



ANNUAL  
FINANCIAL  
STATEMENTS  
**2015**

# ANNUAL FINANCIAL STATEMENTS 2015

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# BOARD AUDIT AND RISK COMMITTEE REPORT

This report is provided by the Board Audit and Risk Committee (BARC) in respect of the 2015 financial year of Foskor (Pty) Limited in compliance with section 94 of the Companies Act 71 of 2008, as amended (the Act). The BARC's function is guided by a detailed charter which is informed by the Act and the King Report on Corporate Governance (King III) and approved by the Board.

## MEMBERSHIP

The BARC was appointed by the Board of Directors in respect of the 2015 financial year. This is a committee of the Board of Directors with specific statutory responsibilities to the shareholders in terms of the Companies Act.

The members are:

- Mr Nkosemntu Nika (Chairman) – Independent
- Ms Nondumiso Medupe – Independent
- Mr Gerrit van Wyk – IDC representative

## PURPOSE

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

## EXECUTION OF FUNCTIONS

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

During the year under review the committee undertook:

- In respect of the external auditor and the external audit, the committee amongst other matters:
  - Recommended the appointment of PriceWaterhouseCoopers Inc. and Ngubane & Co. Inc. as the external auditor for the financial year ended 31 March 2015, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor. The BARC confirms that the auditor is accredited;
  - Approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
  - Reviewed the audit, evaluated the effectiveness of the auditor and its independence and evaluated the external auditor's internal quality control procedures;
  - Determined the nature and extent of all non-audit services provided by the external auditor and approved all non-audit services undertaken; and
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 2005, and determined that there were none.
- In respect of the financial statements, the committee amongst other matters:
  - Confirmed the going concern as the basis of preparation of the annual financial statements;
  - Examined and reviewed the annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the Board;
  - Ensured that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year as well as the results of operations and cash flows for the financial year, and considered the basis on which the Company and the Group was assessed to be a going concern;
  - Reviewed the external auditor's audit report;
  - Reviewed the representation letter relating to the Group financial statements which was signed by management; and
  - Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- In respect of internal control and internal audit, including forensic audit, the BARC amongst other matters, formed the opinion that there were no material breakdowns in internal control, including financial controls, business risk management and maintaining effective material control systems.
- In respect of risk management and information technology, the BARC, insofar as relevant to its functions:
  - Reviewed the Group's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound;
  - Considered and reviewed the findings and recommendations of the Internal Audit and Risk Committee; and
  - 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 Annual Report, the BARC has overseen the implementation process of sustainability reporting.
- In respect of legal and regulatory requirements to the extent that it may have an impact on the financial statements, the BARC:
  - Reviewed with the Company's internal legal team the adequacy and effectiveness of the Group's procedures to ensure compliance with legal and regulatory responsibilities; and
  - 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 BARC 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.
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate, and considered the experience and expertise of the Chief Financial Officer and concluded that these were appropriate.

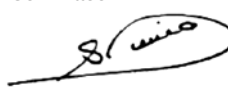
## ANNUAL FINANCIAL STATEMENTS

Following the review by the Board Audit and Risk Committee of the annual financial statements of Foskor (Pty) Limited for the year ended 31 March 2015, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and the International Financial Reporting Standards, and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the remainder of the integrated report. Having achieved its objectives, the committee recommended the financial statements and integrated report for the year ended 31 March 2015 for approval to the Foskor (Pty) Limited Board of Directors. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

## CONCLUSION

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

On behalf of the Board Audit & Risk Committee



Mr N Nika

Chairman of the Board Audit and Risk Committee

Johannesburg  
1 March 2016

## DIRECTORS' DECLARATION

Directors' responsibility and approval of the Group and Company annual financial statements for the year ended 31 March 2015

### TO THE MEMBERS OF FOSKOR (PTY) LIMITED

The directors are responsible for the preparation and fair presentation of the Group and Company Annual Financial Statements, comprising the statements of financial position at 31 March 2015, the statements of comprehensive income, statements of changes in equity and cash flow for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibilities include: 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' responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as preparation of the supplementary schedules included in these financial statements.

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

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

### APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Group and Company Annual Financial Statements, as identified in the first paragraph, were approved by the Board of Directors on 1 March 2016 and are signed on its behalf by:



**Mr A Pitse**  
*Chief Executive Officer*

1 March 2016



**Mr G Qhena**  
*Chairman*

## CERTIFICATE BY COMPANY SECRETARY

I certify, in accordance with the Companies Act No 71 of 2008, as amended, that for the year ended 31 March 2015 Foskor (Pty) Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns and notices as are required of a private company in terms of this Act, and that all such returns and notices appear to be true, correct and up to date.



**Ms A Khanyile**  
*Company Secretary*

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# DIRECTORS' REPORT

The directors have pleasure in presenting the annual financial statements of the Foskor Group for the year ended 31 March 2015.

## NATURE OF BUSINESS

Foskor's core business is the beneficiation of phosphate rock at the Mining Division and the manufacture and supply of standard merchant grade phosphoric acid and related granular fertiliser products at the Acid Division. Approximately 88% 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 45% of the phosphoric acid sales are exported, while granular fertiliser sales are mainly to the local market.

Further information on Foskor's business activities is provided in the CEO's review (pages 48 to 53 of the Integrated Annual Report).

## ENVIRONMENTAL RESPONSIBILITIES

Management continually assesses and monitors the various environmental threats to the Group. Foskor's environmental provision strategy prescribes the use of a special purpose vehicle (section 37A, Environmental Rehabilitation Trust) for scheduled mine closures, and bank guarantees for unscheduled or premature mine closure, as per the Department of Mineral Resources 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 divisions is dedicated to minimising harmful effects on the environment, such as groundwater contamination.

## FINANCIAL RESULTS

The Group achieved a turnover of R5.3 billion, representing an increase of 4% compared with R5.1 billion in the previous year. Net loss after tax increased from a loss of R29 million to a loss of R415 million for the year ended 31 March 2015. The Group has a positive cash balance of R219 million (2014: R513 million) and a long-term interest-bearing loan balance of R1.6 billion (2014: R1.2 billion) and short-term interest-bearing loan balance of R1.1 billion (2014: R1.3 billion). A detailed report on the Group's financial performance is contained on pages 54 to 63 of the Integrated Annual Report.

## GENERAL REVIEW OF OPERATIONS

As at 31 March 2015, Foskor produced 1.98 million tons (2014: 2.16 million tons) of phosphate rock concentrate; 393 000 tons (2014: 510 000 tons) of phosphoric acid; and 297 000 tons (2014: 307 000 tons) of granular fertiliser. A detailed operational review of the Mining and Acid divisions is contained on pages 72 to 92 of the Integrated Annual Report.

## ACCOUNTING POLICIES, RESTATEMENTS AND RECLASSIFICATIONS

The Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2014.

## STRATEGICALLY IMPORTANT INVESTMENTS

### Coromandel International Limited

Coromandel International Limited (CIL) is a customer of Foskor and a multinational group with interests in the manufacturing of merchant grade phosphoric acid and is part of the Murugappa Group. Foskor's share ownership of 1.72% of CIL's share capital was sold on 4 March 2015 for a consideration of R249 million; the details of the transaction are set out in Note 9.4 of the Annual Financial Statements.

### Foskor Zirconia (Pty) Limited

Foskor holds 29.9% of the shareholding in Foskor Zirconia (Pty) Limited. Foskor Zirconia is a producer of electro-fused zirconia for export. This is a raw material used in the production of monoclinic or calcia-stabilised zirconia, mainly used in the steel casting, refractory and abrasive industries. 51% of Foskor Zirconia is owned by Carborundum Universal Limited (CUMI), a multinational company based in India and part of the Murugappa Group, and 19.1% is held by a Perfect Positions Investments 41 cc, a black-owned company.

The Board of Directors approved the restructuring of Foskor Zirconia on 26 March 2015 due to the plant being unprofitable.

Foskor Zirconia's restructuring proposal is anticipated to take effect in the 2016 financial year as follows:

- Foskor Zirconia will dispose of the Bosele plant to CUMI for R85 million which will be used to repay part of the HSBC bank loan of R100 million.
- Foskor Zirconia owed Foskor R103 million of which R50 million has been written-off in FY2015. Foskor will buy Foskor Zirconia's land and building related to the bubble plant with a book value of R32 million in exchange of the debt.
- The R21 million balance owed to Foskor will be converted into preference share capital.

## DIRECTORS' REPORT CONTINUED

### Subsidiaries

Details of subsidiaries of the Company are set out in Notes 6 and 35.1 of the Annual Financial Statements.

### DIVIDENDS

Dividends are approved by the Board subject to the performance and affordability of the Company. No dividends were declared for the year under review due to the financial results and cash flow constraints. Dividends received amount to R3.8 million (2014: R17.7 million) during the year under review.

### INSURANCE AND RISK MANAGEMENT

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

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

### SHARE CAPITAL

The authorised and issued share capital as at 31 March 2015 was 9 157 647 ordinary shares of R1 each.

Foskor's shareholding is as follows:

- 59% – The Industrial Development Corporation of South Africa Limited (IDC);
- 15% – The Manyoro Consortium;
- 11.82% – CFL Mauritius Limited (a Mauritius-based company owned by CIL);
- 6% – The Kopano Foskor Employees Trust;
- 5% – The Ba-Phalaborwa and Umhlatuze Community Trusts;

- 2.18% – Coromandel International Limited (CIL – based in India); and
- 1% – Sun International FZE (a company based in India).

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

### PUBLIC FINANCE MANAGEMENT ACT

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

### RESOLUTIONS

No special resolutions were passed during the financial year ended 31 March 2015.

### LOANS BY AND TO THE FOSKOR GROUP

Foskor has a subordinated long-term funding facility of R1.7 billion with the Industrial Development Corporation (IDC). This facility has now been drawn down to R1.6 billion to finance capital projects. It is expected to be fully utilised in 2016. Subsequent to year-end Foskor reached an agreement with IDC to convert this loan to equity. The facility will be converted to equity by 31 March 2016. Foskor also has short-term overnight facilities of R800 million from commercial banks and have utilised R795 million at 31 March 2015. R400 million of the short-term loan has been repaid subsequent to year-end.

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

### MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENCIES

The Group's head office in Midrand leases a building and accounts for the lease as an operating lease. The lease was renewed in 2014 for a further three years with no escalation of the lease payments. The Acid Division leases a pipeline from the Umhlatuze Water Board (Richards Bay Municipality) to discharge effluent. The lease has been accounted for as a finance lease. The remaining period of the lease is 11 years.

### CAPITAL EXPENDITURE

Capital expenditure of R445 million has been approved for the next financial year.

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# DIRECTORS' REPORT CONTINUED

## GOING CONCERN

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

Full details on going concern are disclosed in Note 3 of the Annual Financial Statements.

## EVENTS AFTER REPORTING PERIOD

In the opinion of the directors, except for those referred to in Note 36 of the Annual Financial Statements, no other matter or circumstance has arisen since 31 March 2015.

## CORPORATE GOVERNANCE

Full details on the corporate governance policies and procedures are set out in the corporate governance section of the Integrated Annual Report, on pages 30 to 39.

## CHANGES TO THE BOARD

Biographical details of directors currently serving on the Board are provided on pages 30 to 31 of the Integrated Annual Report. Messrs P Ngwenya, F Madavo and B Magara resigned from the Board during the year. Ms N Medupe was appointed to the Board on 23 April 2014.

## PRESCRIBED OFFICERS

The executive director and the executive managers are deemed to be prescribed officers of Foskor (Pty) Limited as contemplated in the Companies Act, 71 of 2008. The directors and prescribed officers' emoluments are disclosed in Note 35 of the Annual Financial Statements.

## SERVICE CONTRACTS WITH DIRECTORS AND EXECUTIVE MANAGEMENT

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

## EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

All Foskor employees (including executive management) are entitled to receive units in the ESOP Trust which holds 6% of the Company's equity through a special purpose vehicle. The ESOP Trust is part of the BBBEE ownership deal and the purchase of the shares was financed by means of a loan from the IDC. The ESOP Trust holds ordinary shares and has the same rights as other ordinary shareholders. The initial allocation was made to employees in 2011. The number of specified units allotted during the current financial year amounted to 549 459 (2014: 545 366).

## DIRECTORS' INTERESTS

The non-executive directors, with the exception of Messrs P Ngwenya and A Vellayan, have no interests in the Company. Mr P Ngwenya is a representative of the Manyoro Consortium and Mr A Vellayan is a representative of CIL. The CEO, by virtue of the all-employee share scheme, was awarded units in the Employee Share Ownership Plan Trust.

## INDEPENDENT AUDITORS

KPMG Inc. and Ngubane & Co. Inc. have been appointed as auditors of Foskor in accordance with section 30 of the Companies Act, 71 of 2008 of South Africa, as amended.

## ANNUAL GENERAL MEETING

The annual general meeting was held on Thursday, 18 June 2015.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOSKOR (PTY) LTD

We have audited the consolidated and separate financial statements of Foskor (Pty) Limited set out on pages 7 to 72, which comprise the statements of financial position as at 31 March 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Foskor (Pty) Limited as at 31 March 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

Director: **CS Masondo**

*Registered Auditor*

Sunninghill

1 March 2016

*Ngubane & Co.*

**Ngubane & Co. Inc.**

Director: **H Mpungose**

*Registered Auditor*

Durban

1 March 2016



# GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

as at 31 March 2015

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	4 880 454	4 736 881	4 859 689	4 713 820
Intangible assets	5	54 099	438	54 099	438
Investments in subsidiaries	6	–	–	116 007	116 007
Loans to subsidiaries	6	–	–	22 801	11 993
Investment in joint venture	7	25	25	25	25
Investment in associate	8	2 425	10 825	9 914	15 869
Financial investments	9.3	152 642	326 294	152 642	326 294
		<b>5 089 645</b>	<b>5 074 463</b>	<b>5 215 177</b>	<b>5 184 446</b>
<b>Current assets</b>					
Non-current asset held-for-sale	4.2	46 856	–	46 856	–
Inventories	10	2 033 037	1 980 130	2 033 037	1 980 130
Trade and other receivables	11	498 461	957 254	488 337	942 273
Derivative financial instruments	12	2 333	567	2 333	567
Current tax asset		743	751	–	–
Cash and cash equivalents	13	219 058	513 253	191 099	508 645
		<b>2 800 488</b>	<b>3 451 955</b>	<b>2 761 662</b>	<b>3 431 615</b>
<b>Total assets</b>		<b>7 890 133</b>	<b>8 526 418</b>	<b>7 976 839</b>	<b>8 616 061</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners</b>					
Ordinary shares	15.1	9 158	9 158	9 158	9 158
Share premium	15.1	132 013	132 013	132 013	132 013
Retained earnings		2 809 391	3 218 132	2 700 779	3 104 355
Share-based payment reserve	17.1	303 914	303 914	303 914	303 914
Other reserves	15.2	–	128 098	–	128 098
<b>Total equity</b>		<b>3 254 476</b>	<b>3 791 315</b>	<b>3 145 864</b>	<b>3 677 538</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Finance lease liability	18	12 498	14 331	12 498	14 331
Environmental rehabilitation liability	19.1	317 681	281 724	317 681	281 724
Employee share-based payment liability	17.2	27 407	23 497	27 407	23 497
Long-term interest-bearing loans	30	1 631 004	1 200 000	1 631 004	1 200 000
Retirement benefit obligations	20	126 427	117 832	126 427	117 832
Deferred income tax liabilities	14	428 271	646 992	429 147	645 312
		<b>2 543 288</b>	<b>2 284 376</b>	<b>2 544 164</b>	<b>2 282 696</b>
<b>Current liabilities</b>					
Trade and other payables	21	987 825	1 107 260	967 975	1 096 619
Loans from subsidiaries	6	–	–	220 869	223 113
Short-term interest-bearing loans	30	1 062 965	1 264 219	1 062 965	1 264 219
Finance lease liability	18	1 833	1 844	1 833	1 844
Derivative financial instruments	12	5 731	5 521	33	43
Provisions	22	34 015	71 883	33 136	69 989
		<b>2 092 369</b>	<b>2 450 727</b>	<b>2 286 811</b>	<b>2 655 827</b>
<b>Total liabilities</b>		<b>4 636 657</b>	<b>4 735 103</b>	<b>4 830 975</b>	<b>4 938 523</b>
<b>Total equity and liabilities</b>		<b>7 890 133</b>	<b>8 526 418</b>	<b>7 976 839</b>	<b>8 616 061</b>

The notes on pages 11 to 72 are an integral part of these financial statements.

# GROUP AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Revenue		5 296 959	5 085 956	5 294 267	5 082 363
Cost of sales	24	(4 669 110)	(3 878 290)	(4 665 821)	(3 875 437)
<b>Gross profit</b>		<b>627 849</b>	<b>1 207 666</b>	<b>628 446</b>	<b>1 206 926</b>
Distribution costs	24	(1 079 151)	(1 046 838)	(1 079 151)	(1 046 838)
Administrative expenses	24	(240 682)	(221 391)	(238 239)	(215 977)
Share-based payment expense	17.3	(3 910)	32 114	(3 910)	32 114
Impairment of associates	8	(5 955)	–	(5 955)	–
Other income	23	65 561	146 023	68 598	142 032
Gain on disposal of investment	9.4	217 450	–	217 450	–
<b>Operating (loss)/profit before interest and tax</b>		<b>(418 838)</b>	<b>117 574</b>	<b>(412 761)</b>	<b>118 257</b>
Finance income	26	29 748	26 811	29 072	25 931
Finance costs	26	(189 041)	(122 395)	(189 039)	(122 393)
Share of (loss)/profit from associate	8	(2 297)	508	–	–
Net foreign exchange loss	27	(26 413)	(56 052)	(26 410)	(56 038)
<b>Loss before taxation</b>		<b>(606 841)</b>	<b>(33 554)</b>	<b>(599 138)</b>	<b>(34 243)</b>
Income tax expense	28	192 060	4 752	189 374	5 263
<b>Loss for the year</b>		<b>(414 781)</b>	<b>(28 802)</b>	<b>(409 764)</b>	<b>(28 980)</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of post employment benefit obligation, net of tax	20	6 188	8 787	6 188	8 787
Share of other comprehensive (loss)/income of associate	8	(148)	188	–	–
<i>Items reclassified to profit or loss:</i>					
Available-for-sale investments	15.2	(128 098)	30 254	(128 098)	30 254
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(122 058)</b>	<b>39 229</b>	<b>(121 910)</b>	<b>39 041</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(536 839)</b>	<b>10 427</b>	<b>(531 674)</b>	<b>10 061</b>

The notes on pages 11 to 72 are an integral part of these financial statements.

# GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015

GROUP	Notes	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Other reserves R'000	Total R'000
<b>Balance at 31 March 2013</b>		9 158	132 013	3 237 959	303 914	97 844	3 780 888
<b>Comprehensive income</b>							
Loss for the year		–	–	(28 802)	–	–	(28 802)
<b>Other comprehensive income</b>							
Fair value gain	9.1	–	–	–	–	37 190	37 190
Post-employment benefit obligation	20	–	–	12 204	–	–	12 204
Deferred tax		–	–	(3 417)	–	(6 936)	(10 353)
Share of other comprehensive income of associate	8	–	–	188	–	–	188
<b>Total comprehensive income for the period</b>		–	–	(19 827)	–	30 254	10 427
<b>Balance at 31 March 2014</b>		9 158	132 013	3 218 132	303 914	128 098	3 791 315
<b>Comprehensive income</b>							
Loss for the year		–	–	(414 781)	–	–	(414 781)
<b>Other comprehensive income</b>							
Transferred to profit and loss for the year	9.1	–	–	–	–	(157 293)	(157 293)
Post-employment benefit obligation	20	–	–	8 595	–	–	8 595
Deferred tax	14	–	–	(2 407)	–	29 195	26 788
Share of other comprehensive loss of associate	8	–	–	(148)	–	–	(148)
<b>Total comprehensive loss for the period</b>		–	–	(408 741)	–	(128 098)	(536 839)
<b>Balance at 31 March 2015</b>		9 158	132 013	2 809 391	303 914	–	3 254 476

COMPANY	Notes	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Other reserves R'000	Total R'000
<b>Balance at 31 March 2013</b>		9 158	132 013	3 124 548	303 914	97 844	3 667 477
<b>Comprehensive income</b>							
Loss for the year		–	–	(28 980)	–	–	(28 980)
<b>Other comprehensive income</b>							
Fair value gain	9.1	–	–	–	–	37 190	37 190
Post-employment benefit obligation	20	–	–	12 204	–	–	12 204
Deferred tax		–	–	(3 417)	–	(6 936)	(10 353)
<b>Total comprehensive income for the period</b>		–	–	(20 193)	–	30 254	10 061
<b>Balance at 31 March 2014</b>		9 158	132 013	3 104 355	303 914	128 098	3 677 538
<b>Comprehensive income</b>							
Loss for the year		–	–	(409 764)	–	–	(409 764)
<b>Other comprehensive income</b>							
Transferred to profit and loss for the year	9.1	–	–	–	–	(157 293)	(157 293)
Post-employment benefit obligation	20	–	–	8 595	–	–	8 595
Deferred tax	14	–	–	(2 407)	–	29 195	26 788
<b>Total comprehensive loss for the period</b>		–	–	(403 576)	–	(128 098)	(531 674)
<b>Balance at 31 March 2015</b>		9 158	132 013	2 700 779	303 914	–	3 145 864

The notes on pages 11 to 72 are an integral part of these financial statements.

# GROUP AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	(118 980)	345 879	(128 059)	364 941
Interest received	26	14 749	14 314	14 073	13 434
Interest paid		(4 270)	(6 643)	(4 272)	(6 643)
Realised foreign exchange loss		(21 805)	(53 597)	(21 805)	(53 597)
Taxes received/(paid)		6	(1 215)	(536)	(536)
<b>Net cash generated from operating activities</b>		<b>(130 300)</b>	<b>298 738</b>	<b>(140 599)</b>	<b>317 599</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(480 711)	(744 486)	(480 711)	(744 486)
Purchase of software	5	(2 147)	(252)	(2 147)	(252)
Acquisition of interest in subsidiary		–	(12 000)	–	(12 000)
Purchase of financial investment held in the environmental rehabilitation trust	19.1	–	(5 060)	–	(5 060)
Proceeds on disposal of investment	9.4	249 545	–	249 545	–
Dividends received	23	3 834	17 698	3 834	17 698
<b>Net cash used in investing activities</b>		<b>(229 479)</b>	<b>(744 100)</b>	<b>(229 479)</b>	<b>(744 100)</b>
<b>Cash flows from financing activities</b>					
Repayment of/proceeds from loans from subsidiaries	6	–	10 000	(13 052)	11 963
Repayment of finance lease liability	18	(1 843)	(1 863)	(1 843)	(1 863)
Proceeds of long-term interest-bearing loan	30	431 004	400 000	431 004	400 000
Repayment of/proceeds from short-term interest-bearing loan	30	(363 577)	167 304	(363 577)	167 304
<b>Net cash received from financing activities</b>		<b>65 584</b>	<b>575 441</b>	<b>52 532</b>	<b>577 404</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(294 195)</b>	<b>130 079</b>	<b>(317 546)</b>	<b>150 903</b>
Cash and cash equivalents at the beginning of the year		513 253	383 174	508 645	357 742
<b>Cash and cash equivalents at the end of the year</b>	13	<b>219 058</b>	<b>513 253</b>	<b>191 099</b>	<b>508 645</b>

The notes on pages 11 to 72 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

## PRINCIPAL ACCOUNTING POLICIES

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

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of preparation

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

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

The group did not early adopt any of the IFRS standards.

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

#### 1.1.1 *New and amended standards adopted by the Group*

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

- **IAS 32 (Amendment): Offsetting Financial Assets and Financial Liabilities.** The amendments clarify that an entity currently has a legally enforceable right to set-off a financial asset and a financial liability if that right is:

- Not contingent on a future event; and
- Enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendment did not have any effect on the Group financial statements.

- **IFRS 10, IFRS 12 and IAS 27 (Amendment): Investment entities.**

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

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

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

#### 1.1.2 *New standards, amendments and interpretations not yet adopted*

- **IAS 19 (Amendment): Defined Benefit Plans: Employee Contributions** (effective for financial periods beginning on or after 1 July 2014). The amendments introduce relief that will reduce the complexity of accounting for certain contributions from employees or third parties. The amendments clarify how service-linked contributions from

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

employees or third parties should be included in determining net current service cost and the defined benefit obligation. The amendment is not considered to have any impact on the Foskor Group.

- **Various IFRS** (effective for financial periods beginning on or after 1 July 2014). Annual improvements project is a collection of amendments to IFRS and are the result of conclusions reached by the Board on proposals made at its annual improvements project. The amendment is not considered to have any impact on the Foskor Group.
- **IFRS 14 (New standard): Regulatory Deferral Accounts** (effective for financial periods beginning on or after 1 January 2016). This interim standard provides guidance on accounting for the effects of rate regulations under IFRS. This will permit first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. The amendment is not considered to have a significant impact on the Foskor Group.
- **IFRS 11 (Amendment): Joint Operations** (effective for financial periods beginning on or after 1 January 2016). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendment is not considered to have a significant impact on the Foskor Group.
- **IAS 16 (Amendment): Property, Plant and Equipment and IAS 38 Intangible assets** (effective for financial periods beginning on or after 1 January 2016). The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendment is not considered to have a significant impact on the Foskor Group.
- **IFRS 9 (New standard): Financial instruments** (2009) (effective for financial periods beginning on or after 1 January 2018). This IFRS is part of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. Addresses classification and measurement of financial assets and replaces the multiple classification

and measurement models in IAS 39 with a single model that has only two classification categories amortised cost and fair value; and the classification and measurement of financial liabilities are the same as per IAS 39 barring two aspects. The amendment is not considered to have a significant impact on the Foskor Group.

- **IFRS 9: (New standard): Financial instruments** (2010) (effective for financial periods beginning on or after 1 January 2018). Adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009; and Includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*. The amendment is not considered to have a significant impact on the Foskor Group.
- **IFRS 15: (New standards): Revenue from contracts with customers** (effective for financial periods beginning on or after 1 January 2017). Provides a framework that replaces existing revenue recognition guidance in IFRS

### 1.2 Consolidation

#### 1.2.1 Investments in subsidiaries

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

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

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a subsidiary are measured initially at their fair value at the

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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.

## 1.2.2 Joint arrangements

Joint arrangements are where two or more parties either have rights to

The assets, and obligations of the joint arrangement (joint operations) or have rights to the net assets of the joint arrangement (joint venture). The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture.

The Group's interest in joint ventures is accounted for by the equity method of accounting. Under this method, the

investment in the jointly controlled entity is initially recognised at cost. For subsequent measurement, the company's share of the post-acquisition profits or losses of joint ventures is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

In the company's stand-alone accounts, joint ventures are recorded at cost less impairment.

## 1.2.3 Investments in associates

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

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

Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated to the extent of the Group's interest in the associates, unless the

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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.

### 1.3 Segment reporting

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

### 1.4 Property, plant and equipment

Property, plant and equipment includes mining assets, land and buildings, plant, equipment, vehicles, capital work in progress and aircraft as well as certain essential plant spares that are held to minimise delays arising from plant breakdowns. All property, plant and equipment is 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 and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### 1.4.1 Depreciation

Land and capital work in progress

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

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

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

#### **Mining asset, land and buildings:**

- Building and structures 30 – 50 years
- Mining assets 10 – 20 years

#### **Plant, equipment and vehicles:**

- Vehicles 4 – 5 years
- Heavy plant and machinery 10 – 20 years
- Equipment 8 – 10 years
- Computer equipment 3 – 5 years
- Factory equipment 4 – 5 years
- Capital insurance spares 10 – 20 years

#### **Aircraft**

- Body 20 years
- Engine 10 years

#### 1.4.2 Useful lives and residual values

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

#### 1.4.3 Impairment

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

#### 1.4.4 Capitalisation on borrowing costs

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

### 1.5 Intangible assets

#### 1.5.1 Computer software

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

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

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

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

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

## 1.6 Impairment of assets

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

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

### **Cash-generating units**

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

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the net book value of any goodwill allocated to cash-generating units and then to reduce the net book

value of the other assets in the unit on a *pro rata* basis. Impairment losses are recognised in profit or loss.

### **Impairment reversals**

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

## 1.7 Leases

### **The Group is the lessee:**

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

Assets held under finance lease agreements are capitalised. Such assets are depreciated in terms of the lease term relating to the relevant lease agreement, provided that such term of lease is shorter than the assets' useful lives. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum future lease payments. Lease finance charges are allocated to accounting periods over the duration of the leases by the effective rate method, which reflects the extent and cost of the lease finance utilised in each accounting period.

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

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

## 1.8 Inventories

### **Spares and consumables**

Spares and 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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

### **Raw materials, work in progress and finished goods**

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

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

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

### **1.9 Trade and other receivables**

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

### **1.10 Provisions**

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

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

### **1.11 Pension obligation**

The Group operates a defined benefit and a defined contribution plan, the assets of which are held in separate trustee-administered funds. The schemes are generally funded through payments to insurance companies or trustee-administered funds as determined by periodic actuarial valuations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and under which the Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and previous periods.

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

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

### **1.12 Other post-employment obligations**

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

## 1.13 Current and deferred taxation

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

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

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

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and

when the deferred income tax assets and liabilities relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 1.14 Foreign currencies

### *Foreign currency translation*

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

### *Foreign currency transactions*

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

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

## 1.15 Revenue

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

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

### *(a) Sale of goods*

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### (b) Interest income

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

### (c) Royalty income

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

### (d) Dividend income

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

## 1.16 Financial instruments

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

- **Financial assets or financial liabilities at fair value through profit or loss**

– A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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

- **Available-for-sale financial assets**

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

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

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

### 1.16.2 Initial and subsequent measurement

- Financial assets or financial liabilities at fair value through profit or loss
  - Initial measurement is at fair value at trade date (excluding transaction costs);
  - Subsequent measurement is at fair value with gains or losses from fair value adjustments recognised in profit or loss.
- Available-for-sale financial assets
  - Initial measurement is at fair value at trade date (including transaction costs);
  - Subsequent measurement is at fair value with gains or losses from fair value adjustments recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments that are recognised in profit or loss. The fair value adjustments previously recognised in equity are transferred to profit or loss upon de-recognition;
  - Dividends accruing on available-for-sale financial instruments are recognised in profit or loss on right to receive dividends;
  - Interest on available-for-sale financial instruments is recognised in profit or loss using the effective interest method.
- Loans and receivables
  - Initial measurement is at fair value net of transaction costs directly attributable to acquisition of funds;
  - Subsequent measurement is at amortised cost, using the effective interest method;
  - Provision for impairment of loans and receivables is raised in line with accounting policy 1.9 (above) with write-off of irrecoverable amount approved by the Board of Directors.

### 1.16.3 Recognition and de-recognition

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

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

#### 1.16.4 Offsetting financial instruments

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

#### 1.16.5 Impairment of financial assets

##### (a) Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets,

although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

##### (b) Assets classified as available for sale

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 1.17 Environmental obligations

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

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

Annual increases in the provision relating to unwinding of the discount are shown as part of finance costs in the statement of comprehensive income.

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

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

### 1.18 Dividends

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

### 1.19 Cash and cash equivalents

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

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

### 1.20 Share Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (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, is included in equity attributable to the company's equity holders.

### 1.21 Trade and other payables

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

### 1.22 Borrowings

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

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

### 1.23 Share-based payment transactions

The Group operates an equity-settled share-based plan and a cash-settled share-based plan. The equity-settled plan was entered into with Strategic Business Partners (SBPs) and Special Black Groups, under which the company will receive services (BEE credentials) as consideration for its own equity instruments. The equity-settled share-based payments vest immediately; the reserve was recognised in equity at grant date.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

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

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

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

## 1.24 Non-current assets held for sale and discontinued operations

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

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

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Income taxes

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

### (b) Fair value of financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### (c) Post-employment obligations

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

### d) Environmental rehabilitation liability

In determining the environmental rehabilitation liability, an inflation rate of 5.62% (2014: 5.78%) was assumed to increase the rehabilitation liability for the next 20 years, and a rate of 7.80% (2014: 8.39%) to discount that amount to present value. The assumed discount rate of 7.80% is a risk-free rate.

### (e) Fair value of share-based payments

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

### (f) Impairment of assets

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

## 3 GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group and the Company incurred a net loss for the year ended 31 March 2015 of R415 million (2014: R29 million) and R409 million (2014: R29 million) respectively. Although good progress has been made with its turnaround activities, management continues to closely monitor the Company's performance on an ongoing basis.

In view of the above financial performance and financial position, the ability of the Company to continue as a going concern is dependent on a number of factors, the most significant of these is that the Company is successful in its plans to achieve positive financial performance results. Management has prepared a budget and cash flow forecast for the 2016 financial year. Based on the above budget and forecast, the Company is expected to record a profit before interest and tax during the 2016 financial year but will however require additional working capital and capital expenditure funding.

In addition, a formal agreement was signed with one of the commercial banks which provided the Company with invoice discount facility of R450 million for the next 12 months, over and above the facilities of R200 million that were available at 31 March 2015. Subsequent to year-end, the IDC approved the following facilities in favour of Foskor:

- A restructuring of all current IDC facilities into equity by 31 March 2016
- A R1 000 000 000 equity facility in support of plant and equipment
- A R700 000 000 working capital facility and
- A R2 300 000 000 plant and equipment facility.

To further maximise the company's cash inflow and minimise cash outflows, management has implemented stringent cost controls. Management's strategic plan in 2016 financial year is to turnaround and improve operations of the Acid Division.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

4 PROPERTY, PLANT AND EQUIPMENT	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>At cost</b>				
Mining asset, land and buildings	1 297 169	1 221 003	1 292 930	1 216 764
Plant, equipment and vehicles	4 473 093	5 251 376	4 450 098	5 228 387
Capital work in progress	1 013 097	1 096 444	1 013 097	1 096 444
Aircraft	–	68 935	–	68 935
<b>Total</b>	<b>6 783 359</b>	<b>7 637 758</b>	<b>6 756 125</b>	<b>7 610 530</b>
<b>Accumulated depreciation</b>				
Mining asset, land and buildings	337 659	288 373	336 901	287 799
Plant, equipment and vehicles	1 565 246	2 593 094	1 559 535	2 589 501
Aircraft	–	19 410	–	19 410
<b>Total</b>	<b>1 902 905</b>	<b>2 900 877</b>	<b>1 896 436</b>	<b>2 896 710</b>
<b>Net carrying amount</b>				
Mining asset, land and buildings	959 510	932 630	956 029	928 965
Plant, equipment and vehicles	2 907 847	2 658 282	2 890 563	2 638 886
Capital work in progress	1 013 097	1 096 444	1 013 097	1 096 444
Aircraft	–	49 525	–	49 525
<b>Total net carrying amount</b>	<b>4 880 454</b>	<b>4 736 881</b>	<b>4 859 689</b>	<b>4 713 820</b>
Plant, equipment and vehicles includes the following lease where Foskor (Pty) Ltd is the lessee under a finance lease. The effluent pipeline is the only asset under finance lease (refer to Note 18)				
Cost – capitalised finance lease	41 567	41 567	41 567	41 567
Accumulated depreciation	(22 342)	(20 264)	(22 342)	(20 264)
<b>Finance leased asset net carrying amount</b>	<b>19 225</b>	<b>21 303</b>	<b>19 225</b>	<b>21 303</b>

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

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

During the year, the Group capitalised borrowing costs of R78.9 million (2014: R69.5 million) on qualifying assets. The borrowing costs were capitalised at the Group general borrowings weighted average annual rate of 5.14% (2014: 8.8%).

The Company's aircraft has been reclassified from property, plant and equipment to non-current asset held-for-sale. Refer to Note 4.2.

	Mining asset, land and buildings R'000	Plant, equipment and vehicles R'000	Capital work in progress R'000	Aircraft R'000	Total R'000
<b>12 months ended 31 March 2014</b>					
<b>Movement in carrying value for the year</b>					
<b>GROUP</b>					
Opening net carrying amount	779 537	2 477 789	944 855	50 353	4 252 534
Additions	202 174	388 882	151 589	1 841	744 486
Acquisition of subsidiary	3 940	21 923	–	–	25 863
Adjustment to the mining asset (refer to Note 19)	(1 960)	–	–	–	(1 960)
Depreciation charge	(37 941)	(230 091)	–	(2 669)	(270 701)
Disposals	(13 120)	(221)	–	–	(13 341)
<b>Closing net carrying amount</b>	<b>932 630</b>	<b>2 658 282</b>	<b>1 096 444</b>	<b>49 525</b>	<b>4 736 881</b>
<b>COMPANY</b>					
Opening net carrying amount	779 429	2 477 663	944 855	50 353	4 252 300
Additions	202 174	388 882	151 589	1 841	744 486
Adjustment to the mining asset (refer to Note 19)	(1 960)	–	–	–	(1 960)
Depreciation charge	(37 558)	(227 438)	–	(2 669)	(267 665)
Disposals	(13 120)	(221)	–	–	(13 341)
<b>Closing net carrying amount</b>	<b>928 965</b>	<b>2 638 886</b>	<b>1 096 444</b>	<b>49 525</b>	<b>4 713 820</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

## 4 PROPERTY, PLANT AND EQUIPMENT

CONTINUED

### 4.1 Impairment of assets

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

There was no impairment charge or reversal recognised in the prior year ended 31 March 2014.

During the year ended 31 March 2015, management prepared the discounted cash flow calculation using the fair value less cost to sell method.

The following key parameters and assumptions were used in the impairment assessment:

- The latest Board approved budget for the 2016 financial year.
  - Acid production volumes will increase from 393 000 tons and then gradually build up to 700 000 tons as per approved strategic plan based on action plans.
  - An improvement in the rock conversion ratio (efficiency) from a projected 3.09 in 2016 improving to 2.98 in 2019.
  - An increase in rock production from 1.87mt to 2.34mt.
  - Improvements in production forecasts at the Acid division are based on the technical assistance agreement signed with one of the shareholders, Coromandel, to increase production of P<sub>2</sub>O<sub>5</sub> to 700 000 tons over two years; the appointment of a new VP acid from India, with 25 years' experience in Acid production and specifically turnaround expertise; the filling of all key positions in the acid plant; an aggressive maintenance and capital expenditure programme to support the sustainability of the acid plant.
  - The forecasted sales prices for phosphoric acid, granular fertiliser, phosphate rock and sulphur for period 2016 are based on current and forecast market pricing and from 2017 to 2019 are as per the latest CRU International Ltd (The Independent Authority on Mining, Metals and Fertilisers) reports adjusted for management's view on global market dynamics.
  - Long-term growth rates for global phosphate demand indicating compound annual growth of 3% versus a compound annual growth rate of 1.8% for phosphate production capacity as forecast by CRU.
  - The recovery of the iron ore commodity market and the commissions of the magnetite beneficiation plant in 2019.
  - The construction and commissioning of a new reactor at the acid plant in 2018 further allowing for increased volume of acid production at an improved efficiency level.
- Thereafter, management has applied an inflation rate, market outlook factors and historical trends in determining the prices. Prices for P<sub>2</sub>O<sub>5</sub> from 2020 onwards will increase in line with the projected global shortfall of acid production versus demand for acid.
  - Exchange rates forecast were based on forecasts for the period 2015 to 2016 obtained from several banks include Nedbank, RMB, Absa and Investec. Thereafter, the 2017 rates going forward have been projected using the inflation rate.
  - Cash flow discount rate of 13.9% as per the adjusted WACC calculation and a terminal growth rate of 5.2%.

There is no impairment charge or reversal recognised in the current year.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 4 PROPERTY, PLANT AND EQUIPMENT CONTINUED

#### 4.2 Non-current assets held-for-sale

The Board has taken a resolution to sell the Company's aircraft. At 31 March 2015 the sale had not yet been concluded, it is anticipated that the sale will be concluded within the next twelve months.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Cost	68 935	–	68 935	–
Accumulated depreciation	(22 079)	–	(22 079)	–
<b>Net carrying amount classified as held-for-sale</b>	<b>46 856</b>	<b>–</b>	<b>46 856</b>	<b>–</b>

### 5 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>At cost</b>				
Computer software	60 047	2 749	60 047	2 749
<b>Total</b>	<b>60 047</b>	<b>2 749</b>	<b>60 047</b>	<b>2 749</b>
<b>Accumulated amortisation</b>				
Computer software	5 948	2 311	5 948	2 311
<b>Total</b>	<b>5 948</b>	<b>2 311</b>	<b>5 948</b>	<b>2 311</b>
<b>Net carrying amount</b>				
Computer software	54 099	438	54 099	438
<b>Closing net carrying amount</b>	<b>54 099</b>	<b>438</b>	<b>54 099</b>	<b>438</b>

	Computer software R'000	Total R'000
<b>12 months ended 31 March 2015</b>		
<b>Movement in carrying value</b>		
<b>GROUP AND COMPANY</b>		
Opening net carrying amount	438	438
Additions	57 298	57 298
Amortisation charge	(3 637)	(3 637)
<b>Closing net carrying amount</b>	<b>54 099</b>	<b>54 099</b>

	Computer software R'000	Total R'000
<b>12 months ended 31 March 2014</b>		
<b>Movement in carrying value</b>		
<b>GROUP AND COMPANY</b>		
Opening net carrying amount	454	454
Additions	252	252
Amortisation charge	(268)	(268)
<b>Closing net carrying amount</b>	<b>438</b>	<b>438</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 6 INVESTMENTS IN SUBSIDIARIES

	Country of incorporation	Nature of business	Issued ordinary and preference shares				Shares at cost		Indebtedness	
			Number 2015	Number 2014	% 2015	% 2014	R'000 2015	R'000 2014	R'000 2015	R'000 2014
Indian Ocean Fertilizer (Pty) Ltd	South Africa	Previous Acid Division	93 265	93 265	100	100	103 956	103 956	(218 501)	(218 501)
Inter Minerals Holdings AG	Switzerland	Dormant SPV	–	–	–	–	10	10	(10)	(10)
Phosphate Shipping (Pty) Ltd	South Africa	Ship Broker Agency	1 000	1 000	100	100	1	1	(2 358)	(4 602)
<b>Loans from and shares in subsidiaries</b>							<b>103 967</b>	<b>103 967</b>	<b>(220 869)</b>	<b>(223 113)</b>
Phosfert Marine (Pty) Ltd	South Africa	Clearing & Forward Agency	40 000	40 000	100	100	40	40	13 393	6 211
Verdino 174 (Pty) Ltd	South Africa	Storage Tanks	120	120	100	100	12 000	12 000	7 742	4 173
Foskor Social Responsibility Trust	South Africa	Social Responsibility Trust	–	–	–	–	–	–	1 635	1 573
IOF Property Trust	South Africa	Property Trust	–	–	–	–	–	–	31	36
<b>Loans to and subsidiaries shares</b>							<b>12 040</b>	<b>12 040</b>	<b>22 801</b>	<b>11 993</b>
<b>Total shares at cost/net loans owing</b>							<b>116 007</b>	<b>116 007</b>	<b>(198 068)</b>	<b>(211 120)</b>

The subsidiaries have financial years ending 31 March and are consolidated to that date. Loans to and from subsidiaries are interest-free with no repayment terms. The shares in Indian Ocean Fertilizer (Pty) Ltd previously held by Inter Minerals South Africa (Pty) Ltd are now held directly by Foskor (Pty) Ltd. Foskor (Pty) Ltd entered into an agreement with Bosveld Phosphate (Pty) Ltd to acquire its 100% interest in Verdino 174 (Pty) Ltd. The acquisition was completed on 1 February 2013 and 100% financial performance of Verdino (Pty) Ltd is included in the Group results.

Indicators for impairment were considered at 31 March 2015 and no impairment on these investments was deemed necessary.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

7 INVESTMENT IN JOINT VENTURE	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Foskor (Pty) Ltd has a 50% interest in a joint venture, Palfos Aviation (Pty) Ltd. The company's major asset, an aircraft, was sold in June 2004.				
<b>Palfos Aviation (Pty) Ltd (South Africa)</b>				
Carrying amount at the beginning of the year	25	25	25	25
<b>Carrying amount at the end of the year</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>

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.

8 INVESTMENT IN ASSOCIATE	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>At 1 April:</b>				
Investment in Foskor Zirconia (Pty) Ltd	10 825	10 129	15 869	15 869
Share of (loss)/profit	(2 297)	508	–	–
– current year loss	(1 212)	(2 638)	–	–
– prior year adjustment	(1 085)	3 146	–	–
<b>Net before impairment</b>	<b>8 528</b>	<b>10 637</b>	<b>15 869</b>	<b>15 869</b>
Share of other comprehensive (loss)/income of associate	(148)	188	–	–
Impairment of investment	(5 955)	–	(5 955)	–
<b>At 31 March</b>	<b>2 425</b>	<b>10 825</b>	<b>9 914</b>	<b>15 869</b>

Foskor (Pty) Ltd owns 29.9% of Foskor Zirconia (Pty) Ltd. The remaining shareholding of Foskor Zirconia (Pty) Ltd is owned by Carborundum Universal Ltd (51%) and Perfect Positions Investments 41 CC (19.1%). Foskor Zirconia (Pty) Ltd is a company incorporated in South Africa and manufactures electro fused zirconia. Foskor Zirconia (Pty) Ltd is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. The associate has 31 March as its financial year-end. Foskor's 29.9% of Zirconia net asset value as at 31 March 2015 was R9.9 million after an impairment of investment of R5.9 million.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 8 INVESTMENT IN ASSOCIATE CONTINUED

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

	GROUP	
	2015 R'000	2014 R'000
<b>Summarised balance sheet</b>		
<b>Current</b>		
Cash and cash equivalents	13 569	8 359
Other current assets (excluding cash)	177 484	117 850
<b>Total current assets</b>	<b>191 053</b>	<b>126 209</b>
Financial liabilities (excluding trade payables)	100 000	–
Other current liabilities (including trade payables)	99 596	134 808
<b>Total current liabilities</b>	<b>199 596</b>	<b>134 808</b>
<b>Non-current</b>		
<b>Assets</b>		
Assets	41 473	148 404
Financial liabilities	–	100 000
Other liabilities	4 903	3 602
<b>Total non-current liabilities</b>	<b>4 903</b>	<b>103 602</b>
<b>Net assets</b>	<b>28 027</b>	<b>36 203</b>
<b>Summarised statement of comprehensive income</b>		
<b>Revenue</b>	<b>176 768</b>	<b>191 290</b>
Depreciation and amortisation	(12 136)	(12 483)
Interest income	199	30
Interest expense	(12 525)	(8 484)
<b>Pre-tax profit/(loss) from continuing operations</b>	<b>26 481</b>	<b>(11 825)</b>
Income tax expense	1 577	3 002
<b>Post-tax profit from continuing operations</b>	<b>28 058</b>	<b>(8 823)</b>
<b>Post-tax loss from discontinued operations</b>	<b>(32 113)</b>	<b>–</b>
<b>Total comprehensive loss</b>	<b>(4 055)</b>	<b>(8 823)</b>
<b>Other comprehensive (loss)/ income</b>	<b>(494)</b>	<b>628</b>
<b>Total comprehensive loss for the year</b>	<b>(4 549)</b>	<b>(8 195)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 8 INVESTMENT IN ASSOCIATE CONTINUED

	GROUP	
	2015 R'000	2014 R'000
<b>Reconciliation of summarised financial information</b>		
Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate:		
Opening net assets as at 1 April	36 203	44 398
Total comprehensive loss	(4 055)	(8 823)
Other comprehensive loss	(494)	628
Prior year adjustment	(3 627)	–
<b>Closing net assets at 31 March</b>	<b>28 027</b>	<b>36 203</b>
Interest in associates (29.9%)	8 380	10 825
Impairment of investment	(5 955)	–
<b>Carrying value</b>	<b>2 425</b>	<b>10 825</b>

### 9 FINANCIAL INVESTMENTS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Listed shares</b>				
<b>9.1 Investment in Coromandel International Ltd</b>				
– Available for sale investment	–	188 651	–	188 651
Opening balance	188 651	151 461	188 651	151 461
Fair value gain	–	37 190	–	37 190
Fair value movements derecognised on sale of shares	(188 651)	–	(188 651)	–

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

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>9.2 Environmental Rehabilitation Trust investments</b>				
– At fair value through profit and loss	151 875	132 012	151 875	132 012
Unit trusts	150 756	131 144	150 756	131 144
Sanlam shares	690	499	690	499
Old Mutual shares	429	369	429	369

The unit trust portfolio for these investments is invested in equity (19%), property (3%), hedge funds (11%), bonds (25%), offshore (15%), multi-asset (12%), money market and cash (15%).



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 9 FINANCIAL INVESTMENTS CONTINUED

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>9.3 Environmental Rehabilitation Trust investments</b>				
– Other loans and receivables				
Cash deposits held by the Environmental Rehabilitation Trust	767	5 631	767	5 631
<b>Total investments</b>	<b>152 642</b>	<b>326 294</b>	<b>152 642</b>	<b>326 294</b>

The movement in the Environmental Rehabilitation Trust investment of R14.9 million (2014: R12.5 million) was recognised in profit or loss.

The movement in the fair value of available for sale investment of R nil (2014: R37.2 million gain) was recognised in other comprehensive income.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>9.4 Gain on disposal of Coromandel International Ltd shares</b>				
Cash consideration received	249 545	–	249 545	–
Cost of investment	(32 095)	–	(32 095)	–
<b>Gain on sale of shares</b>	<b>217 450</b>	<b>–</b>	<b>217 450</b>	<b>–</b>

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>10 INVENTORIES</b>				
Spares and consumables stores	332 394	332 570	332 394	332 570
Phosphate rock	973 043	971 259	973 043	971 259
Raw materials	412 004	380 193	412 004	380 193
Finished goods	315 596	296 108	315 596	296 108
<b>Total inventories</b>	<b>2 033 037</b>	<b>1 980 130</b>	<b>2 033 037</b>	<b>1 980 130</b>

The value of inventory write down to net realisable value in the current year is R6.8 million (2014: R nil). There was a write down of inventory in the 2013 financial year which was reversed in the 2014 financial year amounting to R29.8 million.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

11 TRADE AND OTHER RECEIVABLES	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade receivables <sup>1</sup>	366 284	784 690	368 349	787 664
Less: Provision for impairment of trade receivables	(48 585)	(21 133)	(47 940)	(19 703)
Trade receivables – net	317 699	763 557	320 409	767 961
VAT receivable	75 833	69 342	75 662	68 179
Insurance prepaid	41 536	45 542	41 508	45 448
Other receivables <sup>2</sup>	115 328	131 813	102 693	113 685
Less: Provision for impairment of other receivables <sup>3</sup>	(51 935)	(53 000)	(51 935)	(53 000)
<b>Total trade and other receivables</b>	<b>498 461</b>	<b>957 254</b>	<b>488 337</b>	<b>942 273</b>

<sup>1</sup> Trade receivables are denominated in US Dollar and South African Rand.<sup>2</sup> Other receivables mainly comprised sundry debtors R75.3 million (2014: R56.2 million) and also include R28.3 million of demurrage claims (2014: R25.9 million).<sup>3</sup> The impairment provision of R51.9 million (2014: R53 million) relates to the provision of long-outstanding debt due from Foskor Zirconia (Pty) Ltd.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Movement in the impairment of trade receivables provisions</b>				
<b>At 1 April</b>	(21 133)	(40 038)	(19 703)	(36 521)
Additional provisions	(28 237)	(21 133)	(28 237)	(19 703)
Unused provision reversed	–	30 000	–	30 000
Utilised during period	785	10 038	–	6 521
<b>At 31 March</b>	<b>(48 585)</b>	<b>(21 133)</b>	<b>(47 940)</b>	<b>(19 703)</b>
<b>Movement in the impairment of other receivables provisions</b>				
<b>At 1 April</b>	(53 000)	–	(53 000)	–
Additional provisions	(48 613)	(53 000)	(48 613)	(53 000)
Utilised during period	49 678	–	49 678	–
<b>At 31 March</b>	<b>(51 935)</b>	<b>(53 000)</b>	<b>(51 935)</b>	<b>(53 000)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

12 DERIVATIVE FINANCIAL INSTRUMENTS	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Assets</b>		<b>2 333</b>	567	<b>2 333</b>	567
Forward foreign exchange contracts	32.1	2 333	567	2 333	567
<b>Liabilities</b>		<b>(5 731)</b>	(5 521)	<b>(33)</b>	(43)
Forward foreign exchange contracts		(33)	(43)	(33)	(43)
Share buyback option	32.1	(5 698)	(5 478)	–	–

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

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

13 CASH AND CASH EQUIVALENTS	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Cash at bank and on hand	219 058	483 682	191 099	479 074
Short-term bank deposits	–	29 571	–	29 571
<b>Cash and cash equivalents</b>	<b>219 058</b>	513 253	<b>191 099</b>	508 645
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	219 058	513 253	191 099	508 645

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

14 DEFERRED INCOME TAX	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
The deferred income tax balance movement is made up as follows:				
<b>At 1 April</b>	<b>(646 992)</b>	<b>(638 586)</b>	<b>(645 312)</b>	<b>(640 222)</b>
Mining operations temporary differences – Other	3 612	2 378	3 746	2 378
Mining operations temporary differences – Capex	(57 345)	(88 498)	(57 345)	(88 498)
Non-mining operations temporary differences – Other	33 655	(58 024)	33 655	(58 159)
Under-provision prior year	6 826	(680)	3 900	(680)
Tax loss increased	231 973	139 353	232 209	139 869
Acquisition of a subsidiary	–	(2 942)	–	–
Prepayments	–	7	–	–
<b>At 31 March</b>	<b>(428 271)</b>	<b>(646 992)</b>	<b>(429 147)</b>	<b>(645 312)</b>
The deferred income tax balance is made up as follows:				
<b>Deferred tax asset</b>				
Finance lease liability	4 013	4 529	4 013	4 529
Provisions	73 660	72 012	73 660	72 012
Mining rehabilitation liability	88 951	78 883	88 951	78 883
Income in advance	15 434	1 828	15 434	1 828
Cash-settled share-based payments	7 674	6 579	7 674	6 579
Tax losses	586 552	350 688	585 676	349 568
<b>At 31 March</b>	<b>776 284</b>	<b>514 519</b>	<b>775 408</b>	<b>513 399</b>
<b>Deferred tax liability</b>				
Property, plant and equipment – Mining	(859 553)	(802 207)	(859 553)	(802 207)
Property, plant and equipment – Other	(279 209)	(267 121)	(279 209)	(267 256)
Property, plant and equipment – Leased	(5 383)	(5 965)	(5 383)	(5 965)
Mining footprint	(17 670)	(15 548)	(17 670)	(15 548)
Mining rehabilitation investment	(42 740)	(38 540)	(42 740)	(38 540)
Fair value reserve	–	(29 195)	–	(29 195)
Acquisition of a subsidiary	–	(2 927)	–	–
Prepayments	–	(8)	–	–
<b>At 31 March</b>	<b>(1 204 555)</b>	<b>(1 161 511)</b>	<b>(1 204 555)</b>	<b>(1 158 711)</b>
<b>Deferred tax liabilities (net)</b>	<b>(428 271)</b>	<b>(646 992)</b>	<b>(429 147)</b>	<b>(645 312)</b>
<b>The gross movement on the deferred income tax is as follows:</b>				
<b>At 1 April</b>	<b>(646 992)</b>	<b>(638 586)</b>	<b>(645 312)</b>	<b>(640 222)</b>
Acquisition of a subsidiary	–	(2 927)	–	–
Income statement charge (Refer to Note 28)	192 060	4 776	189 374	5 263
Tax charge/(credit) relating to components of other comprehensive income (Refer to Note 28)	26 788	(10 353)	26 788	(10 353)
Other differences	(127)	98	3	–
<b>Closing deferred tax liability</b>	<b>(428 271)</b>	<b>(646 992)</b>	<b>(429 147)</b>	<b>(645 312)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

		GROUP AND COMPANY			
		Number of shares (thousands)	Ordinary shares R'000	Share premium R'000	Total R'000
<b>15</b>	<b>EQUITY AND RESERVES</b>				
<b>15.1</b>	<b>Share capital and premium</b>				
	<b>At 1 April</b>	9 158	9 158	132 013	141 171
	Movements during the year	–	–	–	–
	<b>At 31 March</b>	9 158	9 158	132 013	141 171

The total authorised share capital of ordinary shares is 9 157 647 (2014: 9 157 647) with a par value of R1 per share. All issued shares are fully paid.

		GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>15.2</b>	<b>Reserves</b>				
	<b>At 1 April</b>	128 098	97 844	128 098	97 844
	Revaluation of available-for-sale financial assets, net of tax, recycled to profit or loss	(128 098)	30 254	(128 098)	30 254
	<b>At 31 March</b>	–	128 098	–	128 098

## 16 DIVIDENDS PAID

No dividends have been declared in the current year.

## 17 SHARE-BASED PAYMENTS

### 17.1 Equity-settled share-based payment plan

#### *Black Economic Empowerment Transaction*

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

		GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
	<b>At 1 April</b>	303 914	303 914	303 914	303 914
	Granted	–	–	–	–
	<b>At 31 March</b>	303 914	303 914	303 914	303 914

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 17 SHARE-BASED PAYMENTS CONTINUED

#### 17.1 Equity-settled share-based payment plan CONTINUED

##### Weighted average fair value assumptions

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

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

	GROUP AND COMPANY
<b>Grant date</b>	<b>31 December 2009</b>
Initial company value (exercise price)	R3 500 000 000
Average share price at grant date	R 382.19
Annualised expected volatility	43.19%
Risk-free interest rate	8.54%
Dividend yield (%)	2.25%
Strike price	R 655.68

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

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>17.2 Cash-settled share-based payment plan</b>				
Cash-settled share-based payment liability	27 407	23 497	27 407	23 497

The Company entered into a cash-settled share-based payment plan with its employees. A total liability of R27.4 million (2014: R23.5 million) is carried. The share-based payment adjustment for the current year of R3.9 million was recognised in profit and loss (refer to Note 17.3). The fair values were determined by reference to the fair value of the equity instruments granted using the Monte Carlo Option Pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The following weighted average assumptions were inputs into the model:

	GROUP AND COMPANY	
	2015	2014
Exercise price	R3 500 000 000	R3 500 000 000
Average share price at grant date	R382.19	R 382.19
Annualised expected volatility	41.88%	42.42%
Risk-free interest rate		
– one year expected option lifetime	7.36%	7.11%
– three year expected option lifetime	8.37%	7.87%
Expected dividend yield		
– one year expected option lifetime	0.00%	0.00%
– three year expected option lifetime	0.00%	3.21%
Strike price		
– one year expected option lifetime	R555.89	R558.38
– three year expected option lifetime	R594.80	R598.40

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

## 17 SHARE-BASED PAYMENTS CONTINUED

### 17.2 Cash-settled share-based payment plan CONTINUED

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

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

		GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>17.3</b>	<b>Share-based payment expense</b>				
	Cash-settled share-based payment expense	3 910	(32 114)	3 910	(32 114)
	<b>Total share-based payment expense</b>	<b>3 910</b>	<b>(32 114)</b>	<b>3 910</b>	<b>(32 114)</b>

		GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>18</b>	<b>FINANCE LEASE LIABILITY</b>				
	Gross finance lease liability – minimum lease payments:				
	Not later than one year	3 897	4 173	3 897	4 173
	Later than one year and not later than five years	12 720	13 977	12 720	13 977
	Later than five years	7 299	9 940	7 299	9 940
		<b>23 916</b>	<b>28 090</b>	<b>23 916</b>	<b>28 090</b>
	Future finance charges on finance lease	(9 585)	(11 915)	(9 585)	(11 915)
	Present value of finance lease liability	14 331	16 175	14 331	16 175
	Less: Current portion	(1 833)	(1 844)	(1 833)	(1 844)
	Long-term portion of finance lease liability	12 498	14 331	12 498	14 331
	Present value of finance lease liability is as follows:				
	Not later than one year	1 833	1 844	1 833	1 844
	Later than one year and not later than five years	7 097	7 302	7 097	7 302
	Later than five years	5 401	7 029	5 401	7 029
	<b>Present value of finance lease liability</b>	<b>14 331</b>	<b>16 175</b>	<b>14 331</b>	<b>16 175</b>

The finance lease is between Foskor (Pty) Ltd and Umhlathuze Water Board for an effluent pipeline. The lease liability is effectively secured, as the rights to the leased asset revert to the lessor in the event of default. The lease is over a 20-year period with 11 years remaining as at 31 March 2015. Foskor has sole use of the effluent pipeline and pays for the maintenance. The lease is at a fixed rate of 14.4% per annum.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 19 ENVIRONMENTAL REHABILITATION LIABILITY

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

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>19.1 Mining environmental rehabilitation liability</b>					
Balance at the beginning of the year		281 724	261 724	281 724	261 724
Unwinding of discount	26	23 642	21 960	23 642	21 960
Adjustment to the mining footprint	4	12 315	(1 960)	12 315	(1 960)
<b>Balance at the end of the year</b>		<b>317 681</b>	<b>281 724</b>	<b>317 681</b>	<b>281 724</b>
<b>Environmental Rehabilitation Trust</b>					
Balance at the beginning of the year		137 643	120 147	137 643	120 147
Movement recognised in profit and loss		14 999	12 436	14 999	12 436
Growth in investment	26	14 999	12 497	14 999	12 497
Other operating expenses		–	(61)	–	(61)
<b>Investments held by the Trust</b>		<b>152 642</b>	<b>132 583</b>	<b>152 642</b>	<b>132 583</b>
Cash contribution made to the Trust		–	5 060	–	5 060
<b>Total assets held by the Trust</b>	9	<b>152 642</b>	<b>137 643</b>	<b>152 642</b>	<b>137 643</b>
<b>Unfunded portion of rehabilitation liability</b>		<b>165 039</b>	<b>144 081</b>	<b>165 039</b>	<b>144 081</b>

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

The directors are aware of the estimated cost of rehabilitation and are satisfied that adequate provision is being made to meet this obligation. The disclosure relating to the issuing of guarantees to the Department of Mineral Resources is in Note 33.1.

#### 19.2 Mine rehabilitation guarantees

The Group had mine rehabilitation guarantees amounting to R455 million at year-end (refer to Note 33.1). In line with the requirements set out by the Department of Mineral Resources (DMR), this guarantee amount was in place at 31 March 2015. These guarantees and the agreement reached with the DMR were based on the environmental rehabilitation and closure costs assessment that was performed during the 2015 financial year. The assessments are performed on a three-year rolling basis, with the next assessment due in 2017. Estimated scheduled closure costs for the mine are R478 million. For unscheduled or premature closure, the DMR, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor (Pty) Ltd to provide for the liability of R597 million in the form of guarantees and cash.

The R597 million is covered by guarantees totalling R455 million and investment assets totalling R152 million, resulting in an over-provision of R10 million.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

		GROUP AND COMPANY	
		2015 R'000	2014 R'000
<b>20</b>	<b>RETIREMENT BENEFIT OBLIGATIONS</b>		
	Notes		
<b>Liabilities included in the statement of financial position:</b>			
	20.1	–	–
	20.2	126 427	117 832
<b>Liability in the statement of financial position</b>		<b>126 427</b>	<b>117 832</b>
<b>Amounts recognised in profit and loss:</b>			
	25	(4 800)	1 558
	25	3 366	3 783
		<b>(1 434)</b>	<b>5 341</b>
<b>Remeasurements recognised in other comprehensive income:</b>			
		3 366	5 894
		5 229	6 310
		<b>8 595</b>	<b>12 204</b>

## 20.1 Defined pension benefits

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

The Trustees of the fund are ultimately responsible for the fund's assets, the investment of those assets and the assets' investment performance. A separate cash portfolio has been established to handle the need for liquidity and the cash portfolio is typically topped up via disinvestments from the market-linked portfolios to a level of approximately 4 – 6 month's worth of pensioner payments. The Trustees cannot relinquish or cede these responsibilities. However, the Trustees are permitted to delegate certain of the actions and activities related to the management of the fund's assets.

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

The latest actuarial valuation was performed on 31 December 2014.

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

		GROUP AND COMPANY	
		2015 R'000	2014 R'000
	Present value of funded obligations	329 902	328 538
	Fair value of plan assets	(404 654)	(398 810)
	Pension fund surplus	(74 752)	(70 272)
	Impact of asset ceiling	74 752	70 272
<b>Liability in the statement of financial position at 31 March</b>		<b>–</b>	<b>–</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 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
<b>At 1 January 2013</b>	357 424	(353 088)	–	4 336
Current service cost	1 169	–	–	1 169
Interest expense/(income)	26 992	(26 611)	–	381
	385 585	(379 699)	–	5 886
<b>Remeasurements:</b>				
Return on plan assets, excluding amounts included in interest income	–	(46 858)	–	(46 858)
Gain from change in financial assumptions	(32 629)	–	–	(32 629)
Experience losses	3 321	–	–	3 321
Change in asset ceiling	–	–	70 272	70 272
<b>Contributions:</b>				
– Plan participants	215	(215)	–	–
– Employers	–	8	–	8
<b>Payments from plans:</b>				
– Benefit payments	(27 954)	27 954	–	–
<b>At 31 December 2013</b>	328 538	(398 810)	70 272	–
<b>At 1 January 2014</b>	328 538	(398 810)	70 272	–
Current service cost	921	–	–	921
Interest expense/(income)	28 157	(34 406)	–	(6 249)
	357 616	(433 216)	70 272	(5 328)
<b>Remeasurements:</b>				
Return on plan assets, excluding amounts included in interest income	–	(428)	–	(428)
Gain from change in financial assumptions	(17 756)	–	–	(17 756)
Experience losses	18 504	–	–	18 504
Change in asset ceiling	–	–	4 480	4 480
<b>Contributions:</b>				
– Plan participants	210	(210)	–	–
– Employers	–	528	–	528
<b>Payments from plans:</b>				
– Benefit payments	(28 672)	28 672	–	–
<b>At 31 December 2014</b>	329 902	(404 654)	74 752	–

The discount rate of 8.41% (2014: 8.94%) has been based on the 12.4 year yield (in accordance with the discounted mean term of the liabilities) from the South African government bond yield curve at 31 December 2014.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 20 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

#### 20.1 Defined pension benefits CONTINUED

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

	Notes	GROUP AND COMPANY	
		2015 R'000	2014 R'000
Current service cost		921	1 169
Net interest cost		(6 249)	381
Employer contributions		528	8
<b>Total, included in staff costs</b>	25	<b>(4 800)</b>	<b>1 558</b>
<b>Remeasurement recognised in other comprehensive income:</b>			
Actuarial gain		3 366	5 894

Plan assets are comprised as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 20 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

#### 20.1 Defined pension benefits CONTINUED

	GROUP AND COMPANY			
	2014			
	Listed R'000	Unlisted R'000	Total R'000	%
<b>Equity instruments</b>	215 815	323	216 138	54
Financial services	24 697	–	24 697	
Healthcare	1 776	–	1 776	
Industrials	10 742	–	10 742	
Oil and gas	10 994	–	10 994	
Technology	908	–	908	
Telecommunications	3 637	–	3 637	
Consumer goods	25 796	–	25 796	
Consumer services	9 260	–	9 260	
Basic materials	19 958	–	19 958	
Global equities	78 096	–	78 096	
Other	29 951	323	30 274	
<b>Debt</b>	120 873	14	120 887	30
Government bonds	2 536	14	2 550	
Corporate bonds (investment grade)	91 147	–	91 147	
Corporate bonds (non-investment grade)	204	–	204	
Other	26 986	–	26 986	
Property (South Africa)	22 435	–	22 435	6
Cash	27 580	–	27 580	7
Other	11 770	–	11 770	3
<b>Total</b>	398 473	337	398 810	100

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

#### Asset volatility

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

#### Negative real returns

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 20 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

#### 20.1 Defined pension benefits CONTINUED

##### 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.

The principal actuarial assumptions used were as follows:

	GROUP AND COMPANY	
	2015	2014
– Discount rate	8.41%	8.94%
– CPI inflation rate	6.64%	6.73%
– Expected return on plan assets	8.41%	8.94%
– Future salary increases	7.64%	7.73%
– Future pension increases	5.64%	5.72%
– Normal retirement age	60	60
– Pre-retirement mortality: Males	SA85-90 (light)	SA85-90 (light)
	SA85-90 (light)	SA85-90 (light)
– Pre-retirement mortality: Females	with a 3-year age deduction	with a 3-year age deduction
– Post-retirement mortality	PA90-2	PA90-2

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

	GROUP AND COMPANY	
	IMPACT ON OVERALL LIABILITY	
	2015	2014
Inflation rate (increase of 1%)	8.3% increase	9.36% increase
Inflation rate (decrease of 1%)	8.0% decrease	7.36% decrease

The expected contributions to the post-employment pension scheme for the year ending 31 March 2016 are R178 000.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 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 2015.

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

	GROUP AND COMPANY	
	2015 R'000	2014 R'000
Present value of unfunded obligations	126 427	117 832
<b>Liability in the statement of financial position</b>	<b>126 427</b>	<b>117 832</b>

The 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	
<b>At 1 April 2013</b>		120 359
Current service cost		551
Interest expense		9 335
		130 245
<b>Remeasurements:</b>		
Loss from change in demographic assumptions		2 767
Gain from change in financial assumptions		(10 453)
Other experience losses		1 376
<b>Contributions:</b>		
– Employer		(6 103)
<b>At 31 March 2014</b>		117 832
<b>At 1 April 2014</b>		117 832
Current service cost		505
Interest expense		10 370
		128 707
<b>Remeasurements:</b>		
Gain from change in demographic assumptions		(1 300)
Loss from change in financial assumptions		4 730
Other experience losses		1 799
<b>Contributions:</b>		
– Employer		(7 509)
<b>At 31 March 2015</b>		126 427

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

## 20 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

### 20.2 Post-employment medical obligation CONTINUED

The amounts recognised in profit and loss were as follows:

	Notes	GROUP AND COMPANY	
		2015 R'000	2014 R'000
Current service cost		505	551
Interest cost		10 370	9 335
Contributions paid		(7 509)	(6 103)
<b>Total, included in staff costs</b>	25	<b>3 366</b>	<b>3 783</b>
<b>Remeasurements recognised in other comprehensive income:</b>			
Actuarial loss/(gain)		5 229	(6 310)

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 balance sheet.

The principal actuarial assumptions for the medical obligation were:

	GROUP AND COMPANY	
	2015	2014
– Discount rate	8.26%	9.08%
– General inflation rate	6.38%	6.86%
– Medical inflation rate	7.88%	8.36%
– Normal retirement age	60/65	60/65
– Expected rate of salary increases	7.38%	7.86%
– Pre-retirement mortality	SA85-90 (light)	SA85-90 (light)
– Post-retirement mortality	PA90-2	PA90-2

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 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	
	2015	2014
Inflation rate (increase of 1%)	12.9% increase	12.3% increase
Inflation rate (decrease of 1%)	10.9% increase	10.4% decrease

The expected contributions to post-employment medical plans for the year ending 31 March 2016 are R7.7 million.

R'000	GROUP AND COMPANY				
	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Over 5 years	Total
<b>20.3 Maturity analysis of benefits expected to be paid (pension and medical benefits):</b>					
<b>As at 31 March 2015</b>					
Defined pension benefits	27 889	27 505	79 363	351 401	486 158
Post-employment medical benefits	7 747	8 039	25 744	472 472	514 002
<b>Total</b>	<b>35 636</b>	<b>35 544</b>	<b>105 107</b>	<b>823 873</b>	<b>1 000 160</b>

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>21 TRADE AND OTHER PAYABLES</b>				
Trade payables	541 762	592 300	535 038	599 791
Accrued expenses	350 564	457 258	350 042	439 120
Leave	40 889	36 993	40 820	36 993
Employee loans	–	66	–	72
Sundry payables <sup>1</sup>	54 610	20 643	42 075	20 643
<b>Total trade and other payables</b>	<b>987 825</b>	<b>1 107 260</b>	<b>967 975</b>	<b>1 096 619</b>

<sup>1</sup> Sundry payables as at 31 March 2015 include deferred grant income R7.1 million (2014: R6.5 million), sundry creditors R10.1 million (2014: R2.7 million) and payroll provisions R8.9 million (2014: R8 million).



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

22 PROVISIONS	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Bonus <sup>1</sup>	19 960	42 936	18 961	41 964
Demurrage <sup>2</sup>	14 055	28 947	14 175	28 025
<b>Total provisions</b>	<b>34 015</b>	<b>71 883</b>	<b>33 136</b>	<b>69 989</b>
<b>Movement in the bonus provision:</b>				
<b>At 1 April</b>	<b>42 936</b>	<b>34 033</b>	<b>41 964</b>	<b>33 061</b>
Additional provisions	120 208	34 476	120 181	34 476
Unused provision reversed	(99 524)	–	(99 524)	–
Utilised during period	(43 660)	(25 573)	(43 660)	(25 573)
<b>At 31 March</b>	<b>19 960</b>	<b>42 936</b>	<b>18 961</b>	<b>41 964</b>
<b>Movement in the demurrage provision:</b>				
<b>At 1 April</b>	<b>28 947</b>	<b>5 000</b>	<b>28 025</b>	<b>5 000</b>
Additional provisions	2 651	25 991	3 623	25 069
Utilised during period	(17 543)	(2 044)	(17 473)	(2 044)
<b>At 31 March</b>	<b>14 055</b>	<b>28 947</b>	<b>14 175</b>	<b>28 025</b>

<sup>1</sup> Bonus provision comprises 13th cheque bonuses R6.4 million (2014: R6.1 million), short-term incentive plan R2.5 million (2014: R7.4 million) and long-term incentive plan R10.3 million (2014: R12.7 million).

<sup>2</sup> Demurrage is penalty payable to a ship owner if the agreed loading time is not honoured.

23 OTHER INCOME	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Rental income	4 066	913	4 066	913
Rebates	23 460	23 490	23 460	23 490
Royalties income	9 909	42 764	9 909	42 764
Insurance income	1 159	50 088	1 159	50 088
Dividends received	3 834	17 698	3 834	17 698
Bargain purchase gain	–	6 557	–	–
Scrap sales	5 081	3 048	5 081	3 048
Freight recoveries	10 055	–	10 055	–
Other income	7 997	1 465	11 034	4 031
<b>Total other income</b>	<b>65 561</b>	<b>146 023</b>	<b>68 598</b>	<b>142 032</b>

**NOTES TO THE FINANCIAL STATEMENTS** CONTINUED

For the year ended 31 March 2015

24 EXPENSES BY NATURE	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Loss on disposal of property, plant and equipment	4	598	13 341	598	13 341
Auditors' remuneration		4 214	3 367	4 214	3 367
Audit fees		3 689	2 850	3 689	2 850
Expenses		525	517	525	517
Depreciation of property, plant and equipment	4	301 999	270 701	299 703	267 665
Mining asset, land and buildings		42 903	37 941	42 719	37 558
Plant, equipment and vehicles		256 427	230 091	254 315	227 438
Aircraft		2 669	2 669	2 669	2 669
Amortisation of intangible assets	5	3 637	268	3 637	268
Operating lease charges		3 882	3 534	3 882	3 534
Property rentals	31	1 792	1 792	1 792	1 792
Equipment		2 090	1 742	2 090	1 742
Repairs and maintenance		534 528	474 555	534 528	474 555
Raw materials		1 731 910	1 291 419	1 731 910	1 291 419
Electricity		296 982	273 461	296 982	273 461
Water		68 750	89 639	68 750	89 639
Fuel		197 107	242 998	197 107	242 998
Distribution costs		1 079 151	1 046 838	1 079 151	1 046 838
Coal		21 730	20 511	21 730	20 511
Reagents		115 476	120 525	115 476	120 525
Blasting material		65 056	75 885	65 056	75 885
Drilling costs		50 718	53 490	50 718	53 490
Milling media		41 630	35 942	41 630	35 942
Effluent discharge		40 058	36 379	40 058	36 379
Insurance		41 606	43 078	41 606	43 078
Contract and consulting services		155 098	139 311	155 098	139 311
Safety, health, environment and quality		17 505	14 733	17 505	14 733
Travel and subsistence expense		12 520	15 125	12 520	15 125
Training and development		6 937	8 291	6 937	8 291
Share-based payment expense	17.3	3 910	(32 114)	3 910	(32 114)
Employee benefit expense	25	825 223	810 659	824 223	809 687
Provision for impairment of trade and other receivables	11	76 850	74 133	76 850	72 703
Other expenses		291 868	20 450	289 432	17 621
<b>Total expenses</b>		<b>5 988 943</b>	<b>5 146 519</b>	<b>5 983 211</b>	<b>5 138 252</b>
<b>Comprising:</b>					
Cost of sales		4 669 110	3 878 290	4 665 821	3 875 437
Distribution costs		1 079 151	1 046 838	1 079 151	1 046 838
Administrative expenses		240 682	221 391	238 239	215 977
		<b>5 988 943</b>	<b>5 146 519</b>	<b>5 983 211</b>	<b>5 138 252</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

25 EMPLOYEE BENEFIT EXPENSE	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Salaries and wages		732 787	683 038	732 787	683 038
Bonus	22	19 960	42 936	18 961	41 964
Pension costs: Defined contribution plans		59 503	60 027	59 503	60 027
Post-employment medical liability	20.2	3 366	3 783	3 366	3 783
Defined pension benefits	20.1	(4 800)	1 558	(4 800)	1 558
Other staff costs		14 407	19 317	14 406	19 317
<b>Total employee expense</b>		<b>825 223</b>	<b>810 659</b>	<b>824 223</b>	<b>809 687</b>

26 FINANCE INCOME AND COST	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Finance cost:</b>					
Bank borrowings		(70 611)	(74 625)	(70 609)	(74 622)
Interest capitalised on bank borrowings		(166 518)	(90 583)	(166 518)	(90 584)
Finance lease liabilities		(2 752)	(2 603)	(2 752)	(2 603)
Unwinding of discount on the environmental liability	19.1	(23 642)	(21 960)	(23 642)	(21 960)
Interest paid – other		(4 432)	(2 132)	(4 432)	(2 132)
<b>Total finance cost</b>		<b>(267 955)</b>	<b>(191 903)</b>	<b>(267 953)</b>	<b>(191 901)</b>
Less: Amounts capitalised on qualifying assets		78 914	69 508	78 914	69 508
<b>Finance cost</b>		<b>(189 041)</b>	<b>(122 395)</b>	<b>(189 039)</b>	<b>(122 393)</b>
<b>Finance income:</b>					
Interest income from banks		7 904	14 313	7 228	13 432
Interest income – other		6 845	1	6 845	2
		14 749	14 314	14 073	13 434
Environmental Rehabilitation Trust investment – Growth in investment	19.1	14 999	12 497	14 999	12 497
<b>Total finance income</b>		<b>29 748</b>	<b>26 811</b>	<b>29 072</b>	<b>25 931</b>
<b>Net finance cost</b>		<b>(159 293)</b>	<b>(95 584)</b>	<b>(159 967)</b>	<b>(96 462)</b>

**NOTES TO THE FINANCIAL STATEMENTS** CONTINUED

For the year ended 31 March 2015

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>27 NET FOREIGN EXCHANGE LOSS</b>				
The exchange differences (charged)/credited to profit or loss are included as follows:				
<b>Foreign transaction losses</b>	(66 445)	(61 330)	(66 442)	(61 330)
Foreign exchange transaction losses	(63 190)	(22 549)	(63 187)	(22 549)
Derivative instruments	(3 255)	(38 781)	(3 255)	(38 781)
<b>Foreign transaction profits</b>	40 032	5 278	40 032	5 292
Foreign exchange transaction profits	15 020	4 754	15 020	4 768
Derivative instruments	25 012	524	25 012	524
<b>Net foreign exchange loss</b>	(26 413)	(56 052)	(26 410)	(56 038)
	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>28 INCOME TAX EXPENSE</b>				
<b>Tax charge:</b>				
South African normal income tax				
Normal current tax:				
– Current tax on profits for the year	(4)	(24)	–	–
<b>Total current tax</b>	(4)	(24)	–	–
<b>Deferred tax</b> (refer to Note 14)				
Originator and reversal of temporary differences	185 237	5 322	185 474	5 943
– Adjustment in respect of prior years	6 827	(680)	3 900	(680)
– Adjustment in respect of fair value adjustment of acquired assets	–	134	–	–
<b>Total deferred tax</b>	192 064	4 776	189 374	5 263
<b>Income tax expense</b>	192 060	4 752	189 374	5 263
<b>Reconciliation of tax rate</b>				
Standard tax rate	28.00	28.00	28.00	28.00
Permanent differences	(1.10)	(11.42)	(0.99)	(10.64)
Capital gains tax	3.89	–	3.94	–
Prior year over-provision – deferred tax	1.12	(2.13)	0.65	(1.99)
Acquisition of a subsidiary	–	(0.29)	–	–
Deferred tax not recognised on tax loss	(0.27)	–	–	–
<b>Effective rate</b>	31.64	14.16	31.60	15.37

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 28 INCOME TAX EXPENSE CONTINUED

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

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

R'000	GROUP AND COMPANY		
	2014		
	Before tax	Tax (charged)/ credit	After tax
Fair value loss	37 190	(6 936)	30 254
Remeasurement of post-employment benefit	12 204	(3 417)	8 787
Share of other comprehensive income of associates	188	–	188
<b>Other comprehensive income</b>	<b>49 582</b>	<b>(10 353)</b>	<b>39 229</b>

### 29 CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Reconciliation of profit for the year:</b>				
Loss before taxation	(606 841)	(33 554)	(599 138)	(34 243)
Adjustments for:				
– Depreciation	301 999	270 701	299 703	267 665
– Amortisation of intangible assets	3 637	268	3 637	268
– Loss on disposal of property, plant and equipment	598	13 341	598	13 341
– Gain on disposal of investment	(217 450)	–	(217 450)	–
– Gain on bargain purchase	–	(6 557)	–	–
– Unrealised fair value gain on sale of investment	(32 829)	–	(32 829)	–
– Post-employment obligation movement	(1 434)	5 341	(1 434)	5 341
– Share-based payment expense	3 910	(32 114)	3 910	(32 114)
– Realised foreign exchange losses on operating activities	21 554	51 968	21 523	53 658
– Net finance cost	159 293	95 584	159 967	96 462
– Investment income	(3 834)	(17 698)	(3 834)	(17 698)
– Share of loss/(profit) from associate	2 297	(508)	–	–
<b>Changes in working capital:</b>				
Inventory	(52 907)	(140 729)	(52 907)	(140 729)
Trade and other receivables	458 794	(130 033)	453 936	(125 733)
Derivative financial assets	1 546	(555)	1 766	(286)
Derivative financial liabilities	(10)	(34)	(10)	(34)
Trade and other payables	(119 435)	237 608	(128 644)	247 115
Other provisions	(37 868)	32 850	(36 853)	31 928
<b>Total changes in working capital</b>	<b>250 120</b>	<b>(893)</b>	<b>237 288</b>	<b>12 261</b>
<b>Cash generated from operations</b>	<b>(118 980)</b>	<b>345 879</b>	<b>(128 059)</b>	<b>364 941</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>30 BORROWING FACILITIES</b>					
Cash and cash equivalents	13	219 058	513 253	191 099	508 645
Long-term interest-bearing loan	32.1	(1 631 004)	(1 200 000)	(1 631 004)	(1 200 000)
Short-term interest-bearing loan	32.1	(1 062 965)	(1 264 219)	(1 062 965)	(1 264 219)
<b>Net debt</b>		<b>(2 474 911)</b>	<b>(1 950 966)</b>	<b>(2 502 870)</b>	<b>(1 955 574)</b>
Add back capitalised and accrued interest		265 538	93 792	265 538	93 792
<b>Total borrowing facilities</b>		<b>2 500 000</b>	<b>3 000 000</b>	<b>2 500 000</b>	<b>3 000 000</b>
<b>Available for utilisation</b>		<b>290 627</b>	<b>1 142 826</b>	<b>262 668</b>	<b>1 138 218</b>
<b>Rand-denominated facilities</b>					
<b>30.1 Long-term interest-bearing facilities:</b>					
Total facility		1 700 000	1 700 000	1 700 000	1 700 000
Utilised		(1 633 431)	(1 200 000)	(1 633 431)	(1 200 000)
<b>Available</b>		<b>66 569</b>	<b>500 000</b>	<b>66 569</b>	<b>500 000</b>
<b>Long-term interest-bearing facilities</b>		<b>(1 633 431)</b>	<b>(1 293 792)</b>	<b>(1 633 431)</b>	<b>(1 293 792)</b>
Capitalised interest		(257 102)	–	(257 102)	–
<b>Repayable within 12 months (current)</b>		<b>259 529</b>	<b>93 792</b>	<b>259 529</b>	<b>93 792</b>
Capital		53 100	–	53 100	–
Interest		206 429	93 792	206 429	93 792
<b>Total long-term balance</b>		<b>(1 631 004)</b>	<b>(1 200 000)</b>	<b>(1 631 004)</b>	<b>(1 200 000)</b>

The R1.7 billion is a long-term interest bearing facility granted by the Industrial Development Corporation Ltd. Of this facility, R1.63 billion has been utilised. Subsequent to year-end the IDC approved conversion of the R1.7 billion loan to equity. This is expected to be done by 31 March 2016.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 30 BORROWING FACILITIES CONTINUED

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>30.2 Short-term interest-bearing facilities:</b>				
Total committed facility	800 000	1 300 000	800 000	1 300 000
Utilised	(795 000)	(1 170 427)	(795 000)	(1 170 427)
<b>Available</b>	<b>5 000</b>	<b>129 573</b>	<b>5 000</b>	<b>129 573</b>
<b>Repayable within 12 months (current)</b>				
– Capitalised borrowing costs	206 428	90 358	206 428	90 358
– Long-term interest-bearing facilities	53 100	3 434	53 100	3 434
– Short-term interest-bearing facilities	803 437	1 170 427	803 437	1 170 427
<b>Total short-term loans balance</b>	<b>1 062 965</b>	<b>1 264 219</b>	<b>1 062 965</b>	<b>1 264 219</b>

The R800 million short-term interest-bearing facilities were raised from various South African banks. These loans are available for a maximum period of 12 months and are renewable annually. Subsequent to year end, R400 million was repaid.

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>30.3 Guarantees:</b>					
Total facility from banks		530 000	586 700	530 000	586 700
Utilised	33.1	(521 362)	(478 997)	(521 362)	(478 997)
<b>Available</b>		<b>8 638</b>	<b>107 703</b>	<b>8 638</b>	<b>107 703</b>

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>30.4 Letters of credit:</b>				
Total facility from banks	410 000	380 000	410 000	380 000
Utilised	(262 916)	(249 150)	(262 916)	(249 150)
<b>Available</b>	<b>147 084</b>	<b>130 850</b>	<b>147 084</b>	<b>130 850</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

31 COMMITMENTS	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Capital commitments</b>				
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:				
Property, plant and equipment	445 063	329 378	445 063	329 378
<b>Total capital commitments</b>	<b>445 063</b>	<b>329 378</b>	<b>445 063</b>	<b>329 378</b>
<b>Operating lease commitments</b>				
The future minimum lease payments payable under non-cancellable leases are as follows:				
Payable not later than one year	1 792	1 792	1 792	1 792
Payable later than one year and not later than five years	2 240	4 032	2 240	4 032
<b>Total operating lease commitments</b>	<b>4 032</b>	<b>5 824</b>	<b>4 032</b>	<b>5 824</b>

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

32 FINANCIAL INSTRUMENTS	Notes	2015		2014	
		Estimated fair value R'000	Carrying value R'000	Estimated fair value R'000	Carrying value R'000
<b>32.1 Financial instruments by category</b>					
<b>GROUP</b>					
<b>Financial assets</b>					
The carrying amount and fair values of financial assets are as follows:					
<b>Available-for-sale investments</b>					
Financial assets investments	9.1	–	–	188 651	188 651
<b>Loans and receivables</b>					
Environmental Rehabilitation Trust	9.3	767	767	5 631	5 631
Trade receivables	11	317 699	317 699	763 557	763 557
Other loans and receivables (excluding prepayments)	11	63 393	63 393	78 813	78 813
Cash and cash equivalents	13	219 058	219 058	513 253	513 253
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	2 333	2 333	567	567
Environmental Rehabilitation Trust investments	9.2	151 875	151 875	132 012	132 012
<b>Total financial assets</b>		<b>755 125</b>	<b>755 125</b>	<b>1 682 484</b>	<b>1 682 484</b>
<b>Financial liabilities</b>					
The carrying amount and financial value of financial liabilities are as follows:					
<b>Financial liabilities at amortised cost</b>					
Finance lease liability	18	14 331	14 331	16 175	16 175
Trade payables (including accrued expenses)	21	892 326	892 326	1 049 558	1 049 558
Other payables (excluding leave provision)	21	54 610	54 610	6 144	6 144
Long-term interest-bearing loan	30	1 631 004	1 631 004	1 200 000	1 200 000
Current portion on interest-bearing loans	30	1 062 965	1 062 965	1 264 219	1 264 219
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	33	33	43	43
Share buyback option	12	5 698	5 698	5 478	5 478
<b>Total financial liabilities</b>		<b>3 660 967</b>	<b>3 660 967</b>	<b>3 541 617</b>	<b>3 541 617</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.1 Financial instruments by category CONTINUED

	Notes	2015		2014	
		Estimated fair value R'000	Carrying value R'000	Estimated fair value R'000	Carrying value R'000
<b>COMPANY</b>					
<b>Financial assets</b>					
The carrying amount and fair values of financial assets are as follows:					
<b>Available-for-sale investments</b>					
Financial assets investments	9.1	–	–	188 651	188 651
<b>Loans and receivables</b>					
Environmental Rehabilitation Trust	9.3	767	767	5 630	5 630
Trade receivables	11	320 409	320 409	767 961	767 961
Other loans and receivables (excluding prepayments)	11	50 758	50 758	60 685	60 685
Cash and cash equivalents	13	191 099	191 099	508 645	508 645
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	2 333	2 333	567	567
Environmental Rehabilitation Trust investments	9.2	151 875	151 875	132 012	132 012
<b>Total financial assets</b>		<b>717 241</b>	<b>717 241</b>	<b>1 664 151</b>	<b>1 664 151</b>
<b>Financial liabilities</b>					
The carrying amount and financial value of financial liabilities are as follows:					
<b>Financial liabilities at amortised cost</b>					
Finance lease liability	18	14 331	14 331	16 175	16 175
Trade payables (including accrued expenses)	21	885 080	885 080	1 038 911	1 038 911
Other payables (excluding leave provision)	21	42 075	42 075	6 143	6 143
Long-term interest-bearing loan	30	1 631 004	1 631 004	1 200 000	1 200 000
Current portion on interest-bearing loans	30	1 062 965	1 062 965	1 264 219	1 264 219
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	33	33	43	43
<b>Total financial liabilities</b>		<b>3 635 488</b>	<b>3 635 488</b>	<b>3 525 491</b>	<b>3 525 491</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.1 Financial instruments by category CONTINUED

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

		GROUP			
		2015			
	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Assets</b>					
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	–	2 333	–	2 333
Environmental Rehabilitation Trust Investments	9.2	1 119	150 756	–	151 875
		1 119	153 089	–	154 208
<b>Liabilities</b>					
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	–	(33)	–	(33)
Share buyback option	12	–	–	(5 698)	(5 698)
		–	(33)	(5 698)	(5 731)
		2014			
	Notes	R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
<b>Assets</b>					
<b>Available-for-sale investments</b>					
Financial assets investments	9.1	188 651	–	–	188 651
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	–	567	–	567
Environmental Rehabilitation Trust Investments	9.2	868	131 144	–	132 012
		189 519	131 711	–	321 230
<b>Liabilities</b>					
<b>At fair value through profit and loss</b>					
Derivative financial instruments	12	–	(43)	–	(43)
Share buyback option	12	–	–	(5 478)	(5 478)
		–	(43)	(5 478)	(5 521)

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

## 32 FINANCIAL INSTRUMENTS CONTINUED

### 32.1 Financial instruments by category CONTINUED

#### Financial risk management

The principal financial risks arising from the Group activities are credit risk, liquidity risk and those related to market risk (price risk, currency risk and interest rate risk).

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The Group's financial instruments are set out above. There are no transfers between levels.

#### (a) Financial Instruments in Level 1

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

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

#### (b) Financial Instruments in Level 2

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

- The fair value of forward exchange contracts determined using forward exchange rates at the reporting date.
- Quoted market prices or dealer quotes for similar instruments.

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

#### (c) Financial Instruments in Level 3

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

The following represents the changes in Level 3 instrument at 31 March 2015:

	GROUP	
	2015 R'000	2014 R'000
<b>At 1 April</b>	<b>5 478</b>	–
Acquisition of Verdino	–	5 747
Gain/(loss) in profit or loss	220	(269)
<b>At 31 March</b>	<b>5 698</b>	5 478

The total gain/(loss) for the period included in profit or loss for liabilities held at the end of the reporting period is R220 000 (2014: R269 000 loss).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.1 Financial instruments by category CONTINUED

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

	GROUP	
	2015 R'000	2014 R'000
Strike price	6 000 000	6 000 000
Spot price	8 496 518	8 496 518
Discount rate	7.88%	6.46%
Dividend Yield	0.00%	1.41%
Annualised expected volatility	41.88%	42.42%

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

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

#### 32.2 Market risk management

##### 32.2.1 Foreign currency risk management

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

Foreign exchange risk arises from future commercial transactions or recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Approximately 67% 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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.2 Market risk management CONTINUED

##### 32.2.1 Foreign currency risk management CONTINUED

Details of the contracts are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
<b>Forward exchange contracts</b>				
Denominated in Euros (net import notional amount)	934	–	934	–
Denominated in United States Dollars (net import notional amount)	1 000	1 500	1 000	1 500
Average exchange rate as per Euro contract	R14.29	R0.00	R14.29	R0.00
Average exchange rate as per USD contract	11.90	10.66	11.90	10.66
Spot rate at year end R/Euro	R13.11	–	R13.11	–
Spot rate at year end R/US\$	R12.19	R10.69	R12.19	R10.69
The following receivable and payable balances are exposed to exchange rate movements:				
<b>Receivables (less than one year)</b>				
US\$ denominated balances at year end – US\$'000	11 986	11 441	11 986	11 441
Rand equivalent balances at year end – R'000	146 107	122 329	146 107	122 329
<b>Payables (less than one year)</b>				
US\$ denominated balances at year end – US\$'000	14 723	25 931	14 723	25 931
Rand equivalent balances at year end – R'000	179 473	277 259	179 473	277 259
<b>Net payables rand equivalent</b>	<b>(33 366)</b>	<b>(154 930)</b>	<b>(33 366)</b>	<b>(154 930)</b>

At 31 March 2015 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 R2 million lower (2014: R11 million higher); 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 R2 million higher (2014: R11 million less).

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

##### 32.2.2 Interest rate risk management

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

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

The Group secured R2.5 billion (2014: R3 billion) worth of borrowing facilities. The Group borrows funds on variable contract basis. The utilised facilities attracted interest linked to South African prime rate and Jibar rate.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.2 Market risk management CONTINUED

##### 32.2.2 Interest rate risk management CONTINUED

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Cash and cash equivalents	13	219 058	513 253	191 099	508 645
Long-term interest-bearing loan	30	(1 631 004)	(1 200 000)	(1 631 004)	(1 200 000)
Short-term interest-bearing loan	30	(1 062 965)	(1 264 219)	(1 062 965)	(1 264 219)
<b>Net debt</b>		<b>(2 474 911)</b>	<b>(1 950 966)</b>	<b>(2 502 870)</b>	<b>(1 955 574)</b>

At 31 March 2015 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 R16 million higher (2014: R14 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 R16 million (2014: R14 million lower).

##### 32.2.3 Price risk management

###### Commodity and share price risk

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

Some of the risk of changes in the price of these commodities is hedged by entering into fixed contracts with customers and suppliers and derivative option contracts. As at 31 March 2015 and 31 March 2014, the Group did not hold any commodity-based financial instruments.

The risk associated with listed equity investments is the change in equity prices resulting in changes in the fair values of the investments. Unit trusts and other investments (refer to Note 9) are actively managed by reputable fund managers and are held in conservative portfolios, which guarantees return of the capital amount invested.

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Listed investments and unit trusts</b>					
Fair value at 31 March		151 875	320 663	151 875	320 663
Listed investments – Coromandel	9.1	–	188 651	–	188 651
Listed investments – Other	9.2	1 119	868	1 119	868
Unit trusts	9.2	150 756	131 144	150 756	131 144

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 R56 000 (2014: R9.4 million); 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 R56 000 (2014: R9.4 million).

The Environmental Rehabilitation Trust holds unit trusts. The unit trust portfolio for these investments is invested in equity (19%), property (3%), hedge funds (11%), bonds (25%), offshore (15%), multi assets (12%) and money market and cash (15%). A 5% decrease in the quoted price at the reporting date, with all other variables held constant, would have decreased profit before taxation by R8 million (2014: R7 million); conversely, a 5% increase in the quoted price at the reporting date, with all other variables held constant, would have increased profit before taxation by R8 million (2014: R7 million).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.3 Credit risk management

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

The Group limits its investments and deposits to a maximum of R500 million per financial institution with BBB<sup>+</sup> rating by Fitch, and R200 million per financial institution with rating of BBB<sup>-</sup>. Increase in such limits is subject to approval by the Board of directors. Surplus funds available on transactional bank accounts are deposited in short-term high interest yielding investments. The Group manages credit risk on accounts receivable by fixing payment terms on open accounts and selling on letters of credit to foreign customers. Stringent credit assessments are employed before allowing credit sales with customers. At year end customers are assessed individually for impairment.

Recoverability for the outstanding amount can be analysed as follows:

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Trade receivables</b>					
Fully performing					
– Outstanding for less than 60 days		273 214	632 185	275 925	636 589
– Outstanding for more than 60 days but less than 120 days		29 097	100 154	29 097	100 154
Past due and not impaired – Local debtors					
– Outstanding for more than 120 days		15 388	31 218	15 387	31 218
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		48 585	21 133	47 940	19 703
<b>Total trade receivables</b>	11	<b>366 284</b>	<b>784 690</b>	<b>368 349</b>	<b>787 664</b>
<b>Other receivables</b>					
Fully performing					
– Outstanding for less than 60 days		63 393	78 813	50 758	60 685
Past due and impaired – Local debtors					
– Outstanding for more than 120 days		51 935	53 000	51 935	53 000
<b>Total other receivables</b>	11	<b>115 328</b>	<b>131 813</b>	<b>102 693</b>	<b>113 685</b>
<b>Major foreign debtors – Account balance</b>					
Navitrade INC		69 085	–	69 085	–
Intermaritime		–	108 445	–	108 445
Sun International		53 893	–	53 893	–
Trade Drive		23 638	–	23 638	–
Major foreign debtors		<b>146 616</b>	<b>108 445</b>	<b>146 616</b>	<b>108 445</b>
<b>Cash and cash equivalents on hand</b>	13	<b>219 058</b>	<b>513 253</b>	<b>191 099</b>	<b>508 645</b>

The past due debtors were all local South African customers.

The Group does not hold any collateral, nor has it pledged any financial assets as collateral for any of its obligations. No contracts that were past due have been renegotiated. Maximum exposure to credit risk is in the carrying amount of all financial assets.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.4 Liquidity risk management

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

Liquidity risk arises from existing obligations associated with the industry and the requirements to raise funds in order to meet these obligations. The Group manages liquidity by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are available if necessary. The Group secured committed borrowing facilities of R2.5 billion. R2.4 billion was utilised at 31 March 2015. The Group negotiates short-term general borrowing facilities annually with approved banks. R800 million of the total short-term borrowing facility was committed during the year for 12 months.

The long-term obligations include R1.7 billion loans from the parent company, the IDC. There is no security or collateral held against the IDC loan. Subsequent to year-end, the IDC approved that this facility be converted to equity.

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

The short-term obligations mainly include amounts payable to the trade creditors and derivative liability instruments. The derivative instrument obligations are hedged by underlying transactions. Hedge accounting is not applied by the Group.

Current year's trade payables can be analysed as follows:

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Trade payables</b>					
– Due in less than 60 days		492 925	518 752	486 216	526 243
– Due in more than 60 days but less than 120 days		11 845	12 942	11 845	12 942
– Due in more than 120 days		36 992	60 606	36 977	60 606
	21	<b>541 762</b>	592 300	<b>535 038</b>	599 791
<b>Other payables</b>					
– Due in less than 60 days		350 564	457 258	350 042	439 120
– Sundry payables due in less than 60 days		54 610	6 144	42 075	6 143
<b>Trade and other payables (excluding leave provision)</b>	21	<b>946 936</b>	1 055 702	<b>927 155</b>	1 045 054
Derivative financial instrument	12	33	43	33	43
Long-term interest-bearing loan	30	1 631 004	1 200 000	1 631 004	1 200 000
Short-term interest-bearing loan	30	1 062 965	1 264 219	1 062 965	1 264 219
Finance lease liability	18	14 331	16 175	14 331	16 175
<b>Total</b>		<b>3 655 269</b>	3 536 139	<b>3 635 488</b>	3 525 491

Maturity and settlement dates for the derivative financial instruments and the short-term loan are within 12 months and the long-term loan is within 60 months. The lease liability has 11 years remaining as at March 2015.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 32 FINANCIAL INSTRUMENTS CONTINUED

#### 32.4 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.

	Less than 3 months R'000	3 – 12 months R'000	1 – 5 years R'000	Over 5 years R'000
<b>At 31 March 2015</b>				
Derivative financial instrument	33	–	–	–
Long-term interest-bearing loan	3 150	85 035	1 965 047	291 698
Short-term interest-bearing loan	5 286	58 750	293 750	798 436
Finance lease liability	–	1 833	7 097	5 401
<b>At 31 March 2014</b>				
Derivative financial instrument	43	–	–	–
Long-term interest-bearing loan	3 208	43 125	2 141 840	291 698
Short-term interest-bearing loan	137 427	123 985	144 900	433 000
Finance lease liability	–	1 844	7 302	7 029

#### 32.5 Capital risk management

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

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

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

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Total borrowings	30	2 693 969	2 464 219	2 693 969	2 464 219
Less: Subordinated borrowings		(1 631 004)	(1 200 000)	(1 631 004)	(1 200 000)
Less: Cash and cash equivalents	13	(219 058)	(513 253)	(191 099)	(508 645)
Net debt		843 907	750 966	871 866	755 574
Total equity		3 254 476	3 791 313	3 145 864	3 677 538
Subordinated borrowings		1 631 004	1 200 000	1 631 004	1 200 000
<b>Total capital</b>		<b>5 729 387</b>	<b>5 742 279</b>	<b>5 648 734</b>	<b>5 633 112</b>
<b>Gearing ratio</b>		<b>15%</b>	<b>13%</b>	<b>15%</b>	<b>13%</b>

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Share capital		9 158	9 158	9 158	9 158
Share premium		132 013	132 013	132 013	132 013
<b>Capital</b>	15	<b>141 171</b>	<b>141 171</b>	<b>141 171</b>	<b>141 171</b>

There were no changes to the Group's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**NOTES TO THE FINANCIAL STATEMENTS** CONTINUED

For the year ended 31 March 2015

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>33 GUARANTEES AND CONTINGENT LIABILITIES</b>				
<b>33.1 Guarantees</b>				
Guarantees issued by the Group to various beneficiaries amount to R521 million (2014: R479 million).				
<b>Details and beneficiary</b>				
Mine rehabilitation – Department of Mineral Resources	455 590	413 189	455 590	413 189
Water and electricity supply – Richards Bay Transitional Local Council	12 432	12 432	12 432	12 432
Rail transport of phosphate rock and granular fertiliser – Transnet Ltd	25 859	25 859	25 859	25 859
Electricity – Eskom Ltd	17 496	17 496	17 496	17 496
Nitrogen Chemical of Zambia	–	8 800	–	8 800
Mozambique Port Development Council	9 084	–	9 084	–
Various ZAR denominated guarantees	901	1 221	901	1 221
<b>Total</b>	<b>521 362</b>	<b>478 997</b>	<b>521 362</b>	<b>478 997</b>

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

**33.2 Environmental matters – Richards Bay**

Foskor, the Department of Water and Environmental Affairs (DWEA) and the Local Authority are in discussions on the rehabilitation of the gypsum dam area, and other environmental matters. The value of the cost to rehabilitate the area could not be reliably estimated at reporting date as the discussions were still in progress.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 34 GROUP SEGMENTAL REPORTING

#### 34.1 Segment information

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

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

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

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

	Phalaborwa		Richards Bay			
	Phosphate rock	Magnetite	Phosphoric acid	Granular	NPK	Total
	2014	2014	2014	2014	2014	2014
	R'000	R'000	R'000	R'000	R'000	R'000
Total segment revenue	2 776 536	881 440	2 122 706	1 759 695	79 992	7 620 369
Inter-segment revenue	(2 515 499)	–	–	–	(22 507)	(2 538 006)
Revenue from external customers <sup>1</sup>	261 037	881 440	2 122 706	1 759 695	57 485	5 082 363
Earnings before interest and tax (EBIT)	451 828	579 484	(883 888)	–	(6 325)	141 099
Depreciation and amortisation	165 881	–	101 634	–	218	267 733
Impairment charge	–	–	–	–	–	–
Reportable segment assets	4 573 530	–	3 610 588	–	82 947	8 267 065
Capital expenditure for reportable segment non-current assets	420 694	–	254 284	–	–	674 978
Reportable segment liabilities	1 187 598	–	2 839 824	–	10 685	4 038 107

<sup>1</sup> Revenue from unreported segments amounts to R2.7 million (2014: R3.4 million)

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 34 GROUP SEGMENTAL REPORTING CONTINUED

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

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

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

	GROUP	
	2015 R'000	2014 R'000
Segmental earnings before interest and tax (EBIT)	(450 497)	141 099
Net corporate and subsidiaries expenses	29 362	(23 017)
Finance income	29 748	26 811
Finance costs	(189 041)	(122 395)
Net foreign exchange losses	(26 413)	(56 052)
<b>Group profit before tax</b>	<b>(606 841)</b>	<b>(33 554)</b>

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

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

	GROUP	
	2015 R'000	2014 R'000
Segment assets for reportable segments	7 833 671	8 267 065
Unallocated:		
Derivative financial instruments	2 333	567
Other assets	54 129	258 786
<b>Total Group assets per the statements of financial position</b>	<b>7 890 133</b>	<b>8 526 418</b>

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

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

	GROUP	
	2015 R'000	2014 R'000
Segment liabilities for reportable segments	4 146 024	4 038 107
<b>Unallocated:</b>		
Deferred tax	428 271	646 992
Corporate and subsidiary liabilities	62 361	50 004
<b>Total Group liabilities per the statement of financial position</b>	<b>4 635 656</b>	<b>4 735 103</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 34 GROUP SEGMENTAL REPORTING CONTINUED

		GROUP	
		2015 R'000	2014 R'000
<b>34.5</b>	<b>Geographical information</b>		
	Geographical information – Revenues <sup>1</sup>		
	India	300 711	670 487
	South Africa	3 643 830	2 749 732
	Europe	509 002	118 679
	Middle East	101 748	140 182
	Far East	593 568	1 208 128
	Australia	91 937	109 951
	Other <sup>2</sup>	56 163	88 797
	<b>Total external revenues</b>	<b>5 296 959</b>	<b>5 085 956</b>

<sup>1</sup> Revenues are attributable to countries on the basis of customer location.

<sup>2</sup> This includes revenue generated by sales to customers based in Zambia and other countries.

The Group does not have non-current assets in any country other than its country of domicile (South Africa). Revenues of approximately R752 million (2014: R1 362 million) are derived from three external customers. These revenues are attributable to the Richards Bay segment.

### 35 RELATED PARTY TRANSACTIONS

35.1	Subsidiaries (refer to Note 5)	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 except for Inter Minerals Holdings AG which was incorporated in Switzerland.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 35 RELATED PARTY TRANSACTIONS CONTINUED

35.2	<b>Joint Venture (refer to Note 6)</b>	<b>Nature of business</b>	<b>Ownership Interest</b>
	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%
35.3	<b>Associate (refer to Note 7)</b>	<b>Nature of business</b>	<b>Share of loss</b>
	Foskor Zirconia (Pty) Ltd	Manufacturing of electro fused zirconia	(2 297)
			<b>Ownership Interest</b>
			29.9%

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

#### 35.4 Directors' emoluments

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 2015	Directors' fees 2014
MG Qhena (Chairman)*			549 380	427 300
P Ngwenya**		5 March 2015	261 280	190 400
A Vellayan			254 490	50 800
G van Wyk*			332 980	255 600
DS Phaho			270 800	230 000
F Madavo		26 January 2015	142 290	120 800
B Magara		27 January 2015	–	57 200
N Nika			300 200	235 100
RJ Gaveni*			274 080	203 200
T Grobbelaar*		28 February 2014	6 400	203 200
J Barton			272 780	214 900
N Medupe	23 April 2014		134 480	–
<b>Total</b>			<b>2 799 160</b>	<b>2 188 500</b>

\* IDC representative, all director's fees accrue to the shareholder represented and not to the director in his or her personal capacity.

\*\* Manyoro Consortium representative, all director's fees accrue to the shareholder represented and not to the director in his or her personal capacity.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

## 35 RELATED PARTY TRANSACTIONS CONTINUED

### 35.5 Executive director's and executive members' remuneration

Rands	Basic salary	Sign on bonus	Performance bonuses Long-term	Contributions to medical aid, pension, life, insurance and UIF	Expenses allowances/ Leave encashment/ Other	Total
<b>12 months ended 31 March 2015</b>						
<b>Executive directors</b>						
MA Pitse <sup>1,7,9</sup>	3 475 770	–	5 020 137	704 641	767 986	9 968 534
<b>Total</b>	<b>3 475 770</b>	<b>–</b>	<b>5 020 137</b>	<b>704 641</b>	<b>767 986</b>	<b>9 968 534</b>
<b>Prescribed officers</b>						
KM Cele <sup>9</sup>	2 192 411	–	387 603	372 964	43 948	2 996 926
G Ferns <sup>2</sup>	2 456 536	–	–	443 527	10 473	2 910 536
SR Golmari <sup>3</sup>	1 476 036	–	–	59 406	38 948	1 574 390
NM Gokhale	1 889 100	–	–	24 300	–	1 913 400
XS Luthuli <sup>9</sup>	2 441 344	–	400 038	345 012	40 103	3 226 497
J Morotoba <sup>4,9</sup>	2 859 768	2 073 372	107 589	98 243	3 600	5 142 572
N Nkomzwayo <sup>5,8</sup>	1 438 673	–	2 158 225	174 650	230 402	4 001 950
SMS Sibisi <sup>9</sup>	2 328 382	–	405 099	457 788	54 438	3 245 707
DP Singh <sup>6</sup>	488 918	–	–	67 661	183 333	739 912
<b>Total</b>	<b>17 571 168</b>	<b>2 073 372</b>	<b>3 458 554</b>	<b>2 043 551</b>	<b>605 245</b>	<b>25 751 890</b>

Rands	Basic salary	Sign on bonus	Performance bonuses Long-term	Contributions to medical aid, pension, life, insurance and UIF	Expenses allowances/ Leave encashment/ Other	Total
<b>12 months ended 31 March 2014</b>						
<b>Executive directors</b>						
MA Pitse	3 256 528	–	601 996	620 191	671 009	5 149 724
<b>Total</b>	<b>3 256 528</b>	<b>–</b>	<b>601 996</b>	<b>620 191</b>	<b>671 009</b>	<b>5 149 724</b>
<b>Prescribed officers</b>						
TJ Koekemoer	1 440 958	–	3 038 191	358 487	427 632	5 265 268
TJ Koekemoer	601 540	–	–	8 689	2 198	612 427
KM Cele	2 045 537	–	355 933	304 619	404 680	3 110 769
XS Luthuli	2 228 879	–	358 340	284 907	428 871	3 300 997
J Morotoba	2 658 799	–	5 183	40 486	413 734	3 118 202
MP Mosweu	1 837 776	–	2 859 009	97 209	53 642	4 847 636
SMS Sibisi	2 101 639	–	364 670	395 858	418 756	3 280 923
N Nkomzwayo	2 037 574	–	218 678	247 761	539 730	3 043 743
A Myatt	1 443 750	–	–	56 696	44 070	1 544 516
SR Golmari	1 308 175	–	–	38 003	348 445	1 694 623
NM Gokhale	1 247 877	–	–	10 806	330 558	1 589 241
<b>Total</b>	<b>18 952 505</b>	<b>–</b>	<b>7 200 004</b>	<b>1 843 521</b>	<b>3 412 317</b>	<b>31 408 343</b>

<sup>1</sup> Retired 31 August 2014

<sup>2</sup> Appointed 1 April 2014

<sup>3</sup> Contract expired 31 January 2015

<sup>4</sup> Contractual sign on bonus paid 30 June 2014

<sup>5</sup> Resigned 30 November 2014

<sup>6</sup> Appointed 1 January 2015

<sup>7</sup> Included in the long-term performance bonus paid out for MA Pitse is R4.4 million made up of amount accruing from previous years payable on retirement; and R631 928 declared and payment deferred.

<sup>8</sup> Included in the long-term performance bonus paid out for N Nkomzwayo is R2.2 million made up of amount accruing from previous years, payable at end of executive contract.

<sup>9</sup> Long-term performance bonus accruing from previous periods, declared and payment deferred.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 35 RELATED PARTY TRANSACTIONS CONTINUED

#### 35.6 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) will vest 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. Details of the units allocated and held by executive management at 31 March 2015 are set out in the table below. The units were fully vested at 1 April 2014.

	Number of units held
<b>12 months ended 31 March 2015</b>	
MA Pitse	4 838
KM Cele	2 865
XS Luthuli	2 841
N Nkomzwayo	2 168
SMS Sibisi	2 873
<b>Total</b>	<b>15 585</b>

#### 35.7 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
Mgwali Investments (Pty) Ltd	73 177	5.32
Morning Tide Investments 390 (Pty) Ltd	105 145	7.65
Palama Phosphate Investment Company (Pty) Ltd	167 166	12.17
RSA Capital (Pty) Ltd	194 717	14.17
Umanyolo Investment Holdings (Pty) Ltd	116 201	8.46
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
SB Resources (Pty) Ltd	75 322	5.48
Podwala Investments (Pty) Ltd	75 322	5.48
<b>Total</b>	<b>1 373 647</b>	<b>100.00</b>

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



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 35 RELATED PARTY TRANSACTIONS CONTINUED

#### 35.8 The following transactions were carried out with other related parties:

The Group is controlled by the Industrial Development 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)
- 6% by the Kopano Foskor Employees Trust (SA)
- 5% by the Ba-Phalaborwa and Umhlatuze Community Trusts (SA)
- 14% by Coromandel International Ltd (India),
- 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 2015	Receiving of services R'000	Purchase of goods R'000	Outstanding balances <sup>1</sup> R'000
<b>Shareholders</b>			
Industrial Development Corporation Ltd <sup>1</sup>	–	–	1 890 533
Coromandel International Ltd	602	133 288	–
Sun International FZE	658 171	355 050	53 893
	<b>658 773</b>	<b>488 338</b>	<b>1 944 426</b>
<b>State-owned enterprises</b>			
Eskom Ltd	288 799	–	
Transnet Ltd	841 714	–	–
South African Airways (Pty) Ltd	999	–	–
Telkom Ltd	2 534	–	–
National Ports Authority	43 276	–	–
SA Post Office Ltd	1	–	–
<b>Other</b>			
Odfjell Makana SA	48 590	–	–
Zirconia	–	–	51 935
Scaw Metals SA (Pty) Ltd	12 467	–	–
Verdino 174 (Pty) Ltd	–	–	7 742
	<b>1 238 380</b>	<b>–</b>	<b>59 677</b>
<b>Total related party transactions</b>	<b>1 897 153</b>	<b>488 338</b>	<b>2 004 103</b>

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2015

### 35 RELATED PARTY TRANSACTIONS CONTINUED

#### 35.8 The following transactions were carried out with other related parties:

Nature of relationship 2014	Receiving of services R'000	Purchase of goods R'000	Outstanding balances <sup>1</sup> R'000
<b>Shareholders</b>			
Industrial Development Corporation Ltd <sup>1</sup>	–	–	(1 290 584)
Coromandel International Ltd	99	535 978	–
Sun International FZE	4 646	612 188	–
	4 745	1 148 166	(1 290 584)
<b>State-owned enterprises</b>			
Eskom Ltd	270 269	–	
Transnet Ltd	808 815	–	2 844
South African Airways (Pty) Ltd	1 020	–	–
Telkom Ltd	2 634	–	–
National Ports Authority	67 176	–	715
SA Post Office Ltd	1	–	–
<b>Other</b>			
Odfjell Makana SA	130 525	–	–
Zirconia	–	–	67 498
Scaw Metals SA (Pty) Ltd	7 371	–	–
Verdino 174 (Pty) Ltd	–	–	4 173
	1 287 811	–	75 230
<b>Total related party transactions</b>	1 292 556	1 148 166	(1 215 354)

<sup>1</sup> All outstanding balances payable are paid in accordance to Foskor's payment terms. All outstanding receipts are received as per Foskor 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, except for Mr Ngwenya of Odfjell Makana SA, and Mr Vellayan of Coromandel International Ltd.

#### 35.9 Pension Fund

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

### 36 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year-end IDC approved a funding package of R6.1 billion. The funding provided includes the following:

- A restructuring of all current IDC facilities into equity by 31 March 2016,
- A R1 000 000 000 equity facility in support of plant and equipment,
- A R700 000 000 working capital facility and
- A R2 300 000 000 plant and equipment facility.

Other than the matter noted, no other material events have occurred between the date of these financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.





[www.foskor.co.za](http://www.foskor.co.za)

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