special Black Groups (SBGs) (collectively, the Manyoro Consortium), 5% to the communities where Foskor operates and a 6% interest in Foskor Employee Share Ownership Plan Trust (ESOP). The transaction with the Manyora Consortium and communities constitutes an equity-settled share based plan, the shares vest immediately at grant date. In determining their fair value of services received as consideration for equity instruments granted, measurement is referenced to the fair value of equity instruments granted.

17. SHARE-BASED PAYMENT RESERVE continued

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At beginning of year	**303 914**	303 914	**303 914**	303 914
Granted	**–**	–	**–**	–
At 31 March	**303 914**	303 914	**303 914**	303 914

Weighted average fair value assumptions

The fair value of services received in return to 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	**2.25%**
Dividend yield (%)	**8.54%**
Strike price	**R655.68**

The holder of the equity instruments were required to hold the instruments to maintain BEE status until 31 March 2023. However, due to the underperformance of the scheme, the participants have not exercised their options. The scheme 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. 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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
17.2 Share-based payment expense				
Cash-settled share based payment expense	**–**	(41)	**–**	(41)
Total share-based payment expense	**–**	(41)	**–**	(41)

18. LEASE LIABILITY

Accounting policy

IFRS 16 Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be determined, the lessee uses the lessee's incremental borrowing rate. The use of practical expedient is made to not separate lease and non-lease components.

The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payments made. Lease payments included in the measurement of the lease liability comprise the following: fixed payments; variable lease payments that depend on an index or a rate; amounts payable under a residual value guarantee; and the exercise price under a purchase option that the Group is certain to exercise. Future lease payments are disclosed at an average of 12%.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets (assets less than R100 000) recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use of assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are included under PPE and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Group as a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Lease income is recognised as other income for transactions that are part of the Group's non-ordinary activities. The Group uses IFRS 15 to allocate the consideration in contracts between any lease and non-lease components.

18. LEASE LIABILITY continued

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
18.1 Reconciliation of lease liability				
Lease liability balance as at 1 April	**4 442**	4 105	**2 382**	3 881
New lease liabilities	**4 475**	2 106	**4 298**	–
Prior year adjustment	**22**	–	**–**	–
Lease payments	**(3 785)**	(2 474)	**(3 483)**	(2 058)
Finance costs	**964**	705	**741**	559
Lease liability balance as at 31 March	**6 118**	4 442	**3 938**	2 382
Lease liabilities are presented in the financial statements as follows:				
Current	**2 050**	1 509	**1 945**	1 417
Non-current	**4 068**	2 933	**1 993**	965
	6 118	4 442	**3 938**	2 382
18.2 Lease payments				
Total short-term lease payments: building	**1 161**	1 136	**1 161**	1 136
	1 161	1 136	**1 161**	1 136
18.3 Maturity analysis				
The undiscounted contractual maturities of lease liabilities are as follows:				
Less than one year	**2 651**	2 058	**2 332**	1 760
One year to five years	**3 627**	2 876	**2 154**	1 184
Later than five years	**1 551**	1 386	**–**	–
Total undiscounted lease liabilities	**7 829**	6 320	**4 486**	2 944
Finance costs to be incurred in future	**(1 711)**	(1 878)	**(548)**	(562)
Lease liabilities	**6 118**	4 442	**3 938**	2 382

The average lease term of the Group's portfolio of qualifying leases are:

Mining asset, land and building	8 years
Plant, equipment and vehicles	3 years

19. ENVIRONMENTAL REHABILITATION PROVISION

		Notes	GROUP 2023 R'000	GROUP 2022 Restated R'000	GROUP 2021 Restated R'000	COMPANY 2023 R'000	COMPANY 2022 Restated R'000	COMPANY 2021 Restated R'000
19	**Environmental rehabilitation liability**							
	Mining rehabilitation liability	19.1	**245 862**	233 296	200 767	**245 862**	233 296	200 767
	Gypsum dam and acid plant rehabilitation liability	19.2	**130 248**	197 178	197 178	**130 248**	197 178	197 178
	Total		**376 110**	430 474	397 945	**376 110**	430 474	397 945
19.1	**Mining rehabilitation liability**							
	At beginning of year		**233 296**	200 767	318 011	**233 296**	200 767	318 011
	Unwinding of discount	26	**22 396**	13 459	19 548	**22 396**	13 459	19 548
	Adjustment to the mining footprint	4	**(9 830)**	19 070	(136 792)	**(9 830)**	19 070	(136 792)
			245 862	233 296	200 767	**245 862**	233 296	200 767
19.2	**Gypsum dam and acid division rehabilitation liability**							
	At beginning of year		**197 178**	197 178	321 739	**197 178**	197 178	321 739
	Unwinding of discount	26	**33 031**	–	–	**33 031**	–	–
	Environmental valuation adjustment	29	**(52 698)**	–	–	**(52 698)**	–	–
	Adjustment to acid plant rehabilitation liability	4	**(47 263)**	–	(124 561)	**(47 263)**	–	(124 561)
			130 248	197 178	197 178	**130 248**	197 178	197 178
19.3	**Environmental rehabilitation trust asset**							
	Balance at the beginning of the year		**382 734**	332 410	268 558	**–**	–	–
	Movement recognised in profit and loss		**18 991**	15 313	28 841	**–**	–	–
	– Growth in investment		**18 993**	15 316	28 955	**–**	–	–
	– Other operating expenses		**(2)**	(3)	(114)	**–**	–	–
	Investments held by the trust		**401 725**	347 723	297 399	**–**	–	–
	Cash contribution made to the trust		**35 011**	35 011	35 011	**–**	–	–
	Total assets held by the trust	9	**436 736**	382 734	332 410	**–**	–	–
	Decommissioning infrastructural asset	4	**29 601**	79 541	79 541	**–**	–	–
	Environmental rehabilitation liability		**(376 110)**	(430 474)	(397 945)	**–**	–	–
	Surplus – Overfunded portion of rehabilitation liability		**90 227**	31 801	14 006	**–**	–	–

In determining the environmental rehabilitation liability, an inflation rate of 7.87% (2022: 6%) was assumed and a rate of 11.63% (2022: 9.6%) to discount the amount to present value.

The financial assets held by the Trust are intended to fund the environmental rehabilitation liability of Foskor (Pty) Ltd and are not available for general purpose of the Group. The objective of the Trust is to act as the financial provider for expenditure that its member, Foskor (Pty) Ltd, is likely to incur in order to comply with the statutory obligation or 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 36.

19. ENVIRONMENTAL REHABILITATION PROVISION continued

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. 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 2023, a provision for rehabilitation of gypsum dam, decommissioning infrastructural asset and waste removal of R130 million for the closure costs has been made.

Mine rehabilitation guarantees

The Group had mine rehabilitation guarantees amounting to R499 million at year-end (refer to Note 36). In line with the requirements set out by the Department of Mineral Resources, this guarantee amount was in place at 31 March 2023. These guarantees and the agreement reached with the Department of Mineral and Resources were based on the environmental rehabilitation and closure costs assessment that was performed during the 2023 financial year. Estimated scheduled closure costs for the mine are R685 million. For unscheduled or premature closure, the Department of Mineral and Resources, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor (Pty) Ltd to provide for the liability of R872 million in the form of guarantees and cash. The premature closure cost of R872 million is covered by guarantees totalling R499 million and investment assets totalling R437 million. The Group has, therefore, overprovided for early closure costs by R64 million.

20. RETIREMENT BENEFIT OBLIGATIONS

Accounting policy

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 and current service costs are recognised immediately in profit or loss when they occur.

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.

Past and current service costs are recognised immediately in profit or loss when they occur.

Significant estimates and judgements

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.

20. RETIREMENT BENEFIT OBLIGATIONS continued

	Notes	GROUP AND COMPANY 2023 R'000	2022 R'000
Liabilities included in the statement of financial position:			
Defined pension benefits	20.1	**–**	–
Post-employment medical benefits	20.2	**139 274**	138 561
Liability in the statement of financial position		**139 274**	138 561
Amounts recognised in profit and loss:			
Defined pension benefits	25	**546**	(4 187)
Post-employment medical benefits	25	**3 778**	4 073
		4 324	(114)
Remeasurements recognised in other comprehensive (income)/loss:			
Defined pension benefits		**–**	3 982
Post-employment medical benefits		**(3 065)**	(5 495)
		(3 065)	(1 513)

20. RETIREMENT BENEFIT OBLIGATIONS continued

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 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 portfolio to a level approximately four- to six-months' worth of pensioner payments. The Trustees cannot relinquish or cede these responsibilities. However, the Trustees are permitted to delegate certain actions an 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 in pensions each year of 75% of the increase in inflation, as measured by the Consumer Price Index (CPI). Any amendments to this policy shall be after negotiation between the three parties.

The latest actuarial valuation was performed on 31 March 2023.

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

	GROUP AND COMPANY	
	2023 R'000	**2022 R'000**
Present value of funded obligations	**271 148**	298 502
Fair value of plan assets	**(323 513)**	(333 122)
Pension fund surplus	**(52 365)**	(34 620)
Impact of asset ceiling	**52 365**	34 620
Liability in the statement of financial position at 31 March	**–**	–

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.1 Defined pension benefits continued

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

	GROUP AND COMPANY			
	Present value of obligation R'000	Fair value of plan assets R'000	Asset ceiling R'000	Total R'000
At 1 April 2021	297 070	(342 562)	45 492	–
Expense allowance – prior year	2 306	–	(2 306)	–
Current service cost	457	–	–	457
Interest expense/(income)	35 083	(40 219)	–	(5 136)
	334 916	(382 781)	43 186	(4 679)
Remeasurements:				
Return on plan assets, excluding amounts included in interest income	–	26 841	–	26 841
Gain from change in financial assumptions	371	–	–	371
Other experience losses	(7 474)	–	–	(7 474)
Change in asset ceiling	–	–	(6 596)	(6 596)
Expense allowance	1 970		(1 970)	–
Adjustment	(2 881)	(6 279)	–	(9 160)
Contributions:				
– Plan participants	–	205	–	205
– Employers	–	492	–	492
Payments from plans:				
– Benefit payments	(36 498)	36 498	–	–
– Bonus allocation	8 098	(8 098)	–	–
At 31 March 2022	298 502	(333 122)	34 620	–
At 1 April 2022	**298 502**	**(333 122)**	**34 620**	**–**
Current service cost	**506**	**–**	**–**	**506**
Interest expense/(income)	**29 101**	**(32 714)**	**–**	**(3 613)**
	328 109	**(365 836)**	**34 620**	**(3 107)**
Remeasurements:				
Return on plan assets, excluding amounts included in interest income	**–**	**23 419**	**–**	**23 419**
Gain from change in financial assumptions	**371**	**–**	**–**	**371**
Other experience losses	**240**	**–**	**–**	**240**
Change in asset ceiling	**–**	**–**	**17 096**	**17 096**
Expense allowance	**(649)**	**–**	**649**	**–**
Adjustment	**(21 975)**	**(16 788)**	**–**	**(38 763)**
Contributions:				
– Plan participants	**–**	**198**	**–**	**198**
– Employers	**–**	**546**	**–**	**546**
Payments from plans:				
– Benefit payments	**(39 530)**	**39 530**	**–**	**–**
– Bonus allocation	**4 582**	**(4 582)**	**–**	**–**
At 31 March 2023	**271 148**	**(323 513)**	**52 365**	**–**

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.1 Defined pension benefits continued

	Note	GROUP AND COMPANY 2023 R'000	GROUP AND COMPANY 2022 R'000
The amounts recognised in the statement of comprehensive income are as follows:			
Current service costs		–	457
Net interest cost		–	(5 136)
Employer contribution		546	492
Total, included in staff costs	25	**546**	(4 187)
Recognised in comprehensive income:			
Actuarial loss		–	4 187

Plan assets are comprised as follows:

	GROUP AND COMPANY 2023 Listed R'000	Unlisted R'000	Total R'000	%
Equity instruments	128 903	1 589	130 492	40
Global equities	68 861	729	69 590	
Financial services	17 857	–	17 857	
Consumer staples	1 377	–	1 377	
Consumer goods	5 855	–	5 855	
Consumer services	8 345	–	8 345	
Basic materials	11 251	–	11 251	
Industrials	2 694	–	2 694	
Oil and gas	1	–	1	
Healthcare	1 123	–	1 123	
Telecommunications	1 728	–	1 728	
Technology	8 515	–	8 515	
Other	1 025	860	1 885	
Other – Emerging Companies Fund and Hedge Fund	271	–	271	
Debt	97 650	31 749	129 399	40
Corporate bonds (investment grade)	29 376	1 636	31 012	
Government bonds	61 996	29 462	91 458	
Corporate bonds (non-investment grade)	–	–	–	
Other	6 278	651	6 929	
Cash	34 110	11 974	46 084	14
Property (South Africa)	8 778	339	9 117	3
Other	1 942	6 479	8 421	3
Total	271 383	52 130	323 513	100

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.1 Defined pension benefits continued

	GROUP AND COMPANY			
	2022			
	Listed R'000	Unlisted R'000	Total R'000	%
Equity instruments	153 422	298	153 720	46
Global equities	53 713	276	53 989	
Financial services	24 541	–	24 541	
Consumer staples	1 416	–	1 416	
Consumer goods	12 645	–	12 645	
Consumer services	9 648	–	9 648	
Basic materials	20 659	–	20 659	
Industrials	3 680	–	3 680	
Oil and gas	1 610	–	1 610	
Healthcare	1 853	–	1 853	
Telecommunications	2 232	–	2 232	
Technology	8 552	–	8 552	
Other	2 637	–	2 637	
Other – Emerging Companies Fund and Hedge Fund	10 236	22	10 258	
Debt	122 575	1 362	123 937	37
Corporate bonds (investment grade)	42 140	833	42 973	
Government bonds	68 339	–	68 339	
Corporate bonds (non-investment grade)	9 757	31	9 788	
Other	2 339	498	2 837	
Cash	39 730	–	39 730	12
Property (South Africa)	11 348	82	11 430	3
Other	4 305	–	4 305	2
Total	331 380	1 742	333 122	100

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.1 Defined pension benefits continued

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 underperform 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.

The principle actuarial assumptions used were as follows:

	GROUP AND COMPANY	
	2023 R'000	2022 R'000
– Discount rate	**11.71%**	10.51%
– CPI inflation rate	**6.74%**	6.23%
– Expected return on plan assets	**7.40%**	10.51%
– Future salary increases	**7.74%**	7.23%
– Future pension increases	**7.31%**	6.76%
– Normal retirement age	**60**	60
– Pre-retirement mortality	**Nil**	Nil
– Post-retirement mortality	**PA-90-2**	PA-90-2

The discount rate of 11.71% (2022: 10.51%) 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 March 2023.

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.1 Defined pension benefits continued

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

	GROUP AND COMPANY	
	Impact on overall liability	
	2023 %	2022 %
Discount rate (increase of 1%)	**(6.30)**	6.80
Discount rate (decrease of 1%)	**7.20**	7.80

An increase of 1% will lead to an increase of R0.248 million of the accrued liability and a decrease of 1% will lead to a decrease of R0.284 million of the accrued liability.

	GROUP AND COMPANY	
	Impact on overall liability	
	2023 %	2022 %
Salary rate (increase of 1%)	**0.04**	0.10
Salary rate (decrease of 1%)	**(0.04)**	0.10

An increase of 1% will lead to an increase of R0.265 of the accrued liability and a decrease of 1% will lead to a decrease of R0.264 of the accrued liability.

	GROUP AND COMPANY	
	Impact on overall liability	
	2023 %	2022 %
Pension rate (increase of 1%)	**8.10**	7.90
Pension rate (decrease of 1%)	**(7.10)**	7.00

An increase of 1% will lead to an increase of R0.287 million of the accrued liability and a decrease of 1% will lead to a decrease of R0.246 million of the accrued liability.

	GROUP AND COMPANY	
	Impact on overall liability	
	2023 %	2022 %
Inflation rate (increase of 1%)	**8.10**	8.70
Inflation rate (decrease of 1%)	**(7.20)**	7.60

An increase of 1% will lead to an increase of R0.287 million of the accrued liability and a decrease of 1% will lead to a decrease of R0.246 million of the accrued liability. The expected contribution to the post-employment scheme for the year ending 31 March 2023 are R0.266 million.

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.2 Post-employment medical obligation

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

The Group operates a post-employment medical obligation scheme. The liability is valued every year using the projected unit credit method. The latest actuarial valuation was performed on 31 March 2023.

	GROUP AND COMPANY	
	2023 R'000	2022 R'000
Present value of unfunded obligations	**139 274**	138 561
Liability in the statement of financial position	**139 274**	138 561

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

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

	GROUP AND COMPANY Present value of obligations R'000
At 1 April 2021	139 983
Current service cost	563
Interest expense	14 363
Remeasurements:	
Gain from change in financial assumptions	(5 495)
Contributions:	
Employer	(10 853)
At 31 March 2022	138 561
At 1 April 2022	
Current service cost	**533**
Interest expense	**14 479**
Remeasurements:	
Gain from change in financial assumptions	**(3 065)**
Contributions:	
Employer	**(11 234)**
At 31 March 2023	**139 274**

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.2 Post-employment medical obligation continued

	Note	GROUP AND COMPANY 2023 R'000	2022 R'000
The amounts recognised in profit and loss were as follows:			
Current service cost		**533**	563
Interest expense		**14 479**	14 363
Contributions paid		**(11 234)**	(10 853)
Total, included in staff costs	25	**3 778**	4 073
Remeasurements recognised in other comprehensive income:			
Actuarial gain		**(3 065)**	(5 495)

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.

The principal actuarial assumptions for the medical obligation were:

%	GROUP AND COMPANY 2023	2022
Discount rate	**11.49%**	10.91%
General inflation rate	**6.58%**	6.71%
Medical inflation rate	**8.08%**	8.21%
Normal retirement age	**60/65**	60/65
Expected rate of salary increases	**7.58%**	7.71%
Pre-retirement mortality	**SA85-90 (Light)**	SA85-90 (Light)
Post-retirement mortality	**PA90-2**	PA90-2

20. RETIREMENT BENEFIT OBLIGATIONS continued

20.2 Post-employment medical obligation continued

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

	GROUP AND COMPANY Impact on overall liability	
	2023 %	2022 %
Inflation rate (increase of 1%)	**8.20**	8.80
Inflation rate (decrease of 1%)	**7.30**	7.80

The annual expense for the year ended 31 March 2023 was R15 million (2022: R15 million).

21. TRADE AND OTHER PAYABLES

Accounting policy

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.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments				
Trade payables	**856 134**	725 899	**851 821**	725 023
Accrued expenses	**492 365**	634 678	**492 304**	634 678
Income received in advance	**47 402**	252 026	**46 786**	252 026
Sundry payables	**202 628**	22 903	**202 453**	22 729
Non-financial instruments				
Payroll accruals	**85 274**	77 501	**85 274**	77 501
	1 683 803	1 713 007	**1 678 638**	1 711 957

Sundry payables as at 31 March 2023 includes sundry creditors of R131 million (2022: R7.8 million).

Included under trade payables is a balance of R360 million (2022: R371 million) for transactions with related parties.

22. PROVISIONS

Accounting policy

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.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Bonus[1]	**65 561**	28 206	**65 561**	28 206
Demurrage[2]	**63 352**	137 220	**63 352**	137 220
Total	**128 913**	165 426	**128 913**	165 426
Movement in the bonus provision:				
At 1 April	**28 206**	17 045	**28 206**	17 045
Additional provisions	**92 896**	24 552	**92 896**	24 552
Utilised during period	**(55 541)**	(13 391)	**(55 541)**	(13 391)
At 31 March	**65 561**	28 206	**65 561**	28 206
Movement in the demurrage provision:				
At 1 April	**137 220**	23 967	**137 220**	23 967
Additional provisions	**80 327**	132 215	**80 327**	132 215
Utilised during period	**(154 195)**	(18 962)	**(154 195)**	(18 962)
At 31 March	**63 352**	137 220	**63 352**	137 220

1 *Bonus provision comprises 13th cheque bonuses of R10 million (2022: R9 million) short-term incentive plan of R55 million (2022: R19 million).*

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

23. REVENUE

Accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Foskor's core business is the benefication 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 54% 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 60% of the phosphoric acid sales are exported, while granular fertiliser sales are mainly to the local market. The Group generates its revenue based on various contractual arrangements with its customers from the major sources listed below. These sources provide context to the Group's activities and attempt to aggregate revenue by nature, extent, timing and risk. Foskor assures guarantee on the quality of goods supplied.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies as well as critical judgements and estimates made by management in the selection and application of its accounting polices related to each major revenue source.

Revenue is shown net of indirect taxes, estimated returns, rebates and discounts, and after eliminating sales within the Group.

Revenue Source	Performance obligations	Recognition	Measurement and terms of sale	Critical estimates and judgements applied
Mining Division Revenue				
• **Sales of Phosphate Rock and Magnetite**	Sale of Phosphate Rock and Magnetite products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.	Recognised at the point of transfer of control which is generally at the point of loading at Foskor's Mine for local sales and at loading point for export shipments.	Measured at the price per ton as per Foskor's standard selling price, less any discounts or rebates to which the customer qualifies. Payment terms are generally 30 to 60 days.	Management have assessed the point of transfer of control based on their understanding of the critical terms and conditions of sale, this assessment has concluded that control is transferred at the Foskor Mine or loading points at harbours in Maputo and Richards Bay. This is due to management being of the view that at this point the customer has obtained physical possession of the product and accepted the risks and rewards associated therewith. The estimated potential rebate/discount amount is only refunded to customers on a periodic basis. Management have estimated the potential effects of these arrangements and constrained revenue accordingly.

23. REVENUE continued

Revenue Source	Performance obligations	Recognition	Measurement and terms of sale	Critical estimates and judgements applied
Acid Division Revenue				
• **Granular Fertiliser sales**	Sale of Granulation Fertiliser products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.	Recognised at the point of transfer of control which is generally at the point of loading at Foskor's Acid plant for local sales and at Richards Bay harbour loading point for export shipments.	Measured at the price per ton as per Foskor's standard selling price, less any discounts or rebates to which the customer qualifies. Payment terms are generally 30 to 60 days.	Management have assessed the point of transfer of control based on their understanding of the critical terms and conditions of sale, this assessment has concluded that control is transferred at the Foskor Acid Plant or loading point at harbour in Richards Bay. This is due to management being of the view that at this point the customer has obtained physical possession of the product and accepted the risks and rewards associated therewith. The estimated potential rebate/discount amount is only refunded to customers on a periodic basis. Management have estimated the potential effects of these arrangements and constrained revenue accordingly.
• **Phosphoric and Sulphuric Acid sales**	Sale of Phosphoric Acid and Sulphuric Acid products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.			
• **Sulphur, Ammonia and Gypsum sales**	Sale of Sulphur, Ammonia and Gypsum products per metric tonne sold to local customers. Local customers include all customers within the borders of South Africa.			
Other Income				
• **Sundry/Other Revenue**	Other revenue is income earned from customers within South Africa and customers outside South Africa. There are no contractual terms.	Recognised when the right to receive payment is established.	Measured at the agreed price and payment terms are generally 30 to 60 days.	Management have assessed the manner of service and agreed price based on the understanding of the terms and conditions of service rendered.
• **Royalties**	Royalties are earned in accordance with substance of agreement.	Recognised on an accrual basis in accordance with the substance of the relevant agreements.	Measured at the agreed performance declaration and payment terms are generally 30 to 60 days.	Management have assessed the manner in which royalties are declared based on the understanding of the terms and conditions of the agreement.

23. REVENUE continued

Foskor generates its revenue from the following main sources related to the core activities of the Group:

	Local sales within South Africa 2023 R'000	Local sales within South Africa 2022 R'000	Export sales to territories outside of South Africa 2023 R'000	Export sales to territories outside of South Africa 2022 R'000	Total revenue 2023 R'000	Total revenue 2022 R'000
Mining Division revenue	**256 436**	319 633	**3 915 458**	1 528 088	**4 171 894**	1 847 721
Phosphate rock	**137 748**	119 957	**3 915 458**	1 528 088	**4 053 206**	1 648 045
Magnetite	**118 688**	199 676	**–**	–	**118 688**	199 676
Acid Division revenue	**5 135 065**	3 732 102	**2 204 244**	1 403 907	**7 339 309**	5 136 009
Granular fertiliser	**3 169 206**	1 989 494	**–**	–	**3 169 206**	1 989 494
Phosphoric acid	**1 602 092**	1 651 965	**2 204 244**	1 403 907	**3 806 336**	3 055 872
Sulphuric acid	**358 665**	73 564	**–**	–	**358 665**	73 564
Ammonia and gypsum	**5 102**	17 079	**–**	–	**5 102**	17 079
Company revenue	**5 391 501**	4 051 735	**6 119 702**	2 931 995	**11 511 203**	6 983 730
Subsidiaries Income	**638**	514	**–**	–	**638**	514
Group revenue	**5 392 139**	4 052 249	**6 119 702**	2 931 995	**11 511 841**	6 984 244

Unsatisfied performance obligations

All unsatisfied performance obligations at year end have a term of less than one year, accordingly in line with the requirements of IFRS 15, these are not disclosed. These relate to customers that have placed orders at the end of the financial year with expected delivery within the first month of the new financial year.

Other income

Other income comprises income earned on activities that are not considered part of the core activities of Foskor but ancillary to them or from activities undertaken on an *ad hoc* basis.

	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Rental income	**4 431**	5 237	**4 431**	5 237
Rebates	**42 086**	31 010	**42 086**	31 010
Royalties income	**43 071**	73 893	**43 071**	73 893
Scrap sales	**4 379**	6 797	**4 379**	6 797
Management fee	**25 612**	126 134	**31 645**	131 746
Sundry revenue and recoveries	**40 988**	14 914	**40 988**	14 613
Staff costs recoveries	**3 162**	3 512	**3 162**	3 512
Total other income	**163 729**	261 497	**169 762**	266 808

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
24. EXPENSES BY NATURE					
Loss on disposal of property, plant and equipment	4	**16 399**	–	**16 399**	1
Auditors' remuneration		**7 130**	7 105	**7 130**	7 105
– Audit fee		**6 065**	7 033	**6 065**	7 033
– Expenses		**1 065**	72	**1 065**	72
Depreciation of property, plant and equipment	4	**308 225**	133 592	**307 960**	133 225
– Mining assets, land and buildings		**43 552**	25 347	**43 291**	24 989
– Plant, equipment and vehicles		**264 673**	108 245	**264 669**	108 236
Amortisation of intangible assets	5	**1 857**	2 092	**1 857**	2 092
Operating lease charges		**1 161**	1 136	**1 161**	1 136
– Property rentals		**1 161**	1 136	**1 161**	1 136
Repairs and maintenance		**946 840**	771 009	**946 840**	771 009
Raw materials		**3 174 150**	1 701 718	**3 174 150**	1 701 718
Electricity		**607 255**	463 753	**607 255**	463 753
Water		**160 013**	146 297	**160 013**	146 297
Fuel		**349 264**	208 064	**349 264**	208 064
Distribution costs		**1 558 013**	1 194 271	**1 560 299**	1 197 556
Usage – other		**71 046**	62 563	**71 046**	62 563
Reagents		**275 810**	128 079	**275 810**	128 079
Blasting material		**163 494**	102 412	**163 494**	102 412
Drilling costs		**96 990**	86 389	**96 990**	86 389
Milling media		**79 516**	62 552	**79 516**	62 552
Effluent discharge		**43 273**	84 283	**43 273**	84 283
Mining Ore		**83 550**	37 130	**83 550**	37 130
Insurance		**62 063**	52 297	**62 063**	52 297
Services		**238 783**	199 267	**238 783**	199 267
Safety, health, environment and quality		**33 980**	37 640	**33 980**	37 640
Travel and subsistence expense		**6 466**	4 131	**6 466**	4 131
Training and development		**5 673**	4 547	**5 673**	4 547
Administrative expenses		**436 528**[1]	–	**434 124**	–
Employee benefit expense	25	**1 386 255**	1 205 372	**1 386 255**	1 205 372
Gain on based payment expense	17.2	**–**	(41)	**–**	(41)
Other expenses		**22 534**	271 426	**25 019**	271 068
Total expenses		**10 136 268**	6 969 084	**10 138 370**	6 969 645
Comprising:					
Cost of sales		**8 141 727**	5 393 891	**8 143 947**	5 399 355
Distribution costs		**1 558 013**	1 194 271	**1 560 299**	1 197 556
Administrative expenses		**436 528**	380 922	**434 124**	372 734
		10 136 268	6 969 084	**10 138 370**	6 969 645

[1] *Amount separately disclosed in the current year, prior year included under other expenses.*

25. EMPLOYEE BENEFIT EXPENSE

Accounting policy

Short-term employee benefits
Short-term employee benefits, including leave entitlement are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of unused entitlements.

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Salaries and wages		**1 130 533**	1 022 902	**1 130 533**	1 022 902
Bonus		**124 925**	67 530	**124 925**	67 530
Pension costs		**97 719**	94 417	**97 719**	94 417
Post-employment medical liability	20.2	**3 778**	4 073	**3 778**	4 073
Defined pension benefits	20.1	**546**	(4 187)	**546**	(4 187)
Other staff costs		**28 754**	20 637	**28 754**	20 637
Total employee expense		**1 386 255**	1 205 372	**1 386 255**	1 205 372

26. FINANCE INCOME AND COST

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Finance cost:					
– Bank borrowings		**(239 318)**	(424 967)	**(239 246)**	(424 967)
– Interest capitalised on bank borrowings		**(364 508)**	–	**(364 508)**	–
– Finance lease liabilities		**(964)**	(559)	**(741)**	(559)
– Unwinding of discount on the environmental liability	19.1	**(55 427)**	(13 459)	**(55 427)**	(13 459)
– Interest paid – other		**(22 643)**	(30 271)	**(32 515)**	(32 428)
Total finance cost		**(682 860)**	(469 256)	**(692 437)**	(471 413)
Less: amounts capitalised on qualifying assets		**4 810**	6 633	**4 810**	6 633
Finance cost		**(678 050)**	(462 623)	**(687 627)**	(464 780)
Interest income:					
– Interest income from banks		**13 335**	4 471	**12 632**	4 209
– Interest income – other		**36 127**	9 391	**36 130**	9 391
		49 462	13 862	**48 762**	13 600
Financial assets – Environmental rehabilitation trust		**26 363**	22 631	**–**	22 631
– Interest and dividends income	9.1, 9.2	**16 797**	12 756	**–**	12 756
– Fair value gains	9.1, 9.2	**9 566**	9 875	**–**	9 875
Total interest income		**75 825**	36 493	**48 762**	36 231
Net finance cost		**(602 225)**	(426 130)	**(638 865)**	(428 549)

27. NET FOREIGN EXCHANGE (LOSS)/GAIN

Accounting policy

Foreign currency translation
The Group's presentation currency is the same as its functional currency. 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.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The exchange differences (charged)/credited to profit or loss are included as follows:				
Foreign transaction losses	**(294 572)**	(1 806 252)	**(294 572)**	(1 806 252)
Foreign exchange transaction losses – realised	**(283 349)**	(1 804 500)	**(283 349)**	(1 804 500)
Foreign exchange transaction losses – unrealised	**(11 223)**	(1 752)	**(11 223)**	(1 752)
Foreign transaction profits	**211 180**	1 842 202	**211 184**	1 842 200
Foreign exchange transaction gains – realised	**204 418**	1 819 528	**204 418**	1 819 528
Foreign exchange transaction gains – unrealised	**6 762**	22 674	**6 766**	22 672
Net foreign exchange (loss)/gain	**(83 392)**	35 950	**(83 388)**	35 948

28. TAXATION

Significant estimates and judgements

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 current tax 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.

	GROUP		COMPANY	
Major components of the tax expenses/income	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Current				
South African normal income tax				
Normal current tax:				
Current tax on profits for the year	**150**	–	**–**	–
Total current tax	**150**	–	**–**	–
Deferred (refer to note 14)				
Originating and reversing of temporary differences	**(568 535)**	80 481	**(568 217)**	79 834
Deferred tax assets recognised/(reversal)	**756 832**	(276 641)	**756 834**	(276 611)
Assessed tax loss utilised	**(199 277)**	(23 469)	**(200 458)**	(23 469)
Deffered tax charged to equity	**10 263**	–	**10 263**	–
Under-provision prior year	**(47 677)**	72 000	**(47 678)**	72 000
Change in tax rate	**–**	(61 360)	**–**	(61 303)
Charge to other comprehensive income	**656**	2 431	**656**	2 431
Total deferred tax	**(47 738)**	(206 558)	**(48 600)**	(207 118)
Taxation expense	**(47 588)**	(206 558)	**(48 600)**	(207 118)

28. Taxation continued

	GROUP		COMPANY	
	2023	2022*	2023	2022*
Reconciliation of tax rate		%		%
Standard tax rate	**27.00**	28.00	**27.00**	28.00
Permanent differences	**0.20**	(2.04)	**0.20**	(2.05)
Learnership allowances	**(0.09)**	0.64	**(0.09)**	0.64
Donations	**0.09**	(0.26)	**0.09**	(0.26)
Interest on long-term liability	**–**	(2.42)	**–**	(2.43)
Fair value gains	**0.20**	–	**0.20**	–
Prior year adjustments	**1.69**	(21.44)	**1.69**	(21.57)
Movement through OCI	**(0.02)**	(0.73)	**(0.02)**	(0.73)
Change in tax rate	**–**	(18.28)	**–**	(18.37)
Prior year deferred tax adjustments	**–**	(6.39)	**–**	(6.10)
Deferred tax recognised previously unrecognised	**(27.20)**	82.43	**(27.15)**	82.87
Effective rate	**1.67**	61.55	**1.72**	62.05

** The tax rate reconciliation for 2022 has been restated from 21.01% to 62.05% for the company and 21.01% to 61.55% for the group after correction of prior period rate calculation of individual line items percentages.*

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

	GROUP AND COMPANY		
	Before tax R'000	Tax credit/ (charge) R'000	After tax R'000
2023			
Remeasurement of post-employment benefit	**3 065**	**(828)**	**2 237**
Other comprehensive income	**3 065**	**(828)**	**2 237**
2022			
Remeasurement of post-employment benefit	1 513	(424)	1 089
Other comprehensive income	1 513	(424)	1 089

29. CASH GENERATED FROM/(USED IN) OPERATIONS

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Reconciliation of profit for the year:					
Profit/(loss) before taxation		**2 858 076**	(335 619)	**2 825 188**	(333 800)
Adjustments for:					
Depreciation of property, plant and equipment	4	**308 225**	133 592	**307 960**	133 225
Impairment (reversal)/charge	4	**(1 999 120)**	169 060	**(1 999 120)**	169 060
Amortisation of intangible assets	5	**1 857**	2 092	**1 857**	2 092
Loss on disposal of property, plant and equipment	4	**16 399**	–	**16 399**	–
Expected credit loss		**(5 271)**	–	**(5 749)**	–
Post-employment obligation movement	20	**533**	(114)	**533**	(114)
Gain on share-based payment expense	17.2	**–**	(41)	**–**	(41)
Foreign exchange loss/(gain)	27	**83 392**	(35 950)	**83 388**	(35 948)
Net finance cost	26	**602 225**	426 130	**638 865**	428 548
Derivatives movement		**12**	255	**–**	94
Environmental rehabilitation expense	19	**(52 698)**	–	**(52 698)**	–
Changes in working capital:					
Inventories		**(283 307)**	(492 856)	**(283 307)**	(492 855)
Trade and other receivables		**(244 746)**	(204 822)	**(239 042)**	(206 227)
Trade and other payables		**(104 511)**	213 142	**(108 838)**	217 225
Other provisions		**(36 513)**	124 413	**(36 513)**	124 413
Total changes in working capital		**(669 077)**	(359 868)	**(667 700)**	(357 350)
		1 144 553	(718)	**1 148 923**	5 672

30. BORROWING FACILITIES

Accounting policy

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.

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Cash and cash equivalents	13	**691 555**	162 214	**681 431**	159 321
Long-term interest-bearing loans	30.1	**(4 059 670)**	(4 343 538)	**(4 059 670)**	(4 343 538)
Short-term interest-bearing loans	30.2	**(929 483)**	(46 048)	**(929 483)**	(46 048)
Net debt		**(4 297 598)**	(4 227 372)	**(4 307 722)**	(4 230 265)
Total borrowing facilities		**5 614 609**	5 003 687	**5 614 609**	5 003 687
Available for utilisation		**1 317 011**	776 315	**1 306 887**	773 422
30.1 Long-term interest-bearing facilities:					
Total facility		**4 980 109**	4 669 187	**4 980 109**	4 669 187
Utilised		**(4 764 742)**	(4 353 817)	**(4 764 742)**	(4 353 817)
Available		**215 367**	315 370	**215 367**	315 370
Long-term interest-bearing facilities					
Opening balance		**4 343 538**	3 596 916	**4 343 538**	3 596 916
Additional loan		**2 412 890**	1 006 217	**2 412 890**	1 006 217
Repayments		**(2 302 608)**	(633 241)	**(2 302 608)**	(633 241)
Capitalised interest		**310 922**	383 926	**310 922**	383 926
Repayable within 12 months					
Capital		**(705 072)**	(10 280)	**(705 072)**	(10 280)
Total long-term loans	38.8	**4 059 670**	4 343 538	**4 059 670**	4 343 538

The R5 billion is a long-term interest-bearing facility granted by the Industrial Development Corporation (IDC). The purpose of the loan was for working capital and plant and equipment expenditure. Total utilised as at 31 March 2023 is R4.8 billion. The long-term interest-bearing loans are secured by movable plant and equipment of the Group. Foskor ceded its rights, title and interest on all insurance policies to the lender, Industrial Development Corporation (IDC). The interest rate applicable on the loan is prime plus 3%.

A portion of a loan referred to as the working capital loan amounting to R806 million is repayable by 31 March 2028. Interest was capitalised until 31 May 2022, thereafter is payable monthly. Historical loans of R3.5 billion which arose as a result of working capital and capital expenditure shall be repaid in 14 equal instalments. The interest on capital expenditure loan is capitalised and the interest on working capital loan was capitalised until 30 November 2022, thereafter payable monthly with the first installment due on 31 October 2023. The balance of R456 million is a revolving credit facility loan , interest is payable monthly.

30. BORROWING FACILITIES continued

30.2 Short-term interest-bearing facilities:

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Total facility		**634 500**	334 500	**634 500**	334 500
Utilised		**(224 412)**	(35 769)	**(224 412)**	(35 769)
Available		**410 088**	298 731	**410 088**	298 731
Repayable within 12 months (current)					
Opening balance		**46 048**	236 744	**46 048**	236 744
Reallocation of long-term interest-bearing facilities	38.8	**705 072**	10 280	**705 072**	10 280
Additional loan		**5 643 469**	3 534 817	**5 643 469**	3 534 817
Repayments		**(5 465 106)**	(3 735 793)	**(5 465 106)**	(3 735 793)
Total short-term loans		**929 483**	46 048	**929 483**	46 048

The R635 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 renewed annually.

30.3 Guarantees:

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Total facility		**618 524**	604 474	**618 524**	604 474
Utilised	36	**(575 469)**	(556 946)	**(575 469)**	(556 946)
Available		**43 055**	47 528	**43 055**	47 528

30.4 Letters of credit:

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Total facility from banks		**542 754**	203 595	**542 754**	203 595
Utilised		**(189 152)**	–	**(189 152)**	–
Available		**353 602**	203 595	**353 602**	203 595

31. LEGAL LIABILITY

Accounting policy

Full provision is made based on the net present value of the estimated cost of the legal settlement that has occurred up to the reporting date.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Long-term legal liability				
Opening balance	**–**	35 381	**–**	35 381
Finance costs	**–**	18 980	**–**	18 980
Transfer to short-term legal liability	**–**	(54 361)	**–**	(54 361)
Total long-term legal liability	**–**	–	**–**	–
Short-term legal liability				
Opening balance	**54 361**	55 000	**54 361**	55 000
Additional liability	**–**	54 361	**–**	54 361
Repayment	**(49 778)**	(55 000)	**(49 778)**	(55 000)
Total short-term legal liability	**4 583**	54 361	**4 583**	54 361

32. COMMITMENTS

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Capital commitments				
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:				
Property, plant and equipment	**212 682**	105 229	**212 682**	105 229
Total capital commitments	**212 682**	105 229	**212 682**	105 229

33. GAINS OR LOSSES FROM FINANCIAL ASSETS

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The gains and losses from financial assets classified as fair value through profit and loss consist of the following:				
Loss on financial investments	**–**	(1 948)	**(23)**	(1 944)
Total	**–**	(1 948)	**(23)**	(1 944)

34. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

34.1 Irregular expenditure is defined as expenditure incurred in contravention of, or that is not in accordance with PFMA and any applicable legislation. Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Irregular expenditure	**6 307 940**	3 505 218	**6 307 940**	3 505 218
Fruitless and wasteful expenditure	**–**	5 721	**–**	5 721
Closing balance	**6 307 940**	3 510 939	**6 307 940**	3 510 939

The majority of the irregular expenditure disclosed in the financial statements was caused by procurement of goods, works or service which was not done in line with the PFMA and Treasury Regulations requirements for fair, equitable, transparent and competitive procurement process. In addition, some of the procurement above R30 000 was not done in accordance with the Preferential Procurement Policy Framework Act (PPPFA).

34.2 Amounts of material losses through criminal conduct

	GROUP		COMPANY	
Incident description	2023 R'000	2022 R'000	2023 R'000	2022 R'000
None				

34.3 Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful

	GROUP		COMPANY	
Incident description	2023 R'000	2022 R'000	2023 R'000	2022 R'000
There were no cases to be completed as we had no material losses through criminal conduct				

35. FINANCIAL INSTRUMENTS

Accounting policy

Financial instruments

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.

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit and loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets – Subsequent measurement

Financial Asset Category	Description
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value. Interest income, foreign exchange gains and losses and credit impairment losses or reversals are recognised in profit or loss. Other changes in the carrying amount on remeasurement to fair value are recognised in OCI. Cumulative fair value gains or loss recognised in OCI is recycled to profit or loss when related financial assets are derecognised.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The assets are unit trust, preference shares, equity investments and others. The fair value of financial assets is determined by reference to the quoted market price and valuation techniques.

35. FINANCIAL INSTRUMENTS continued

Accounting policy continued

The following information is considered by the Group in determining the classification of financial assets:

- The Group's business model for managing financial assets; and
- The contractual cash flow characteristics of the financial assets.

The business model assessment of the financial assets is based on the Group's strategy and rationale for holding the financial assets on a portfolio level. When considering the strategy, the following is considered:

- Whether the financial assets are held to collect contractual cash flows;
- Whether the financial assets are held for sale; or
- Whether the financial assets are held for both collecting contractual cash flows and to be sold.

Financial assets – Assessment of contractual cash flows

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or at fair value. Financial liabilities held for trading, are measured at fair value with all changes being recognised in profit or loss. For all financial liabilities designated at fair value option, the amount of the change in the liability's fair value attributable to changes in the credit risk is recognised in other comprehensive income (OCI) with the remaining amount of change in fair value recognised in profit or loss. Amounts presented in OCI are not subsequently transferred to profit or loss. Financial liability at amortised cost means that the liability's effective rate of interest is charged as a finance cost to the statement of profit or loss.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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.

35. FINANCIAL INSTRUMENTS continued

35.1 Financial instruments by category

	Notes	2023 Estimated fair value R'000	2023 Carrying value R'000	2022 Estimated fair value R'000	2022 Carrying value R'000
GROUP					
Financial assets					
The carrying amount and fair values of financial assets are as follows:					
At amortised cost					
Environmental Rehabilitation Trust	9.2	**1 485**	**1 485**	1 364	1 364
Trade receivables	11	**872 423**	**872 423**	697 041	697 041
Cash and cash equivalents	13	**691 555**	**691 555**	162 214	162 214
Other receivables (excluding prepayments and VAT)	11	**90 188**	**90 188**	158 606	158 606
At fair value through profit and loss					
Preference shares held in Foskor Zirconia (Pty) Ltd	9.3	**31 900**	**31 900**	–	–
Financial investment in Foskor Zirconia (Pty) Ltd	9.5	**41 264**	**41 264**	–	–
Environmental Rehabilitation Trust Investments	9.1	**435 251**	**435 251**	381 370	381 370
Richard's Bay Ammonium Consortium Investment	9.4	**7 849**	**7 849**	13 391	13 391
Total financial assets		**2 171 915**	**2 171 915**	1 413 986	1 413 986
Financial liabilities					
The carrying amount and fair values of financial liabilities are as follows:					
At amortised cost					
Lease liability	18	**6 118**	**6 118**	4 442	4 442
Legal liability	31	**4 583**	**4 583**	54 361	54 361
Trade payables	21	**1 598 529**	**1 598 529**	1 635 506	1 635 506
Long-term interest-bearing loans	30.1	**4 059 670**	**4 059 670**	4 343 538	4 343 538
Short-term interest-bearing loans	30.2	**929 483**	**929 483**	46 048	46 048
At fair value through profit and loss					
Share buyback option	12	**5 742**	**5 742**	5 730	5 730
Total financial liabilities		**6 604 125**	**6 604 125**	6 089 625	6 089 625

35. FINANCIAL INSTRUMENTS continued

35.1 Financial instruments by category continued

	Notes	2023 Estimated fair value R'000	2023 Carrying value R'000	2022 Estimated fair value R'000	2022 Carrying value R'000
COMPANY					
Financial assets					
The carrying amount and fair values of financial assets are as follows:					
At amortised cost					
Other receivables (excluding prepayments and VAT)	11	**90 180**	**90 180**	158 496	158 496
Trade receivables	11	**862 411**	**862 411**	692 595	692 595
Cash and cash equivalents	13	**681 431**	**681 431**	159 321	159 321
Investment in rehabilitation trust	6	**254 179**	**254 179**	184 157	184 157
At fair value through profit and loss					
Loans to subsidiaries	6	**26 320**	**26 320**	17 050	17 050
Richard's Bay Ammonium Consortium Investment	9.4	**7 853**	**7 853**	13 388	13 388
Preference shares held in Foskor Zirconia (Pty) Ltd	9.3	**31 900**	**31 900**	–	–
Financial investment in Foskor Zirconia (Pty) Ltd	9.5	**41 243**	**41 243**	–	–
Total financial assets		**1 995 517**	**1 995 517**	1 225 007	1 225 007
Financial liabilities					
The carrying amount and fair values of financial liabilities are as follows:					
At amortised cost					
Lease liability	18	**3 938**	**3 938**	2 382	2 382
Legal liability	31	**4 583**	**4 583**	54 361	54 361
Trade payables (including accrued expenses and income received in advance)	21	**1 593 364**	**1 593 364**	1 634 456	1 634 456
Long-term interest-bearing loans	30.1	**4 059 670**	**4 059 670**	4 343 538	4 343 538
Short-term interest-bearing loans	30.2	**929 483**	**929 483**	46 048	46 048
Loans from subsidiaries	6	**221 659**	**221 659**	221 814	221 814
Total financial liabilities		**6 812 697**	**6 812 697**	6 302 599	6 302 599

35. FINANCIAL INSTRUMENTS continued

35.1 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:

	Notes	GROUP 2023 R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Assets					
At fair value through profit and loss					
Richard's bay Ammonium Consortium Investments	9.4	**–**	**–**	**7 849**	**7 849**
Preferred shares held in Foskor Zirconia (Pty) Ltd	9.3	**–**	**–**	**31 900**	**31 900**
Financial investment in Foskor Zirconia (Pty) Ltd	9.5	**–**	**–**	**41 264**	**41 264**
Environmental Rehabilitation Trust Investments	9.1	**769**	**412 513**	**–**	**413 282**
		769	**412 513**	**81 013**	**494 295**
Liabilities					
At fair value through profit and loss					
Share buyback option	12	**–**	**–**	**(5 742)**	**(5 742)**
		–	**–**	**(5 742)**	**(5 742)**

	Notes	2022 R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Assets					
At fair value through profit and loss					
Richards Bay Ammonium Consortium Investments	9.4	–	–	13 391	13 391
Environmental Rehabilitation Trust Investments	9.1	976	362 091	–	363 067
		976	362 091	13 391	376 458
Liabilities					
At fair value through profit and loss					
Share buyback option	12	–	–	(5 730)	(5 730)
		–	–	(5 730)	(5 730)

35. FINANCIAL INSTRUMENTS continued

35.1 Financial instruments by category continued

	Notes	COMPANY 2023 R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Assets					
At fair value through profit and loss					
Richard's bay Ammonium Consortium Investments	9.4	**–**	**–**	**7 853**	**7 853**
Preferred shares held in Foskor Zirconia (Pty) Ltd	9.3	**–**	**–**	**31 900**	**31 900**
Financial investment in Foskor Zirconia (Pty) Ltd	9.5	**–**	**–**	**41 243**	**41 243**
Loans to subsidiaries	6	**–**	**–**	**26 320**	**26 320**
		–	**–**	**107 316**	**107 316**

	Notes	2022 R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Assets					
At fair value through profit and loss					
Loans to subsidiaries	6	–	–	17 050	17 050
Richards Bay Ammonium Consortium Investments	9.4	–	–	13 384	13 384
		–	–	30 434	30 434

35. FINANCIAL INSTRUMENTS continued

35.1 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.

(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.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

		GROUP		
		Richard's Bay Ammonium Consortium R'000	Preference shares held in Foskor Zirconia (Pty) Ltd R'000	Financial investment in Foskor Zirconia (Pty) Ltd R'000
Balance at 1 April 2022		**13 391**	**–**	**–**
Capital contributions for the year	9.3, 9.5	**–**	**31 900**	**41 264**
Adjustment recognised in profit or loss	9.4	**(5 542)**	**–**	**–**
Balance at 31 March 2023		**7 849**	**31 900**	**41 264**

35. FINANCIAL INSTRUMENTS continued

35.1 Financial instruments by category continued

	Notes	COMPANY Loans to subsidiaries R'000	Richard's Bay Ammonium Consortium R'000	Preference shares held in Foskor Zirconia (Pty) Ltd R'000	Financial investment in Foskor Zirconia (Pty) Ltd R'000
Balance at 1 April 2022	6, 9.4	**17 050**	**13 384**	**–**	**–**
Capital contributions for the year		**–**	**–**	**31 900**	**41 264**
Adjustment recognised in profit or loss	9.4	**9 270**	**(5 531)**	**–**	**(21)**
Balance at 31 March 2023		**26 320**	**7 853**	**31 900**	**41 243**

Changes in the Loans to subsidiaries were due to fair value valuations and have been accounted for at fair value through profit and loss. The fair value is determined using the discount valuation method. The Group lending rate of 14.25% was used as a discount rate. It is based on unobservable market inputs, including prime lending rate plus margin charged by the major shareholder IDC.

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

	GROUP 2023	2022
Strike price	**184 867**	184 867
Spot price	**155 351**	155 351
Discount rate	**9.83%**	9.60%
Dividend yield	**–**	–
Annualised expected volatility	**14.22%**	24.30%

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.

35. FINANCIAL INSTRUMENTS continued

35.2 Market risk management

35.2.1 Foreign currency risk management

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

Foreign exchange risk arises from future commercial transactions or recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Approximately 74% 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	
	2023	2022	**2023**	2022
Spot rate at year end R/US$	**R18.03**	R14.52	**R18.03**	R14.52
The following receivable and payable balances are exposed to exchange rate movements:				
Receivables (less than one year)				
US$ denominated balances at year end – US$'000	**17 677**	16 091	**17 677**	16 091
Rand equivalent balances at year end – R'000	**318 716**	233 641	**318 716**	233 641
Payables (less than one year)				
US$ denominated balances at year end – US$'000	**(20 928)**	(49 524)	**(20 928)**	(49 524)
Rand equivalent balances at year end – R'000	**(377 332)**	(719 088)	**(377 332)**	(719 088)
Net payables rand equivalent	**(58 616)**	(485 447)	**(58 616)**	(485 447)
Net export derivative cover	**–**	–	**–**	–
Net payable rand equivalent	**(58 616)**	(485 447)	**(58 616)**	(485 447)

At 31 March 2023 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 R6 million lower (2022: R49 million upper); 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 R6 million higher (2022: R49 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.

35. FINANCIAL INSTRUMENTS continued

35.2 Market risk management continued

35.2.2 Interest rate risk management

As part of an ongoing restructuring of the borrowing mix and interest rate characteristics of borrowings, the Group restructures funding of operating capital as appropriate. The Group is exposed to cash flow interest rate risk in respect of cash and cash equivalents that earn interest at a variable rate as well as 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 R5.6 billion (2022: R5 billion) worth of borrowing facilities during the year. The Group borrows funds on variable rate contract basis. The utilised facilities attracted interest linked to South African prime rate.

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Money market investments – Rehabilitation trust	9	**21 969**	18 303	**21 969**	18 303
Cash and cash equivalents	13	**691 555**	162 214	**681 431**	159 321
Long-term interest-bearing loan	30	**(4 059 670)**	(4 343 538)	**(4 059 670)**	(4 343 538)
Short-term interest-bearing loan	30	**(929 483)**	(46 048)	**(929 483)**	(46 048)
Net debt		**(4 275 629)**	(4 209 069)	**(4 285 753)**	(4 211 962)

At 31 March 2023, 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 R43 million higher (2022: R42 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 R43 million lower (2022: R42 million lower).

35.2.3 Price risk management

Commodity and share price risk

Changes in phosphoric acid fertiliser, sulphur and ammonia prices may have an adverse effect on current or future earnings. The phosphoric acid, fertiliser, sulphur and ammonia markets are predominantly priced in US 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.

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.

35. FINANCIAL INSTRUMENTS continued

35.2 Market risk management continued

35.2.3 Price risk management continued

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Listed Investments and Unit Trusts					
Fair value at 31 March		**413 282**	363 067	**–**	–
Listed Investments	9.1	**769**	976	**–**	–
Unit Trust	9.1	**412 513**	362 091	**–**	–

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 R38 000 (2022: R49 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 R38 000 (2022: R49 000).

The Environmental Rehabilitation Trust holds unit trusts. The unit trust portfolio for these investments is invested in equity (49%), property (1%), bonds (42%), money market and cash (7%) and other (1%). A 5% decrease in the quoted price at the reporting date, with all other variables held constant, would have decreased profit before taxation by R20.6 million (2022: R18.1 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 R20.6 million (2022: R18.1 million).

35.3 Credit risk management

Credit risk,or the risk of financial loss to the Group due to customer or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures. The Group is exposed to credit risk on financial assets mainly in respect of those assets detailed in the table below. The carrying amounts of financial assets represent the maximum credit exposure, this exposure is considered without taking any collateral, insurance cover or financial guarantees, to be as follows:

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Loans to subsidiaries	6	**–**	–	**26 320**	17 050
Financial investments	9	**517 749**	396 125	**80 996**	63 708
Cash and cash equivalents	13	**691 555**	162 214	**681 431**	159 321
Trade and other receivables (excluding VAT receivables and insurance prepaid)	11	**962 611**	855 647	**952 591**	851 091
		2 171 915	1 413 986	**1 741 338**	1 091 170

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. Credit ratings of the South African financial institutions used by the company have not been negatively affected. Credit risk of financial instrument products offered have not significantly changed since initial recognition.

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 for impairment.

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk management continued

35.3.1 Trade and other receivables – At amortised cost

Foskor's market revenues are generated from South Africa and internationally. The company has policies in place to ensure that sales of products are made to customers with appropriate credit history. Before credit is granted, the company's credit committee performs credit assessments with the help of the insurance company. The company insures all South African credit customers. International customers' credit exposure is managed by either advanced payment terms or opening of the letters of credit through reputable banks.

Credit terms offered to customers range from 30 to 90 days. Customers with bills outstanding for more than 120 days are provided for in full and measures to recover the amount are taken, such as insurance claims, legal claims, etc. Amounts are written off in full when all measures to recover payments have been exhausted. Approval to write off is authorised by the Board, in line with the Delegation of Authority Matrix.

Recoverability for the outstanding amount and the loss allowance provision as at 31 March 2023 can be analysed as follows:

		GROUP 2023 R'000			
	Notes	Gross	Loss allowance	Net	Average ECL impairment ratio
Trade receivables					
– Outstanding for less than 60 days		853 387	(459)	852 928	0.05%
– Outstanding for more than 60 days but less than 120 days		3 037	(512)	2 525	16.86%
– Outstanding for more than 120 days		16 970	–	16 970	0.00%
Total trade receivables	11	873 394	(971)	872 423	
Other receivables – impaired					
– Outstanding for less than 60 days		41 302	(13 717)	27 585	33.21%
– Outstanding for more than 60 days but less than 120 days		11 314	(8 503)	2 811	75.15%
– Outstanding for more than 120 days		190 787	(180 702)	10 085	94.71%
Total other receivables – impaired		243 403	(202 922)	40 481	
Other receivables – not impaired		49 707	–	49 707	
Total other receivables	11	293 110	(202 922)	90 188	
The loss allowance provision for trade receivables as at 31 March 2023 reconciles to the opening loss allowance as follows:					
Opening loss allowance as at 1 April 2022			(3 459)		
Decrease in loss allowance recognised in profit or loss			2 488		
Closing loss allowance as at 31 March 2023			(971)		

The gross carrying amount of trade receivables is R873 million (2022: R701 million). During the year, the Group made write-offs of R1 million trade receivables.

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk management continued

35.3.1 Trade and other receivables – At amortised cost continued

	Notes	GROUP 2022 R'000 Gross	Loss allowance	Net	Average ECL impairment ratio
Trade receivables					
Fully performing					
– Outstanding for less than 60 days		695 889	(406)	695 483	0.05%
– Outstanding for more than 60 days but less than 120 days		2 562	(2 562)	–	50.05%
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		2 049	(491)	1 558	23.96%
Total trade receivables	11	700 500	(3 459)	697 041	
Other impaired receivables					
Fully performing					
– Outstanding for less than 60 days		94 081	(47)	94 034	0.05%
– Outstanding for more than 60 days but less than 120 days		49	(24)	25	50.05%
Past due and impaired – Sundry debtors					
– Outstanding for more than 120 days		227 774	(205 939)	21 835	90%
Total other receivables		321 904	(206 010)	115 894	
Other receivables – Not impaired		42 712	–	42 712	
Total other receivables	11	364 616	(206 010)	158 606	

The loss allowance provision for trade receivables as at 31 March 2023 reconciles to the opening loss allowance as follows:

		Loss allowance
Opening loss allowance as at 1 April 2021		(26 956)
Decrease in loss allowance recognised in profit or loss		23 497
Closing loss allowance as at 31 March 2022		(3 459)

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk management continued

35.3.1 Trade and other receivables – At amortised cost continued

	Notes	COMPANY 2023 R'000 Gross	Loss allowance	Net	Average ECL impairment ratio
Trade receivables					
– Outstanding for less than 60 days		843 346	(429)	842 917	0.05%
– Outstanding for more than 60 days but less than 120 days		3 037	(3)	3 034	0.10%
– Outstanding for more than 120 days		16 460	–	16 460	0.00%
Total trade receivables	11	862 843	(432)	862 411	
Other receivables – impaired					
– Outstanding for less than 60 days		41 302	(13 717)	27 585	33.21%
– Outstanding for more than 60 days but less than 120 days		11 314	(8 503)	2 811	75.15%
– Outstanding for more than 120 days		190 787	(180 702)	10 085	94.71%
Total other receivables – impaired		243 403	(202 922)	40 481	
Other receivables – not impaired		49 699	–	49 699	
Total other receivables	11	293 102	(202 922)	90 180	
The loss allowance provision for trade receivables as at 31 March 2023 reconciles to the opening loss allowance as follows:					
Opening loss allowance as at 1 April 2022			(3 398)		
Decrease in loss allowance recognised in profit or loss			2 966		
Closing loss allowance as at 31 March 2023			(432)		

The gross carrying amount of trade receivables is R863 million (2022: R696 million). During the year, the Company made write-offs of R1 million trade receivables.

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk management continued

35.3.1 Trade and other receivables – At amortised cost continued

		COMPANY			
		2022 R'000			
	Notes	Gross	Loss allowance	Net	Average ECL impairment ratio
Trade receivables					
Fully performing					
– Outstanding for less than 60 days		691 382	(344)	691 038	0.05%
– Outstanding for more than 60 days but less than 120 days		2 562	(2 562)	–	50.05%
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		2 049	(492)	1 557	24.01%
Total trade receivables	11	695 993	(3 398)	692 595	
Other receivables					
Fully performing					
– Outstanding for less than 60 days		93 972	(47)	93 925	0.05%
– Outstanding for more than 60 days but less than 120 days		49	(24)	25	50.05%
Past due and impaired – Sundry debtors					
– Outstanding for more than 120 days		227 773	(205 939)	21 834	90%
Total other receivables		321 794	(206 010)	115 784	
Other receivables – Not impaired		42 712	–	42 712	
Total other receivables	11	364 506	(206 010)	158 496	

The loss allowance provision for trade receivables as at 31 March 2022 reconciles to the opening loss allowance as follows:

Opening loss allowance as at 1 April 2021			(26 895)
Decrease in loss allowance recognised in profit or loss			23 497
Closing loss allowance as at 31 March 2022			(3 398)

35. FINANCIAL INSTRUMENTS continued

35.3 Credit risk management continued

35.3.1 Trade and other receivables – At amortised cost continued

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Major foreign debtors – Account balance				
Coromandel International Ltd	**16 336**	39 375	**16 336**	39 375
Navitrade	**96 913**	73 401	**96 913**	73 401
Sun International FZE	**335**	119 071	**335**	119 071
Yara Norge AS	**204 800**	–	**204 800**	–
Major foreign debtors	**318 384**	231 847	**318 384**	231 847

35. FINANCIAL INSTRUMENTS continued

35.4 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 total borrowing facilities of R5.6 billion. R5 billion was utilised at 31 March 2023. The Group negotiates short-term general borrowing facilities annually with approved banks. R635 million of the total short-term borrowing facility was committed during the year for 12 months.

The R5 billion is a long term interest bearing facility granted by the Industrial Development Corporation (IDC). The purpose of the loan was for working capital and plant and equipment expenditure. Total utilised as at 31 March 2023 is R4.8 billion. 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).

A portion of the loan referred to as the working capital loan amounting to R806 million is repayable by 31 March 2028. Historical loans of R3.5 billion which arose as a result of working capital and capital expenditure shall be repaid in 14 equal instalments. As at 31 March 2023, the first instalment is due on 31 October 2023. The balance of R456 million is a revolving credit facility loan.

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade payables					
– Due in less than 60 days		**797 262**	672 157	**792 949**	671 281
– Due in more than 60 days but less than 120 days		**21 931**	28 710	**21 931**	28 710
– Due in more than 120 days		**36 941**	25 032	**36 941**	25 032
	21	**856 134**	725 899	**851 821**	725 023
Other payables					
– Due in less than 60 days		**742 395**	909 607	**741 543**	909 433
Trade and other payables (excluding leave provision)	21	**1 598 529**	1 635 506	**1 593 364**	1 634 456
Long-term interest-bearing loan	30	**4 059 670**	4 343 538	**4 059 670**	4 343 538
Short-term interest-bearing loan	30	**929 483**	46 048	**929 483**	46 048
Lease liability	18	**6 118**	4 442	**3 938**	2 382
Total		**6 593 800**	6 029 534	**6 586 455**	6 026 424

Maturity and settlement dates for the short-term loan are within 12 months and the long-term loan is within 60 months.

35. FINANCIAL INSTRUMENTS continued

35.4 Liquidity risk management continued

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.

	GROUP			
	Less than 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Over 5 years R'000
At 31 March 2023				
Long-term interest-bearing loan – Capital	**–**	**–**	**2 003 510**	**2 056 160**
Long-term interest-bearing loan – Interest	**–**	**–**	**1 888 169**	**–**
Short-term interest-bearing loan – Capital	**7 329**	**922 154**	**–**	**–**
Short-term interest-bearing loan – Interest	**169 744**	**509 819**	**–**	**–**
Lease liability – Capital	**512**	**1 537**	**2 766**	**1 303**
Lease liability – Interest	**150**	**451**	**862**	**248**
At 31 March 2022				
Long-term interest-bearing loan – Capital	–	–	–	4 769 196
Long-term interest-bearing loan – Interest	–	–	2 194 099	–
Short-term interest-bearing loan – Capital	11 358	34 039	–	–
Short-term interest-bearing loan – Interest	3 896	–	–	–
Lease liability – Capital	377	1 132	1 813	1 120
Lease liability – Interest	137	412	1 063	266

	COMPANY			
	Less than 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Over 5 years R'000
At 31 March 2023				
Long-term interest-bearing loan – Capital	**–**	**–**	**2 003 510**	**2 056 160**
Long-term interest-bearing loan – Interest	**–**	**–**	**1 888 169**	**–**
Short-term interest-bearing loan – Capital	**7 329**	**922 154**	**–**	**–**
Short-term interest-bearing loan – Interest	**169 744**	**509 819**	**–**	**–**
Lease liability – Capital	**486**	**1 459**	**1 993**	**–**
Lease liability – Interest	**97**	**290**	**161**	**–**
At 31 March 2022				
Long-term interest-bearing loan – Capital	–	–	–	4 769 196
Long-term interest-bearing loan – Interest	–	–	2 194 099	–
Short-term interest-bearing loan – Capital	11 358	34 039	–	–
Short-term interest-bearing loan – Interest	3 896	–	–	–
Lease liability – Capital	377	1 132	1 813	1 120
Lease liability – Interest	137	412	1 063	266

35. FINANCIAL INSTRUMENTS continued

35.5 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 target gearing ratio of 30% to 40%.

The gearing ratios are as follows:

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Total borrowings	30	**4 989 153**	4 389 586	**4 989 153**	4 389 586
Less: Cash and cash equivalents	13	**(691 555)**	(162 214)	**(681 431)**	(159 321)
Net debt		**4 297 598**	4 227 372	**4 307 722**	4 230 265
Total equity		**3 421 512**	634 444	**3 132 396**	379 228
Total		**7 719 110**	4 861 816	**7 440 118**	4 609 493
Gearing ratio		**56%**	87%	**58%**	92%
Share capital		**9 158**	9 158	**9 158**	9 158
Class B share capital		**4 161 821**	4 161 821	**4 161 821**	4 161 821
Share premium		**132 013**	132 013	**132 013**	132 013
Capital	15	**4 302 992**	4 302 992	**4 302 992**	4 302 992

	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000

36. GUARANTEES AND CONTINGENCIES

36.1 Guarantees

Guarantees issued by the Group to various beneficiaries amount to R575 million (2022: R557 million).

Details and beneficiary	Notes	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Mine rehabilitation – Department of Mineral Resources and Energy	19	**499 357**	499 357	**499 357**	499 357
Rail transport of phosphate rock and granular fertiliser – Transnet Ltd		**26 959**	26 959	**26 959**	26 959
Electricity – Eskom Ltd		**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		**13 524**	–	**13 524**	–
Gas – Sasol Gas (Pty) Ltd		**5 000**	–	**5 000**	–
Various ZAR denominated guarantees		**701**	701	**701**	701
Total		**575 470**	556 946	**575 470**	556 946

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

36.2 Contingencies

36.2.1 Legal claims

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 is R33 million (2022: R1.4 million). In addition, the Group has instituted legal claims of R579 million (2022: R496 million) against others.

36.2.2 Environmental investigation

During the financial year, investigations into certain environmental matters were undertaken by various authorities and independent consultants. As at the date of reporting, there is no clarity on what the outcome of these investigations will be and therefore no provision has been recorded in the financial results in this respect. Management will continue to assess impact on the Group as the investigation progresses.

36.2.3 SARS penalty

The South African Revenue Service conducted an audit for the 2020 tax period and intends to impose an understatement penalty on the amount of capital work in progress submitted for tax returns. The Group is objecting the penalty amount of R14 million.

37. GROUP SEGMENTAL REPORTING

37.1 Segment information

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

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

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

37. GROUP SEGMENTAL REPORTING continued

37.1 Segment information

	Mining division		Acid division		
	Phosphate rock R'000	Magnetite R'000	Phosphoric acid* R'000	Granular R'000	Total R'000
2023					
Total segment revenue	**6 260 986**	**118 688**	**4 170 741**	**3 169 206**	**13 719 621**
Local revenue	**2 345 527**	**118 688**	**1 966 497**	**3 169 206**	**7 599 918**
Export revenue	**3 915 459**	**–**	**2 204 244**	**–**	**6 119 703**
Inter-segment revenue	**(2 207 780)**	**–**	**–**	**–**	**(2 207 780)**
Revenue from external customers*	**4 053 206**	**118 688**	**4 170 741**	**3 169 206**	**11 511 841**
Operating profit before tax	**2 939 462**	**24 079**	**761 111**	**–**	**3 724 652**
Depreciation and amortisation	**(184 961)**	**–**	**(125 121)**	**–**	**(310 082)**
Impairment reversal	**1 181 864**	**–**	**817 256**	**–**	**1 999 120**
Reportable segment assets	**5 034 458**	**–**	**5 218 577**	**–**	**10 253 035**
Capital expenditure for reportable segment non-current assets	**194 974**	**–**	**267 674**	**–**	**462 648**
Reportable segment liabilities	**(1 156 378)**	**–**	**(1 294 893)**	**–**	**(2 451 271)**
2022					
Total segment revenue	3 701 757	199 676	3 147 029	1 989 494	9 037 956
Local revenue	2 173 669	199 676	1 743 122	1 989 494	6 105 961
Export revenue	1 528 088	–	1 403 907	–	2 931 995
Inter-segment revenue	(2 053 712)	–	–	–	(2 053 712)
Revenue from external customers*	1 648 045	199 676	3 147 029	1 989 494	6 984 244
Earnings before interest and tax (EBIT)	340 666	112 078	(203 572)	–	249 172
Depreciation and amortisation	(74 409)	–	(58 816)	–	(133 225)
Impairment charge	(169 060)	–	–	–	(169 060)
Reportable segment assets	3 212 701	–	4 197 609	–	7 410 310
Capital expenditure for reportable segment non-current assets	55 798	–	164 096	–	219 894
Reportable segment liabilities	(1 218 995)	–	(1 376 935)	–	(2 595 930)

** Revenue from unreported segments amounting to R364 million (2022: R91.2 million) is included in phosphoric acid local revenue. Unreported segments includes sulphuric acid, ammonia and gypsum.*

37. GROUP SEGMENTAL REPORTING continued

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

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

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

	GROUP	
	2023 R'000	**2022 R'000**
Segmental earnings before interest and tax (EBIT)	**3 724 652**	249 172
Net corporate and subsidiaries expenses	**(180 959)**	(194 611)
Finance income	**75 825**	36 493
Finance costs	**(678 050)**	(462 623)
Net foreign exchange (loss)/gains	**(83 392)**	35 950
Group profit before tax	**2 858 076**	(335 619)

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

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

	GROUP 2023 R'000	GROUP 2022 R'000
Segment assets for reportable segments	**10 253 035**	7 410 310
Unallocated:		
Deferred tax asset	**705 687**	753 425
Other assets	**(203 064)**	(627 210)
Total Group assets per the statements of financial position	**10 755 658**	7 536 525

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

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

	GROUP 2023 R'000	GROUP 2022 R'000
Segment liabilities for reportable segments	**(2 451 271)**	(2 595 930)
Unallocated:		
Corporate and subsidiary liabilities	**(4 882 875)**	(4 306 151)
Total Group liabilities per the statement of financial position	**(7 334 146)**	(6 902 081)

37. GROUP SEGMENTAL REPORTING continued

37.5 Geographical information

	GROUP 2023 R'000	GROUP 2022 R'000
Geographical information – revenues[1]		
South Africa	**5 392 139**	4 052 249
India	**1 939 627**	604 094
Europe	**3 574 261**	1 741 779
Middle East	**146 285**	41 289
South America	**186 758**	–
Far East	**237 745**	544 833
Australia	**35 026**	–
Total external revenues	**11 511 841**	6 984 244

[1] *Revenues are attributable to countries on the basis of customer location.*

The Group does not have non-current assets in any country other than its country of domicile (South Africa). Revenues of approximately R5.9 billion (2022: R3.2 billion) are derived from three customers.

38. RELATED PARTY TRANSACTIONS

38.1

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

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

38. RELATED PARTY TRANSACTIONS continued

38.2 **Joint Venture** (refer to Note 7)	**Nature of business**	**Ownership interest**
Palfos Aviation (Pty) Ltd	The company's major asset, an aircraft, was sold in June 2004. The company is currently in the process of being deregistered.	**50%**
Limpopo Iron Ore (Pty) Ltd	The company is established for the beneficiation of magnetite.	**40%**

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

38.3 **Associate** (refer to Note 8)	**Nature of business**	**Share of profit/(loss) R'000**	**Ownership interest**
Foskor Zirconia (Pty) Ltd	Manufacturing of Monoclinic and Calcia Stabilised Zirconia.	**–**	**29.9%**

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

38.4 Directors remuneration

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

Non-executive directors remuneration	**Appointed with effect from**	**Resigned with effect from**	**Directors' fees 2023**	**Directors' fees 2022**
B Godsell (Chairman)	27 March 2019	–	**568 666**	521 782
NG Nika	3 February 2012	–	**299 215**	346 303
S Subramanian*	11 March 2021	–	**134 493**	175 363
SP Ngwenya	27 March 2019	–	**356 523**	346 764
D Martin	27 March 2019	–	**366 041**	319 786
T Setlloane	24 June 2019	–	**294 472**	278 705
NVB Magubane	28 August 2020	01 December 2022	**113 101**	305 254
MJ Vuso	28 August 2020	–	**278 705**	291 362
Total			**2 411 216**	2 585 319

* *CIL representative – fees are paid to the company.*

38. RELATED PARTY TRANSACTIONS continued

38.5 Executive directors' and executive members' remuneration

Rands	Basic salary	Performance bonuses Long-term	Contributions to medical aid, pension, life, insurance & UIF	Expenses allowances/leave encashment/ Other	Total
31 March 2023					
Executive directors					
JT Palliam[1]	**5 295 170**	**625 000**	**451 500**	**384 492**	**6 756 162**
JM Speckman[2]	**1 331 875**	**–**	**118 125**	**53 750**	**1 503 750**
	6 627 045	**625 000**	**569 625**	**438 242**	**8 259 912**
Prescribed officers					
JM Morotoba	**5 620 303**	**90 166**	**209 525**	**127 897**	**6 047 891**
R Moodley[3]	**1 839 717**	**–**	**165 375**	**101 658**	**2 106 750**
V Matlala[4]	**674 299**	**–**	**58 013**	**119 188**	**851 500**
G van Wyk	**2 970 081**	**70 417**	**488 851**	**98 110**	**3 627 459**
JMH Kruger[5]	**1 023 217**	**–**	**–**	**–**	**1 023 217**
C Reddy	**3 564 978**	**56 301**	**294 982**	**190 310**	**4 106 571**
Total	**15 692 595**	**216 884**	**1 216 746**	**637 163**	**17 763 388**

[1] Appointed 1 July 2022 as CEO, previously CFO.
[2] Appointed 1 November 2022.
[3] Appointed 4 July 2022.
[4] Appointed 1 January 2023.
[5] Resigned 31 July 2022.

Rands	Basic salary	Performance bonuses Long-term	Contributions to medical aid, pension, life, insurance & UIF	Expenses allowances/leave encashment/ Other	Total
31 March 2022					
Executive directors					
CF Rademan	5 143 919	668 800	2 125	74 076	5 888 920
JT Palliam	3 207 248	195 890	423 559	327 532	4 154 229
	8 351 167	864 690	425 684	401 608	10 043 149
Prescribed officers					
JM Morotoba	4 168 253	68 372	223 396	17 525	4 477 546
G van Wyk	2 745 959	53 651	680 310	80 551	3 560 471
JMH Kruger	2 985 000	–	1 948	–	2 986 948
C Reddy	2 303 433	–	368 666	411 658	3 083 757
Total	12 202 645	122 023	1 274 320	509 734	14 108 722

38. RELATED PARTY TRANSACTIONS continued

38.6 Employee share ownership plan

All Foskor employees (including executive management) are entitled to receive units in the Employee Share Ownership Plan (ESOP) which holds 6% of Foskor's share capital through a special purpose vehicle. The initial allocation of the units was done in June 2011 to employees who had been employed by the company at 1 April 2009, and a second allocation was done to employees engaged after 1 April 2009 but still in service on 1 September 2011. The allocated number of units per employee is based on their total cost to company. The units from the initial allocation (employees present at 1 April 2009) vested over a period of three years from 1 April 2012 to 1 April 2014. The subsequent allocation units will vest over a period of three years from the third anniversary of the allocation date. There are no members of the executive management who hold any units. First opportunity to sell the units was a one-month window from June 2016, then subsequently one month each year.

38.7 Manyoro Consortium shareholding in Foskor	Number of Shares	% Holding in the BEE issued share capital of Foskor
Makana Energy Consortium (Pty) Ltd	265 309	19,34
RSA Capital (Pty) Ltd	194 717	14,17
Palama Phosphate Investment Company (Pty) Ltd	167 166	12,17
Umanyolo Investment Holdings (Pty) Ltd	116 201	8,46
Morning Tide Investments 390 (Pty) Ltd	105 145	7,65
Mgwali Investments (Pty) Ltd	73 177	5,32
Phalimpopo Investments (Pty) Ltd	75 322	5,48
DEC Investment Holdings (Pty) Ltd	75 322	5,48
AIH Investment Consortium (Pty) Ltd	75 322	5,48
Azara Foskor (Pty) Ltd	75 322	5,48
S B resources (Pty) Ltd	75 322	5,48
Podwala Investments (Pty) Ltd	75 322	5,48
Total	1 373 647	100

The Manyoro Consortium (BEE Partners) shareholding represents 15% of Foskor's share capital. No other transactions with Manyoro Consortium were entered into during the current financial year.

38. RELATED PARTY TRANSACTIONS continued

38.8 The following transactions were carried out with other related parties:

The Group is controlled by the Industrial Developmental Corporation Ltd (IDC), which owns 59% of the Company's shares.

The remaining shares are owned as follows:

- 15 % by the Manyoro Consortium being Foskor's Black Economic Empowerment partner (SA)
- 2.82% by Coromandel International Ltd (India)
- 11.18% by CFL Mauritius Ltd (a Mauritius-based company owned by CIL)
- 6% by Kopano Foskor Employee Trust (SA)
- 5% by the Ba-Phalaborwa and Umhlatuze Community Trust (SA)
- 1% by Sun International FZE (UAE)

The IDC is controlled by the South African Government. Therefore, the state and all entities controlled by the state are related parties as defined in IAS 24: Related Party Disclosures.

Nature of relationship 2023		Providing services to R'000	Receiving of goods and services R'000	Purchase of goods R'000	Outstanding balances[1] R'000
Shareholders					
Industrial Development Corporation Ltd	30.1; 30.2	–	–	–	(4 764 742)
Coromandel International Ltd		–	13 796	1 818 928	11 245[2]
Sun International FZE		–	836 658	786 394	(184 074)[3]
		–	850 454	2 605 322	(4 937 571)
State-owned enterprises					
Transnet SOC Ltd		–	1 036 077	–	(126 076)[3]
Eskom Hld SOC Ltd		–	505 587	–	(30 169)[3]
National Ports Authority		–	21 562	–	(1 266)[3]
Telkom SA SOC Ltd		–	2 664	–	(146)[3]
South African Airways SOC Ltd		–	40	–	–
SA Post Office SOC Ltd		–	–	–	–
Other:					
Foskor Zirconia (Pty) Ltd		45 726	–	–	112 193[4]
Scaw Metals SA (Pty) Ltd		–	70 909	–	(18 470)[3]
Verdino 174 (Pty) Ltd		–	–	–	10 457[5]
Grinding Media (Pty) Ltd		–	7 005	–	–
Palabora Mining company (Pty) Ltd		143 860	–	–	745 061[2]
Limpopo Iron Ore (Pty) Ltd		–	–	135 987	36 718[2]
		189 586	1 643 844	135 987	728 302
Total related party transactions		189 586	2 494 298	2 741 309	(4 209 269)

38. RELATED PARTY TRANSACTIONS continued

38.8 The following transactions were carried out with other related parties: continued

Nature of relationship 2022	Providing services to R'000	Receiving of goods and services R'000	Purchase of goods R'000	Outstanding balances R'000
Shareholders				
Industrial Development Corporation Ltd	–	–	–	(4 353 818)
Coromandel International Ltd	–	–	604 094	42 130
Sun International FZE	–	171 321	942 550	(195 451)
	–	171 321	1 546 644	(4 507 139)
State-owned enterprises				
Transnet SOC Ltd	–	1 196 006	–	(100 784)
Eskom Hld SOC Ltd	–	376 818	–	(30 169)
National Ports Authority	–	12 407	–	(14 768)
Telkom SA SOC Ltd	–	1 875	–	(1 167)
South African Airways SOC Ltd	–	–	–	(153)
SA Post Office SOC Ltd	–	–	–	(1)
Other:				
Foskor Zirconia (Pty) Ltd	51 450	–	–	109 175
Scaw Metals SA (Pty) Ltd	–	76 533	–	(18 470)
Verdino 174 (Pty) Ltd	–	–	–	(10 457)
Palabora Mining company (Pty) Ltd	186 956	–	–	640 152
	238 406	1 663 639	–	573 358
Total related party transactions	238 406	1 834 960	1 546 644	(3 933 781)

[1] *All outstanding balances payable are paid in accordance to Foskor's payment terms. All outstanding receipts are received as per Foskor's credit terms on such sale transactions. There are no guarantees issued on any of the outstanding balances.*

The Directors of Foskor (Pty) Ltd have no interest in contracts.

[2] *Refer to note 11*

[3] *Refer to note 21*

[4] *Refer to note 9*

[5] *Refer to note 6*

38.9 Pension Fund

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

39. Reportable irregularity

The external auditors raised a reportable irregularity in terms of section 45 of the Auditing Profession Act.

The table below reflects the status of the reportable irrgeularity as at 31 March 2023.

Description	Action	Status
There were allegations made mainly in relation to procurement related matters and the investigations in relation to these allegations were not initiated within 30 days of identification as required by National Treasury guidelines. Due to the back log of forensic cases, management are not meeting the requirements of Section 33.1.2 of the National Treasury Regulations and have not met the 30 day investigation deadline as required.	• A decision has already been made to outsource such investigations as they could, for various reasons, not be executed internally. • A panel of investigations has already been selected. • The allegation that were not commenced within 30 days have now been initiated by 2 investigators that were selected from the panel. • Management is targeting to complete the 11 investigations within 30 days of this report.	In progress

40. EVENTS AFTER THE REPORTING PERIOD

MA Hermanus and NP Zulu were appointed as directors on 28 June 2023.

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

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	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
Directors	RM Godsell NG Nika SS Subramanian SP Ngwenya DP Martin TML Setlloane MJ Vuso MA Hermanus NP Zulu JT Palliam JM Speckman
Registered office	Riverview Office Park Block G Janadel Road Midrand 1685
Business address	Riverview Office Park Block G Janadel Road Midrand 1685
Majority shareholder	The Industrial Development Corporation of South Africa
Auditors	Deloitte & Touche 5 Magwa Crescent Waterfall City Gauteng 2090
Company Secretary	AUS Khanyile

FOSKOR

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