ALEXKOR

2023 Integrated Report

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General information

ALEXKOR	DETAILS
Registered name	Alexkor SOC Ltd
Registration number	1992/006368/30
Website address	www.alexkor.co.za
External Auditors	Auditor General of South Africa 4 Daventry Street Lynwood Bridge Office Park Lynwood Manor Pretoria, 0001
Bankers	First National Bank
Company Secretary	Messina Inc. represented by Mr. Lopang Peacock
ALEXKOR HEAD OFFICE	**DETAILS**
Physical address	1 Orange Road Alexander Bay Northern Cape 8290
Telephone number	+ 27 27 831 8399
Email Address	marianal@alexkor.co.za

List of Acronyms and Glossary of Terms

AGSA	Auditor General South Africa
ARC	Audit and Risk Committee
AU	African Union
BBBEEA	Broad Based Black Economic Empowerment Act
BEE	Black Economic Empowerment
BER	Bureau for Economic Research
CEO	Chief Executive Officer
Ct	Carat
CPI	Consumer Price Index
CSRD	Corporate Sustainability Reporting Directive
DALRRD	Department of Agriculture, Land Reform and Rural Development
DFFE	Department of Forestry, Fisheries and Environment
DMRE	Department of Mineral Resources and Energy
DPE	Department of Public Enterprises
DEI	Diversity, equity and inclusion
DoS	Deed of Settlement
DMR	Department of Mineral Resources
EEA	Employment Equity Act
EE	Employment Equity
EM	Environmental Manager
EMP	Environmental Management Plan
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EWP	Employment Wellness Programme
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
ha	Hectar
HDI	Historically Disadvantaged Individual
HR	Human Resources
IA	Internal Audit
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IIRF	International Integrated Reporting Framework
IMF	International Monetary Fund
ISSB	International Sustainability Standards Board
IT	Information Technology
LED	Local Economic Development
ECOP	Environmental Code of Practice
MRPDA	Mineral and Petroleum Resources Development Act
MPRRA	Mineral and Petroleum Resources Royalty Act
NEMA	National Environmental Management Act
NERSA	National Electricity Regulator of South Africa
NDP	National Development Plan
OHSA	Occupational Health and Safety Act
PDP	Performance Development Programme
PFMA	Public Finance Management Act
PSJV	Pooling and Sharing Joint Venture
PPPFA	Preferential Procurement Policy Framework Act
PMS	Performance Management System
RMC	Richtersveld Mining Company
ZAR	South African Rand
SA	South Africa
SANBI	South African National Biodiversity Institute
SCM	Supply Chain Management
SDG	Sustainable Development Goal
SDL	Skills Development Levy
SLA	Service Level Agreement
SLP	Social Labour Plan
SOC	State Owned Company
SMME	Small Micro and Medium Enterprises
TR	Treasury Regulations

SECTION 1

About this report

The Integrated Report aims to provide stakeholders with a concise, material, transparent and digestible assessment of the company's governance, strategy, performance and prospects as we look into the future.

Chairperson's Foreword

Looking back on the 2022/23 financial year, provides an opportunity to deeply reflect on the purpose of optimising the natural resources for economic development, and, to achieve this purpose, realign and correct the trajectory of the entity.

In the preceding two years, Alexkor and PSJV struggled to operate a growing, profitable and sustainable mining organisation that could adequately contribute to the development needs of the surrounding communities. The company had to grapple with the impact of State Capture, restructuring the governance structures and managing the organisation with limited capacity. This has forced rethinking on what is done and how.

Although the leadership term has been brief, the Management, Board and Shareholders have collectively developed a compelling perspective about the future of Alexkor. This perspective aims to not only build upon the prior efforts and lessons learnt, but to forge a more positive future including preparation for a post mining economy.

A new beginning with many challenges

In the 2013 Annual Report, the then Chairperson of the Board, had reflected on the new Alexkor board that took office, facing challenging circumstances.

As the 2012/13 Board were confronted with some stark realities from a business with significant economic challenges, the current Board is also faced with similar challenges, which are worsened by a non-performing economy, lack of capacity, a community in desperate need of development, and various other matters.

The critical problem areas that required immediate intervention and action in 2012/13 persist:

- PSJV profitability is severely eroded due to a loss-making position for more than ten years.
- A breakdown in management structures and procedures has compromised corporate governance.
- Decline in production and employment is significant.
- A hostile environment driven by a significant, and legitimate loss of trust in, and by community structures.

Many of these issues were created by the practicalities of managing an unincorporated joint venture structure. The reporting period ended with the Sida !hub CPA being properly constituted, paving the way for the reconstitution of the RMC and appointment of members of the CPA to be appointed to the PSJV Board.

The ultimate goal remains to support the PSJV management team to improve profitability and reduce operational cost. This will enhance the community's sustainability, secure economic growth, and support job creation. Substantially increasing diamond production is a prerequisite to achieving this.

Work is in progress to restore management structures and operational procedures to ensure good corporate governance. This is a critical priority to restore trust of the community structures that oversee the partnership. There has been no internal audit function for the past three years, which significantly impacts the adequate operation and assurance that the Audit and Risk Committee needs to provide to the Board.

Alexkor and the PSJV is confronted with a multitude of challenges encompassing operational service delivery, pricing, project delivery, value proposition and mandate fulfilment, resourcing and skills deficiencies, suboptimal processes, process delays, lack of customer centricity, and corporate governance gaps.

To address these problems, the strategy has undergone a reassessment within the framework of

the strategic foundation outlined by the National Development Goals, the United Nations Social Development Goals, and the Presidential Commission on the 4th Industrial Revolution (PC4IR)

The orientation of Alexkor and the PSJV is to conform to the mission outlined in the Alexkor Act, with a primary emphasis on executing the objectives.

The members of the Alexkor Board and Management teams demonstrate a strong commitment to the organisational ideals associated with integrity and professionalism. The aforementioned principles should serve as the bedrock and be deeply ingrained within the organisational culture of Alexkor. Moreover, they should be actively encountered by all clients and stakeholders, as Alexkor carries out its assigned tasks and responsibilities.

The external audit of Alexkor for the 2022 2023 reporting period experienced substantial delay due to a delayed start as a result of the decision to request the Auditor General South Africa to opt in for the 2021 2022 reporting period following the removal of the contracted out external auditor. The 2021 2022 external audit was only completed in August 2023 and the audit for the current reporting period in January 2024.

2022/23 Audit Outcomes

Notwithstanding the disclaimer of audit opinion, there has been considerable improvement in the internal control environment and Alexkor is delighted to report a before-tax profit of R94 million, which was R45.8 million above budget.

This was mainly derived from sales from PSJV operations. The company further anticipate that the PSJV contribution will increase marginally in the next financial year due to increased production.

Expanding Strategic Relationships

Alexkor will continue to work on building a meaningful relationship with the Richtersveld community, with their economic sustainability and prosperity is being the ultimate goal and responsibility. The interim CEO has engaged with the community on various occasions during 2023.

Conclusion

The CEO and team have been diligently addressing the current problems and are committed to establishing a favourable trajectory for the sustainability of Alexkor and the PSJV. The Board expresses its gratitude and appreciation to the executive management team, the management teams in DPE, and the diligent employees who are contributing to the continuous efforts to transform Alexkor, leading it towards a more secure and sustainable future.

The involvement of stakeholders plays a crucial role in the operations and activities of Alexkor. The Board extends itssincere gratitude and appreciation to the shareholder, the Minister of Public Enterprises, Hon. Pravin Gordhan, the Deputy Minister, Hon. Obed Bapela (MP) and the Acting Director General, Ms. Jacky Molisane, for their invaluable support in facilitating the continued development of Alexkor and the PSJV.

In the upcoming fiscal year, the primary responsibility of the Alexkor Board will be to maintain oversight in order to ensure that Alexkor remains focused on enhancing service delivery. Additionally, the board will strive to build upon the achievements of the entity in the previous year, specifically by addressing deficiencies in policies, regulations and performance.

Ultimately, the establishment of transparency and trust within the workplace, which is further reinforced by a pertinent performance culture, will set us on a more positive trajectory and guarantee the path the Board envisage for the “new” Alexkor.

Dr Patricia Hanekom
Chairperson of the Alexkor Board

Interim Chief Executive Officer's Overview

This report provides an overview of the accomplishments and obstacles encountered by the organisation throughout the reviewed year.

Furthermore, this also serves as an illustration of how Alexkor has been evaluated by its clients and stakeholders, using equitable and transparent evaluation methodologies. This report highlights both progress and deficiencies in various domains. It is imperative to optimise performance to fulfil the expectations set out by Alexkor customers and stakeholders.

The report further discloses that Alexkor possesses a robust and resilient foundation, facilitating the ability to navigate challenges and capitalise on potential prospects. It is imperative to utilise this foundation to adopt a more client-centric approach and provide enhanced value to stakeholders.

The Alexkor proposed strategy entails the implementation of the following measures:

- Allocate additional resources towards fostering cultural transformation inside the organisation, with the aim of enhancing Alexkor's ability to respond to evolving circumstances swiftly and effectively.
- Propose novel methodologies and protocols to enhance organisational agility and responsiveness towards clients' demands and inquiries.
- Allocate resources towards the development of the workforce, so ensuring the acquisition of appropriate competencies that enable the timely delivery of high-quality outputs.
- Collaborate with diverse stakeholders from the public and private sectors to fortify and improve partnerships, hence augmenting service delivery.
- Propose a strategic realignment of Alexkor to effectively uphold its initial mandate and exceed its existing performance objectives.

The proposed strategic alignment of Alexkor depends on various factors that will ensure its realisation:

1. Dedicate more resources to promoting a cultural transformation within the organisation, with the goal of improving responsiveness to changing circumstances.

2. Suggest cutting-edge methods and techniques to boost customer service and company response.

3.Work together with a wide range of public and private sector actors to strengthen and enhance collaborations, hence improving service delivery.

4. Propose an approach for Alexkor's strategic realignment that will allow it to fulfil its original mission and succeed where it has previously failed.

A detailed analysis of Alexkor's past successes and failures have shown the importance of integrating a customer focus into the company's operations.

Should the company not invest more time and energy into nurturing the relationship between the company and its customers and employees, any strategic interventions are doomed to fail.

The company has in the past year, instituted a customer-centric culture that prioritises the needs of clients and other stakeholders, allowing Alexkor to respond effectively to their most pressing concerns.

In the upcoming fiscal year, the company expects to deliver and introduce new innovations through a variety of strategic partnerships. Alexkor wants to harness, as much as possible, the existing and significant infrastructure investment in both Alexkor and the country, to ensure that up Alexkor's transformation and allocation of government's limited funds to areas that demand additional investment can be improved. To improve Alexkor's capabilities and to better serve customers, the company will be actively exploring new alliances within the industry at large, with a particular emphasis on SMMEs.

The company will be reaching out to CEOs throughout the government and private spheres to form alliances that will benefit both the company and the country as a whole.

Alexkor will launch a high-performance culture campaign for its staff, with support from the top down to assure its success. To help the company in reaching its goals it will also invest more time and energy into training staff in essential skills.

To guarantee that the skills training goals are met, the company has partnered with several key industry stakeholders including the Mining Qualifications Authority (MQA).

Failure Is Not An Option

The development of the Richtersveld, Alexander Bay and Port Nolloth communities has been neglected for many years and in the twenty years since the settlement the community regressed rather than progressed. Failing to turn around the situation will have a material socioeconomic impact on the Alexander Bay community and surrounding region. For this reason, failure is not an option and the company will work diligently with total dedication to ensure the success of its turnaround initiatives. The community can be assured of the company's continued and unequivocal support. As at the date of this report, Management have engaged with the community on various occasions as the company builds trust and a sense of community.

Finally, Alexkor will launch a vigorous drive to recruit and retain staff and to foster an atmosphere that is conducive for a best practice working environment.

Scope

The Integrated Report covers the 12 months ending on 31 March 2023

This report provides an overview of Alexkor and the Alexkor and Richtersveld Mining Company (RMC) Pooling and Sharing Joint Venture (PSJV), in which Alexkor has a 51% interest. The report covers the activities and initiatives undertaken by the PSJV, including its mining operations both at sea and on land, as well as its non-mining activities in Alexander Bay.

The assessment of risks, opportunities and outcomes pertaining to business activities encompasses an examination of the impact on diverse stakeholders who are directly or indirectly affected by the actions or operations of Alexkor and the PSJV.

The primary audience for this report is the key stakeholders of the PSJV, namely the Parliament of South Africa, the South African Government (with a 51% interest in the PSJV through the Alexkor SOC, represented by the Minister of Public Enterprises), the Richtersveld Community (with a 49% interest through the RMC representing the interests of the Sida !hub Community Property Association), investors, mining contractors, the State Diamond Trader (SDT), the Diamond Exchange and Export Centre (DEEC), South African licenced rough diamond buyers representing rough diamond buyers from all over the world, Women in Mining and the Richtersveld Municipality. The report may also be of interest to any other stakeholder who intends to conduct a well-informed evaluation of the PSJV's capacity to generate sustainable value in the short, medium, and long term.

Reporting framework

Local and international reporting frameworks, standards and guidelines have been applied in compiling this report:

- The Public Finance Management Act, and related regulations
- The Companies Act of 2008, South Africa, Act No 71, 2008
- International Financial Reporting Standards (IFRS)
- International Integrated Reporting Framework (IIRF)
- King IV Report on Corporate Governance for South Africa, 2016

Alexkor is committed to continuous improvement in its integrated reporting, specifically in terms of the principles and elements set out in the Integrated Reporting framework, published by the International Integrated Reporting Council.

Materiality definition

Material issues form the basis of the report which is deliberately concise.

Assurance

Non-financial information in this report, although reviewed, has not been assured. However, the information is intended to provide a complete and transparent picture of the 2022/23 financial year. The Audit and Risk Committee provides internal assurance to the Board on an annual basis on the consideration of risks, controls and governance processes. Alexkor's financial, operating, compliance and risk-management controls

Integrated thinking

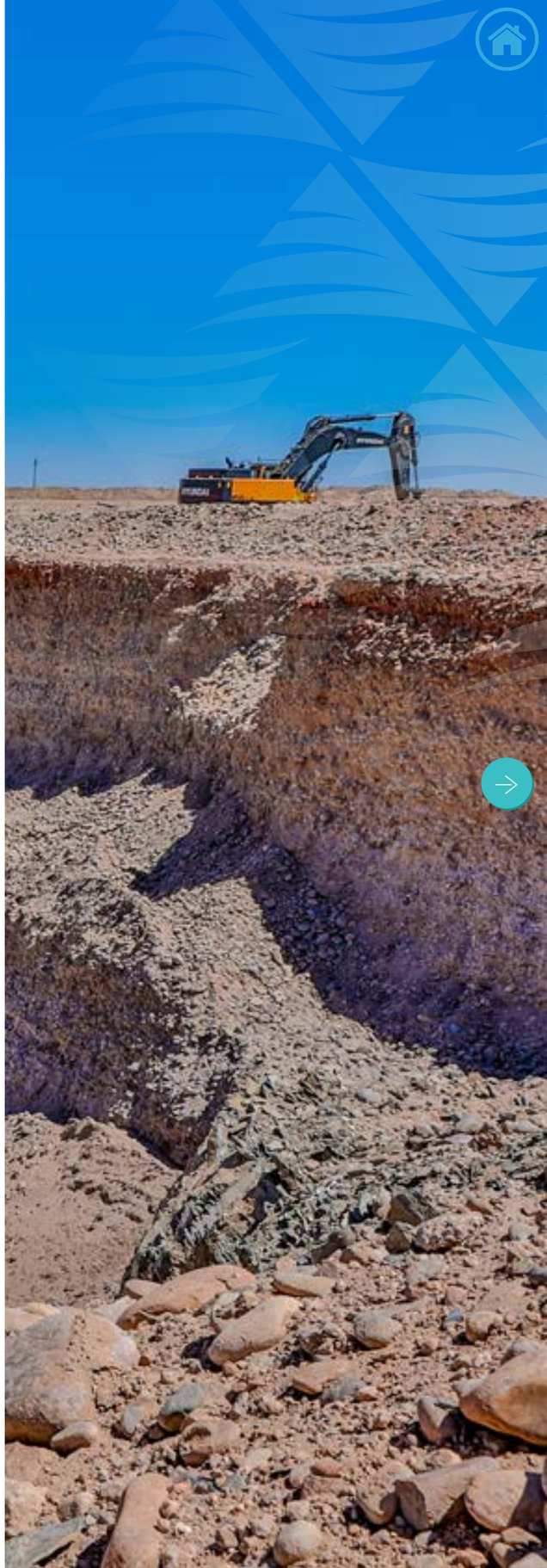
Alexkor has seven core values that underpin its operations and five strategic objectives. The priorities ensure focus on the needs and expectations of the shareholders and key stakeholders creating long-term value. To this end, a more focused stakeholder engagement programme was embarked upon during 2022/23.

Board approval

The Board, supported by the Audit and Risk Committee, is responsible for ensuring the integrity of the Integrated Report. The Board confirms it has applied its collective mind to the preparation and presentation of the report and believes that it addresses all material issues and fairly presents the organisation's integrated performance and impact.

This report was approved by the Board and signed on its behalf by:

Dr Patricia Hanekom
Chairperson of the
Alexkor Board



SECTION 2

Organisational Overview

Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992, and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by government with the Minister of Public Enterprises being the shareholder representative.

About Alexkor

Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992, and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is listed in the Public Finance Management Act, 1 of 1999 (PFMA) as a schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises being the shareholder representative.

The company has two divisions or business units, which are the Alexkor corporate unit and a joint venture through which all mining activity is undertaken namely the Alexkor/ Richtersveld Mining Company (RMC) Pooling and Sharing Joint Venture (PSJV).

The mining is on land, along rivers, on beaches and in the sea along the north-west coast of South Africa. These activities are complemented by geology, exploration, ore reserve planning, rehabilitation, and environmental management.

Created by statute and as a state-owned company, Alexkor is expected to comply with the Constitution of the Republic of South Africa Act, No. 108 of 1996 (the Constitution) and other legislation, such as the PFMA, the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002, MPRDA), the Mine Health and Safety Act 1996 (Act No. 29 of 1996), South African Code for Reporting of Exploration Results (SAMREC), and the National Environmental Management Act, No. 107 of 1998 (NEMA).

The company's development position and strategy align with South Africa's National Development Plan (NDP) Vision 2030, the African Union (AU)'s Agenda 2063, and the Paris Agreement on Climate Change. In October 2020, President Ramaphosa announced the South African Development Goals, which are aligned with the Global Sustainability Development Goals. Alexcor has aligned to 11 SDGs, outlined in page 24 of section 2.

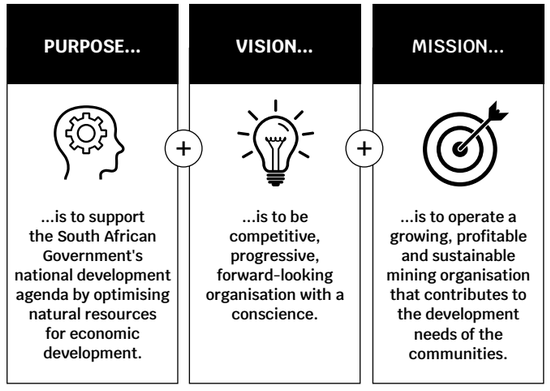
The PSJV was established in 2011, after a successful Land Restitution Claim by the Richtersveld Community against the Government of South Africa on 22 April 2007. The PSJV is an unincorporated joint venture between Alexkor and the RMC. Alexkor holds 51% of the interest in the PSJV. The Board has both a commercial and social mandate in discharging this responsibility, primarily through the mining operations of the PSJV.

The principal objective of the PSJV is the mining of diamond reserves to ensure sustainable job creation and economic cohesion in the Richtersveld community.. A further requirement is that Alexkor, through its interest in the PSJV, shall have due regard for key Government, social, economic and mining policy objectives.

The legislative mandate at the highest level is derived from the Constitution of the Republic of South Africa, 1996 and within the ambit of the Deed of Settlement (DoS). The parties recorded their agreement to a Unanimous Resolution to establish the PSJV on the basis agreed to in the DoS with an effective date of 31 August 2007. These documents govern the relationship between Government, Alexkor, and the RMC which was established as a result of the judgement awarding the land and land mining rights to the Richtersveld Community.

The current arrangement is that the Richtersveld Community's 49% interest in the PSJV is represented by three (3) court appointed members of the PSJV Board.

This is due to the fact that the RMC is not properly constituted as a result of a period of the Sida !hub Community Property Association (CPA) having been placed under administration. The CPA was reconstituted when the court-ordered administration by the Department of Agriculture, Land Reform and Rural Development (DALRRD) ended in February 2023 and the CPA is in the process of reconstituting the RMC. Application was made during the financial year under review to have the court- appointed representatives of the RMC be elected members of the CPA. This was confirmed in a court ruling on 2 June 2023, appointing three members of the CPA to represent the RMC on the PSJV Board and extending the original interim order of the court granted on 21 June 2016 to 26 April 2024.



ALEXKOR'S SEVEN VALUES

What Alexkor does

The mandate, as outlined in the Alexkor Act and the Shareholder Compact, requires that we:

- Transformation of Alexkor into a viable, dynamic mining entity.
- Focus on organic growth at Alexander Bay.
- Exploration and acquisition of new opportunities.
- Creating a sustainable, healthy, safe and environmentally responsible organisation.
- Caring for People.
- Providing sound leadership and building credible processes.
- Building strong relationships with all strategic partners.

Alexkor is a state-owned company that has conducted mining activities along the West Coast of South Africa, namely at the mouth of the Orange River, for nearly a century, commencing in 1926. The geographical area in which Alexkor works is commonly referred to as the Richtersveld, encompassing six distinct towns: Alexander Bay, Koeboes, Sandrift, Lekkersing, Eksteenfontein and Port Nolloth.

Operations

The operations consist of Land Mining and Marine Mining.

Land Mining

The land-based concessions, spanning an area of land equivalent to 865km², is mined by the PSJV.

The PSJV makes use of land mining contractors to mine, including bedrock sweeping operations and tailings dump mining. On land, diamondiferous gravel is excavated from raised beaches, the banks of the Orange River and late stage river beds, by contracted mining entities, including the following processes:

- Topsoil Removal and Overburden Stripping
- Excavation and Screening of diamondiferous gravel
- Hauling - the screened product transported to the designated treatment plants
- Rehabilitation of disturbed area.

Marine Mining

The marine-based concessions span from north of Alexander Bay to south of Port Nolloth. Mining occurs in the shallow, mid and deep-sea waters. However, deep sea mining has been limited but will expand in the next financial year.

Marine Mining entails various aspects, and is explained as follows:

1. VESSEL-BASED DIVER ASSISTED MINING

The diver operations commonly operate in water depths of less than 12 meters, with vessels small enough to operate out of Alexander Bay or Port Nolloth. The divers operate via a surface supplied airline, with air generated from a vessel-based air compressor. The gravel is pumped up through the hose gravel pump system to the on-board screening system (trommel). Fine material (<2 mm) and oversized material (>20 mm) discharged from the screening unit washes directly back into the sea. The diamond bearing gravel is bagged and transported to the onshore processing plants for further processing.

2. SHORE-BASED DIVER ASSISTED MINING

Mining in the surf zone to water depths of up to 12 meters can also be shore-based and locally referred to as “Walpomp” (beach pumping units). These mining operations are typically confined to small trap sites. The submerged target gravels are mined by at least two diver-guided suction hoses. The diamond-bearing gravel is bagged and transported to the nearest processing facility for diamond recovery.

3. INTER-TIDAL BEACH MINING USING MOBILE PUMP UNITS

An alternative mining technique deployed in the surf zone is a dredging unit mounted on an excavator or on a jack-up rig. Both systems use a remotely operated articulated dredging arm, which scours or dredges the seafloor. Areas with generally lower grade, larger volumes of gravel and thicker sand overburden are optimally mined using these methods. Material is pumped from the seafloor and screened through a classifier, which is normally mounted on-board the mining platform or mobile unit. The screened material is pumped ashore into storage bins, which are transported to the onshore processing plants for diamond recovery.

4. VESSEL-BASED REMOTE DREDGE PUMP MINING

This mining method is typically used in the ‘a’ and ‘b’ sea concessions in water depths of typically less than 30 meters. These vessels are smaller than those used in remote airlift and crawler mining described below and can operate out of Port Nolloth and Alexander Bay. The mining system uses vessel mounted pumps to dredge sediments from the seabed using hoses and a digging head. The mining tool is suspended over the side from the aft or along either side of the vessel. On-board screening and processing is self-contained with final recovery of diamonds taking place on the vessel.

5. VESSEL-BASED AIRLIFT MINING

This system is similar in many respects to the dredge pump mining method. However, in the airlift mining method air is pumped down to the digging head, which creates a pressure differential between aerated seawater in the return hose and that of ambient seawater, which in turn draws up (sucks) the gravel and sediment to the surface. This mining method can operate in greater water depths and is typically used in the 'b' and 'c' concessions in water depths typically between 30 meters and 150 meters. The mining tool is suspended from davits (cranes) situated along the side of the vessel. On-board screening and processing is self-contained with final recovery of diamonds taking pace on the vessel.

6. COFFER DAM MINING (SUSPENDED)

Coffer Dam Mining was suspended in 2021 and is pending a legal review of the Minster of Forestry, Fisheries and Environment decision and compliance notices issued by the Department.

The mining methodology is that Coffer dams are constantly maintained to restrict the inflow of sea water into the active mining block. When sea water ingresses into the mining area, submersible pumps are used to pump the water back into the sea.

Overburden material from the mine block is commonly used in the construction/maintenance of the sea wall. The target gravel is screened at a nearby infield screening facility and the separated size fraction is transported to the nearest processing plant for further treatment.

7. VESSEL-BASED REMOTE CRAWLER MINING

This mining method uses a remotely operated crawler to mine in the 'b' and 'c' sea concessions in water depths between 30 meters and 200 meters. The mining vessel operates on a 4-point mooring spread with dynamic positioning to assist the crawler mining operations.

The crawler is then lowered to the seabed by a winch system over the stern of the vessel. The seabed crawler is track-driven and equipped with a dredge pump system, hydraulic power pack and a jet-water system to facilitate the agitation and suction of unconsolidated surficial sediments up to the mining vessel. The seabed crawler can remove seabed sediments to a depth of up to 5 meters in a set path within the mine target area.

As the sediment is removed from the seabed it is pumped to the surface for on-board screening and processing. Unwanted material is discarded overboard. The mining and processing operation is fully self-contained on the mining vessel with final recovery of diamonds taking place on the vessel.

8. PROCESSING PLANTS

The diamondiferous gravel mined by the contractors is processed through one (1) processing plant. This plant was refurbished in May 2017. The only plant that is currently operational is Alexander Bay Plant (North).

Final sorting of all diamonds is performed at the sorting house in Alexander Bay, which was re-furbished and commissioned in 2017 in conjunction with the Alexander Bay Plant. The introduction of mobile containerised optical and Xray sorter machines are in use on the mine which alleviate the production pressure on the Alexander Bay plant, as only a final concentrate as a product is sent to the plant for sorting. The latter operations are fully secured and every aspect is monitored by video cameras in a centralized control room. The supervision of these operations will be increased in the next financial year.

Managing the Risks and Opportunities

To ensure the sustained success of Alexkor, it is imperative for the entity to proactively manage both risks and opportunities.

The ultimate responsibility for risk management and opportunity monitoring lies with the Board. The Enterprise Risk Management (ERM) methodology implemented by the Board guarantees that Alexkor adopts a comprehensive perspective when assessing the risks associated with its strategy, business, and operations.

The integration of risk and opportunity management is ingrained in all aspects of Alexkor's planning and decision-making procedures. The effective governance of risk is ensured by the implementation of ethical behaviour, adherence to statutory requirements, and the application of competent accounting practices.

RISK GOVERNANCE	RISK ASSURANCE	RISK PROCESS
Enables a structured environment for decision-making and oversight related to the management of risk.	Enables monitoring of the management of risk at Alexkor from several points of view to inform enhancements that will increase the adequacy and effectiveness of the internal control environment of the organisation.	Enables the assessment of risk and informs Alexkor's responses to manage uncertainty in pursuit of strategy, business, and operational objectives.

The following risks are faced by entities globally, with some materialising as:

- **Cybersecurity risks:** Alexkor has not experienced a cyberattack and has various controls in place to manage the risks associated with cyberattacks. Appropriate firewalls have been established and maintained during the year under review.
- **Human Capital risks:** Alexkor has experienced a significant number of lay-offs and resignations and dismissals, including at an executive level, specifically for the period from 2019 to 2022. This has impacted mining activities to some degree, however the lack of capacity within Finance, Supply Chain Management and other administrative functions have had a critical impact on the organisation.
- **Business Continuity risks:** Stretched human resources (lack of capacity), the paucity of exploration data and the dysfunction of the RMC directly impacts business continuity.
- **ESG risks:** Environmental, Social and Governance risks associated with the impact of climate change are listed within the top five risks which have an impact on Alexkor, as mining activities are impacted by climate.

Material Issues and Risks

The following has been identified during the year as core risks:

RISK GOVERNANCE	RISK CATEGORY	RISK MITIGATIONS	RISK ASSURANCE
Financial sustainability and going concern status.	**Board**	• Production of carats to ensure sufficient revenue to cover expenses and upgrading of infrastructure. • Strict monitoring and control of all expenditure.	• Improved monitoring and improvement measures of production, marketing and sale of diamonds. • Board and Management strategic sessions to identify alternative options (funding and business ventures). • Quarterly reporting on progress. • Improved (stronger) Stakeholder Management.
Location of viable diamond resources for mining due to a low level of confidence in exploration data and inability to convert the report from *inferred* to the required level namely an *indicated level of confidence*.	**Operational**	• Based on the Z-Star report, the long- and short-term mining plan will be formulated to focus on economically mineable grade. • Extensive drilling programme should be implemented.	• Management appointed an independent exploration team. • Quarterly reporting on the progress and continuously monitoring progress.
The Sida !hub Community Property Association (CPA) is considering options for of development of the land on which the PSJV mines.	**Strategic**	• Continuous engagement with the Government, CPA and the community.	• Continuous engagement with the community. • Community Forums to engage with the interest holders.
Inconsistent deep-sea mining by contractors.	**Operational**	• A tender is being concluded to renew the contractual arrangements with appropriate targets for mining. • Develop a Contractor Management System (CMS).	• Effective controls monitoring. • Providing ongoing awareness and training, including on- the-job training.
Failure to fully recover property rental revenue (Management of the properties is done by the Alexander Bay Operations).	**Operational**	• Collaboration between Alexkor and the PSJV in the implementation process. • Ongoing monitoring and reporting of the eviction policy implementation.	• Ongoing monitoring and reporting of the implementation of eviction policy. • Collaboration between Alexkor and the PSJV in the implementation process.
Non-compliance with Mine Health and Safety Act.	**Operational**	• Regular internal audits • Medically approved fitness and exit reports submitted and reviewed on a monthly and quarterly basis.	• Respond to findings from audits conducted.
Irregular and Fruitless and Wasteful Expenditure (Non-compliance with PFMA / Treasury regulations).	**Financial**	• Providing ongoing awareness and training, including on-the- job training • Consequence management	• Effective controls monitoring • Providing ongoing awareness and training, including on- the-job training

The Stakeholders – Environmental, Social and Governance Considerations

GROWING EXPECTATION ON COMPANIES TO SHOW LEADERSHIP IN ADDRESSING SOCIETAL CHALLENGES

In recent times, there has been a noticeable surge in the level of involvement from investors and stakeholders regarding companies' performance and disclosure in relation to environmental, social, and governance (ESG) factors. This trend is accompanied by an escalating demand for companies to exhibit proactive leadership in tackling societal and environmental issues. These include, among others, gender inequality, diversity, unemployment, human rights, climate change, water management, biodiversity, and the transition towards a circular economy.

The transition can be observed through various notable advancements in sustainability disclosure standards. The International Sustainability Standards Board (ISSB) released the International Financial Reporting Standards (IFRS) S1 and S2. Biodiversity preservation and restoration is also in the spotlight with the TNFD, which EU released the CSRD.

Increasingly, agencies and investors are placing greater emphasis on the ESG performance of companies that are deemed to be lacking in this area. The presence of a robust dedication to sustainability as well as the demonstration of effective performance in this area are also increasingly crucial in attracting highly sought-after skills in a competitive and globally scarce labour market.

FROM LICENSE TO OPERATE TO SOCIAL IMPACT: WHAT "GOOD MINING" LOOKS LIKE IS EVOLVING

As stakeholder pressures and government expectations grow, mining operators increasingly require a more ambitious approach to sustainability and social impact.

Considering increasing scrutiny faced by enterprises in various industries, the mining sector is subject to heightened expectations due to the substantial social and environmental consequences it entails, as well as its significant economic contributions to numerous national economies. In the context of South Africa, persistent obstacles pertaining to the provision of government services, instances of corruption, inadequate governance of state-owned enterprises, and elevated levels of unemployment and inequality, which were further intensified by the global COVID-19 pandemic, have emphasised the significance and obligation of the mining industry in fostering comprehensive and environmentally conscious economic progress.

Mining companies, including Alexkor, face significant demands from various stakeholders such as the government, local communities, and civil society organisations. These expectations encompass several aspects, including the promotion of employment, the provision of meaningful and secure employment, the enhancement of diversity, equity, and inclusion (DEI) practices, the assurance of community welfare, and the creation of sustainable opportunities that extend beyond the lifespan of their assets. Additionally, mining companies are required to minimise their environmental footprint, particularly in relation to water management, decarbonisation efforts, and the preservation of biodiversity.

IMPLICATIONS FOR VALUE

Establishing and upholding reliable connections with the primary stakeholders and promoting socially and ecologically conscious economic growth within the communities where the company operates are fundamental pillars that underpin the capacity to generate value. The increased demands of stakeholders, who often have conflicting interests, have challenged the strength of the company's relationships, and emphasised the significance of actively engaging and collaborating to establish equitable responses to stakeholder concerns.

Insufficiently managed stakeholder relations has the potential to jeopardise the operational activities, impede the company's ability to access mining sites, heighten safety hazards for the workforce, and culminates in an unfavourable reputation.

THE STAKEHOLDERS

The enterprise surroundings that form Alexkor comprise a diverse range of internal and external stakeholders, each with distinct demands, interests and levels of influence.

Alexkor is dedicated to implementing an all-encompassing stakeholder strategy that integrates involvement with stakeholders into the process of value generation. The stakeholder universe of the organisation consists of 14 distinct kinds of stakeholders who have a direct or indirect impact on the business operations.

The process of stakeholder identification and ranking involves categorising stakeholders into several groups and sub-groups based on the strategic objectives, the existing risk factors, and the prevailing business environment. This process of identifying the stakeholders, conducting thorough analysis, and mapping their effects and interests is crucial for the development and implementation of an effective stakeholder relationship management framework. It is important to acknowledge that stakeholders within a given stakeholder group may possess diverse concerns, viewpoints and interests, rather than exhibiting uniformity.

The interests and influence of the stakeholders are subject to change and necessitate ongoing monitoring in accordance with the stakeholder matrix depicted below:

Source:
DBSA IR: 2022

How Alexkor SOC engages

To promote strategic alignment and coherence with the organisational vision, Alexkor actively engages with stakeholders who possess a vested interest in the planning and deliberations of the organisation. This engagement serves to cultivate involvement, comprehension, internalisation, a shared mission, strategic objectives, and business continuity in its programmes, transactions, and operational procedures.

The nature of the involvement with stakeholders has undergone a transformation, shifting from conventional interactions primarily involving employees, clients/ customers, investors, and regulators, to encompass a wider range of engagements with communities, civil society organisations, and other interest groups. Alexkor actively involve stakeholders in discussions pertaining to a range of topics. These topics include, but are not limited to, corruption, socio-economic consequences, environmental consequences, health hazards, human rights, and supply chain circumstances.

The active involvement of stakeholders in decision-making processes contributes to the enhancement of the company's performance. Alexkor employs many interaction tools to solicit thoughts, opinions, insights, and ideas from stakeholders who possess a vested interest in the organisation's prosperity. The strategic stakeholders of the firm encompass several entities: employees, clients/ customers, shareholders, government entities, media outlets, civil society organisations, industry bodies, and rating agencies.

#	STAKEHOLDER	REASON FOR ENGAGEMENT	HOW ALEXKOR ENGAGE	ENGAGEMENT OUTCOMES
1.	**RSA Government, through Department of Public Enterprises (DPE).**	• Achievement of short- and long-term business objectives.	• General engagements and quarterly reporting to DPE.	• Approval of business strategy and initiatives.
2.	**Portfolio Committee on Public Enterprises.**	• Accountability, support and addresses business challenges.	• Board engagements with the Shareholder.	• Transparency and accountability to South Africa on Alexkor's business dealings.
3.	**National Treasury (NT)**	• Guidance on finance related matter, including PFMA compliance	• Submission of: – Corporate plans – Budgets – Financial statements – Integrated reporting	• Ensuring overall sound financial accountability and governance.
4.	**South African Diamond & Precious Metals Regulator (SADPMR) State Diamond Trader (SDT)**	• Licencing of selling and buying of diamonds • Beneficiation of diamonds • By law 10% of production is sold to the SDT	• Tender through Diamond Export and Exchange Centre • Negotiate the selection of the 10% of production.	• Selling of diamonds in open tender ensuring best prices (market values). • Agreement and sale of 10% of diamond production.
5.	**Department of Minerals Resources and Energy (DMRE)**	• Licence to operate • Transformation and advances in Employment Equity • Compliance with Mining Charter • B-BBEE and Enterprise Development	• Various engagements • Annual statutory reports to DMRE • Regular meetings and site visits with senior DMRE officials	• Ongoing compliance • Ensuring implementation of Social and Labour Plan (SLP) commitments • Compliance with all health and safety matters • Environmental Compliance
6.	**Department of Agriculture, Land Reform and Rural Development (DALRRD)**	• Implementation of the Deed of Settlement (DoS)	• Obtaining assistance from DALRRD with regards to effective implementation of DoS	• Effective implementation of DoS.
7.	**Department of Forestry and Fisheries and Environment**	• Implementation of Environmental legislation	• Annual statutory reports to DFFE • Regular meetings and site visits with senior DFFE officials	• Implementation of NEMA.
8.	**Richtersveld Municipality**	• Township Handover • Community projects	• Providing guidance on priority community projects • Monthly handover meetings	• Ensure a successful township handover as per DoS.
9.	**Richtersveld Mining Company**	• The CPA working with the CIPC is in the process of regularising the RMC board to enable it communicate with the community governance structure	• Not Applicable until the RMC is functional but there are Regular meetingsand engagements with CPA representatives	• Resolution of all community issues and strengthened relations between Alexkor and the shareholder of the JV partner
10.	**Organised Labour**	• Maintaining good relations between organised labour union, employees, and management	• Regular meetings to discuss all relevant issues, for example salary increase negotiations	• Ensure a working relationship with labour to facilitate good working conditions, production and overall sustainability of Alexkor.
11.	**Contractors, Suppliers, and other Service Providers**	• Ensuring collaboration in maximising production and developing employees	• Contractual agreements between major contractors and Alexkor	• Sustainability of production and upholding of health and safety standards.

How Alexkor respond to ESG

SDG	NDP CHAPTER	ALEXKOR DEVELOPMENTAL OUTCOME	DPE JOINT INDICATOR
1 **Clean water and infrastructure**	**(11) Social Protection**	• Alexkor supports this goal, and that of the NDP, namely, to reduce poverty. Through job creation and the assistance the company provides to SMEs, it generates jobs and increase income, thereby improving social services and the standard of living of communities. Value is created by employment opportunities and procurement that play a significant role in a range of productive sectors of the economy.	• **Industrialisation:** – Investment expansion • **Transformation:** – Structure of economy: Addressing economic concentration and/or SME promotion • **Delivery/capable state:** – Coordinating with other parts of the state to ensure effective outcomes on mandates and the industrialisation/transformation agenda
2 **Clean water and infrastructure**	**(5) Environmental Sustainability and Resilience** **(6) Inclusive Rural Economy** **(11) Social Protection**	• Alexkor is an employer in the labour-intensive sectors.	• **Industrialisation:** – Sector partnership
4 **Quality education**	**(9) Improving Education, Training, and Innovation**	• Alexkor supports staff participation in continuous personal development and offers comprehensive educational assistance and bursary schemes. Opportunities are extended to external beneficiaries, including internships and learnerships. The corporate social investment funding is directed largely to schools, skills training programmes and education facilities. • In addition, the company encourage development of the governance bodies' collective knowledge of economic, environmental, and social topics	• **Delivery/capable state:** – Building staffing and governance capacity and quick response
5 **Gender equality**	**(11) Social Protection** **(12) Building Safer Communities**	• Alexkor promotes gender equality and offers financial products and business support tailored to priority groups. • The Company has policies and frameworks in place to promote, enforce and monitor equality and gender non- discrimination in the workplace. These include work-life-balance and flexible working initiatives. • Careful consideration is given to the proportion of women in managerial positions, Board representation and representatives in leadership roles in trade unions, workers' committees and/or associations.	• **Transformation:** – Black economic empowerment promotion (black industrialists, women, youth)
6 **Clean water and sanitation**	**(4) Economic Infrastructure**	• Alexkor provide funding for initiatives in water supply and sanitation, and measures for modern waste management systems that prevent contamination of water resources. • Systems have been introduced to reduce the footprint on water.	• **Industrialisation:** – Green economy initiatives
8 **Decent work and economic growth**	**(3) Economy and Employment**	• Job creation requires long-term, sustainable investments. The creation of direct jobs is monitored through investments and the model of the impact on the creation of indirect jobs.	• **Industrialisation:** – Sector partnerships – Localisation outcomes – Beneficiation initiatives – Investment expansion/promotion • **Transformation:** – Structure of economy: Addressing economic concentration and/or SME promotion

SDG	NDP CHAPTER	ALEXKOR DEVELOPMENTAL OUTCOME	DPE JOINT INDICATOR
9 **Industry, innovation and infrastructure**	**4) Economic Infrastructure**	• Alexkor funding contributes to access to infrastructure and to the internet. • Alexkor seek stakeholder participation in decision-making for energy planning and infrastructure development. • SMEs are integrated into the value chains. Key activities include investment for localisation and project development.	• **Industrialisation:** – Sector partnerships – Investment expansion/ promotion – Integrated delivery: entities to identify and implement measures to integrate their work with that of other public institutions. – Delivery/capable state: Coordinating with other parts of the state to ensure effective outcomes on mandates and the industrialisation/ transformation agenda
10 **Reduced inequalities**	**(3) Economy and Employment** **(11) Social Protection** **(15) Nation Building and Social Cohesion**	• The transformation objectives focus on funding support, creation of enabling environments and non-financial support for black-, women- and youth-owned businesses. • The funding support for localisation and small businesses contributes further to this objective. • Alexkor participates in intercontinental projects and initiatives and supports supplier development programmes and other initiatives that promote economic inclusion. The social investment includes initiatives to enhance financial literacy. • Alexkor implements policies and procedures for assessing and screening environmental and social risks in business lines.	• **Industrialisation:** – • Localisation outcomes • Beneficiation initiatives • **Transformation:** – Black economic empowerment promotion and review (black industrialists, women, youth) – Worker empowerment measures/ outcomes where appropriate – Structure of economy: Addressing economic concentration and/or SME promotion – Economic and social support is provided to the Richtersveld Municipality which is comprised of the 5 Richtersveld communities

SDG	NDP CHAPTER	ALEXKOR DEVELOPMENTAL OUTCOME	DPE JOINT INDICATOR
12 **Gender equality**	**(5) Environmental Sustainability and Resilience**	• Alexkor is a signatory to international conventions and adopted frameworks to ensure its investments in productive sectors cause minimal environmental damage and mitigate potential harmful impact. • The policies and procedures assess and screen environmental and social risks in the business. • The Integrated Report is published and to enhance accountability on matters relating to sustainability.	• **Industrialisation:** – Sector partnerships: Master plans – Localisation outcomes – Beneficiation initiatives – Covid-19-related industrial production – African and global exports – Green economy initiatives • **Transformation:** – Structure of economy: Addressing economic concentration and/or SME promotion – Township economy: Promotion of opportunities in the township economy
13 **Climate action**	**(5) Environmental Sustainability and Resilience**	• As a purpose-driven organisation, Alexkor supports environmental sustainability and ESG in its own operations, and investments in these areas. It encourages responsible ESG practices at its clients. Undertaking to increase its role to develop the green economy, it is developing an all-encompassing ESG strategy pursued. ESG policies and responsible investment remain current.	• **Industrialisation:** – Sector partnership – Green economy investments
16 **Peace, justice and strong institutions**	**(13) Building a Capable and Developmental State** **(14) Fighting Corruption**	• The highest standards of business ethics is maintained and zero tolerance of transgressions is enforced. Compliance with all applicable laws, and adherence to anti-corruption and fraud prevention policies, is monitored to continuously improve the processes.	• **Delivery/capable state:** – • Building the entity staffing and governance capacity and quick response • Addressing red tape and compliance in internal processes, including turnaround time targets • Reviewing legislation and identifying possible reforms to help external users and create more agile institutions

Capital

People Capital

Everything which is done depends on the well-being, skills, knowledge, expertise, productivity, motivation and behaviour of the employees, the leadership team, contractors, and service providers.

ACTION TO ENHANCE CAPITAL – NECESSARY INPUTS

Alexkor persists in acquiring a proficient, involved, and efficient labour force for the organisation, while maintaining a steadfast dedication to safeguarding the well-being of all employees. The foundation for optimising value creation is established through endeavours and investments in talent acquisition and retention, the provision of a secure, healthy, and engaged work environment, the promotion of employee training and development, the assurance of equitable labour and contracting practices, and the encouragement of local employment opportunities.

- A self-sufficient community who contributes to the economy, supported by wellness interventions, combating of substance abuse, creating job opportunities with a specific focus on employment equity and socio-economical upliftment.
- An experienced and sufficiently diverse leadership team, demonstrating values-driven behaviour.
- Service providers, delivering on agreed terms and conditions (including specifically on ESG issues), and facilitating the drive for transformation, local development, and safety.

CHALLENGES IN SECURING THESE NECESSARY INPUTS

There are substantial competitive constraints that persist in both the mining sector and the broader context, pertaining to the attraction and retention of highly skilled individuals and a varied pool of personnel. The challenge is being intensified by evolving dynamics in the workplace setting, including the transition towards remote and hybrid work arrangements, with the demand for evolving skill sets required for the progressively computerised mine of the future.

IMPACT OF THE ACTIVITIES ON PEOPLE CAPITAL

Sustained strong occupational health performance:

- Investment in Health and Safety programmes

Further enhanced employee skill sets, wellbeing, and diversity commitment:

- R 29 644 107 spent on employee salaries and benefits
- Leadership and culture initiatives to support employees
- Diversity: 100% HDSAs in management, 94% women in total workforce

No employee grievances were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) during the year under review.

Intellectual Capital

To successfully execute the strategic objectives, it is imperative to cultivate a robust ethical culture that is driven by performance-based principles. Additionally, the implementation of efficient management systems and the consistent pursuit of innovation in both technology and procedures are essential for achieving optimal outcomes in terms of efficiency and effectiveness.

ACTION TO ENHANCE CAPITAL – NECESSARY INPUTS

- Values-driven, performance-led company culture.
- An Operating Model that provides a sequenced and repeatable set of work steps to deliver the intended purpose of the teams' work in the most efficient manner.

CHALLENGES IN SECURING THESE INPUTS

The safeguarding and augmentation of intellectual capital is intricately connected to the allocation of resources towards research and development as well as the cultivation of talents. Additionally, it is contingent upon the capacity to attract and retain highly skilled individuals from varied backgrounds, and the proficiency in fostering a performance-oriented ethical culture that fosters innovation.

IMPACT OF THE ACTIVITIES ON INTELLECTUAL CAPITAL

There has been no investment in the 2022/3 financial year, as the entity was still recovering from low cash reserves.

Relationship Capital

Trusted relationships with all the stakeholders are essential to maintain the reputation and license to operate.

ACTION TO ENHANCE CAPITAL – NECESSARY INPUTS

- Positive engagement with unionised and non-unionised workforce.
- Constructive relationship with representatives from government and regulators
- Continued confidence from the shareholders, investment community and customer base.
- Diversified customer portfolio, with the quality of the products supporting Alexkor's competitive advantage.
- Effective service delivery and engagement from suppliers and contractors.

CHALLENGES IN SECURING THESE INPUTS

The increasing demands from stakeholders for companies to exhibit improved environmental, social, and governance (ESG) performance, together with the diminishing levels of trust in institutions across many nations, have underscored the significance of cultivating robust connections.

Effectively managing the potentially conflicting interests of many stakeholder groups often requires making challenging decisions and balancing opposing priorities. The obstacles are compounded by the persistent presence of inequality and pre-existing difficulties in stakeholder interactions with the business and community sectors in South Africa, which were further intensified by the consequences of the Covid-19 pandemic.

IMPACT OF THE ACTIVITIES ON RELATIONSHIP CAPITAL: KEY TRENDS IN THE ACTIVITIES TO ENHANCE STAKEHOLDER RELATIONSHIPS

Continued to maintain strong employee relations:

- 5.6% employee turnover rate, well below the industry benchmark.
- There was no industrial action during the 2022/23 financial year.

Maintained constructive relationships with national, provincial, and local government through regular engagement, strong regulatory compliance, and encouraging performance on transformation and developmental objectives:

- Positive delivery in terms of National Development Plan expectations
- Generally encouraging relationships with communities, aided by active community engagement and provision of economic opportunities, infrastructure, and services
- Some concerns remain in community relations such as protests due to lack of service delivery.

Natural Resources Capital

The business model involves converting Mineral Resources into social and economic value; doing so has some unavoidable environmental impacts.

ACTION TO ENHANCE CAPITAL – NECESSARY INPUTS

- Water: Total consumption of 124016,6667 M3
- Alexkor SoC is the holder of water use licence no: 14/D82L/G2403, which was granted by the Department of Water and Sanitation 11 January 2015. This authorisation is valid for 20 years and will expire 11 January 2035. Alexkor also supply water to the towns of Alexander Bay and Port Nolloth despite the usage for mining purposes.
- The table alongside summarises the water consumption for the Financial Year 2022 / 2023.

CHALLENGES IN SECURING THESE INPUTS

- Alexkor is located in the water-stressed region of the Northern Cape, characterised by dry conditions and limitations in the supply of municipal drinkable water. These circumstances emphasise the importance of implementing responsible water management practices. The company employs a comprehensive set of measures to ensure that it upholds water quality standards and safeguard the access rights of fellow users, while allowing for reasonable considerations.
- Energy consumption is 28 433 GJ
- Diesel is 293 516 ML

WATER CONSUMPTION FOR 2022-2023 FINANCIAL YEAR (M3)

DATE	TOTAL CONSUMED	MINING	ALEXANDER BAY	PORT NOLLOTH
Apr-22	115000	30150	65000	19850
May-22	97443	18919	48594	29930
Jun-22	152081	65431	69800	16850
Jul-22	128866	31426	62500	34940
Aug-22	97045	7835	57200	32010
Sep-22	113014	11335	77979	23700
Oct-22	111265	24945	65000	21320
Nov-22	142614	42487	80787	19340
Dec-22	104579	19529	73870	11180
Jan-23	151983	70541	65362	16080
Feb-23	150748	71148	68850	10750
Mar-23	123562	47982	63680	11900
TOTALS	**124016,6667**	**36810,66667**	**66551,83333**	**20654,16667**

IMPACT OF THE ACTIVITIES ON NATURAL RESOURCES CAPITAL

Key trends in mitigating the impact on natural resources

No serious (level 3 to 5) environmental incidents have been reported for seventh consecutive years.

Ecological Sustainability:

- Ecologically sustainable development is the environmental component of sustainable development. It can be achieved partially through the use of the precautionary principle; if there are threats of serious or irreversible environmental damage.
- For the financial year 2022 /2023 no irreversible damage to the environment due to mining or any other activities within the area of operations were reported.

Economic Prosperity:

- Part of the natural resource capital in the operations is the extraction and processing of diamonds. Alexkor's resource (diamonds) are undetermined and a lack of investment from Government and independent investors hampers the possibility to determine the resource and enhance economic prosperity in an environmental sustainable manner.
- For the year under review more carats were produced then the previous financial year, which is an indication of economic prosperity, however it should be acknowledged that the resource is being depleted and Alexkor does not have an alternative option for economic prosperity.
- To determine the economic prosperity of Alexkor more capital must be injected into greener technology for prospecting.

Social Equity:

- Social equity refers to the fair access to the benefits of the resources and economic prosperity is a major determining factor on how access is determined to the Alexkor's resources.
- Below is a summary of social equity for the year under review.

CSI EXPENDITURE 01 APR 2022 - 31 MARCH 2023 (R)

ITEM	APR-JUNE	JUL-SEPT	OCT-DEC	JAN-MARCH
Social and Labour Projects	0,00	0,00	0,00	0,00
Training and Development	486 402,00	450 000,00	455 418,00	495 026,19
Housing and Living Conditions	118 526,17	74 899,33	608 484,60	521 791,20
Beauvillon Project (Small Scale Farming)	0,00	0,00	0,00	0,00
School and Educational Support	176 000,00	171 000,00	181 000,00	192 000,00
AET (Adult Education Training)	0,00	0,00	0,00	0,00
Sub Total	780 928,17	695 899,33	1 244 902,60	1 208 817,39
TOTAL SPEND FOR PERIOD UNDER REVIEW				**3 930 547,49**

Financial Capital

The substantial financial investment in the purchase, development and maintenance of property, plant and equipment is required to generate longer-term returns. No investment in Property, Plant and Equipment has been made since 2019.

This has resulted in the following operational risks:

- Ailing PPE, with a book value of R34 378 914 for 2022/23.
- No exploration undertaken in the Northern Cape.
- Unreliable provision of services by service providers and contractors from time to time.

ASSETS

- Ailing property, plant, and equipment: 2023 book value of R34 378 914.
- Maintaining opportunities for growth through exploration and production operations in the Northern Cape province.
- Reliable provision of services from service providers and contractors.

The company strives to purchase both services and assets in the Richtersveld, Namaqualand, and the Northern Cape in that order of priority. Where such service is not available in the above designated areas, the purchase is as far as is possible confined to South Africa.

CHALLENGES IN SECURING THESE INPUTS

To maintain ongoing access to dependable manufactured assets within the operations, it is imperative to strategically invest in the procurement, upkeep, and potential replacement of property, plant, and equipment.

One of the primary obstacles in ensuring the acquisition of essential inputs is the presence of conflicting demands for financial capital. Additionally, unforeseen circumstances might lead to equipment malfunctions, further complicating the procurement process. Moreover, service providers, particularly Eskom, may pose substantial hurdles in terms of delivery and potential delays.

IMPACT OF THE ACTIVITIES ON FINANCIAL CAPITAL

The impact of the expanded production has meant that the amount of Financial Capital has increased and enabled the improvement in the investment in maintenance and infrastructure. These include the phased repair the housing stock, the expansion of the number of boreholes to improve the availability of electricity generation to improve reliability of critical areas of the mine operations, availability of potable water, the purchase of an improved dense media separator, the training of staff on the PFMA, financial skills, fraud prevention, ethics, governance, policy, strategy, leadership, infrastructure and contractor management.

SUMMARY OF PERFORMANCE

The financial indicators below has been audited by the AGSA and allows consideration of performance in comparison.

FINANCIAL INDICATORS	2022/23	2021/22
Gross Revenue	R363,514,483	R 238,357,893
Cost of Sales and other expenses	R293,587,084	R 151,598,655
Other and investment income	R19,912,983	R 12,547,237
Surplus % net revenue	26%	11%
Staff cost % net revenue	8%	12%
Accounts Receivable	R82,654,609	R 523,848,943
Current Liabilities	R282,425,799	R 585,055,629
Headcount	1 039	809

FINANCIAL INDICATORS	2022/23	2021/22
Carats produced	34 683	20 369
Land and Tailings production	20 046	8 184
Deep-sea production	6 103	44
Beach and Mid-waters production	8 755	12 141
Occupational Health and Safety (LTI)	1	1
Fatalities	Nil	Nil

SECTION 3

Governance

Alexkor's ability to create value and deliver sustainable development impact is contingent on its financial sustainability and the pervasiveness of robust governance, ethics, and integrity. Solid leadership is the foundation of value creation process.

Introduction

Alexkor is fully committed to business integrity, fairness, transparency and accountability in all its activities. In support of this commitment, the Board knows that it has to focus on stabilising the entity's corporate governance, risk management and internal controls in all aspects of its operations.

The Boards strives to lead with integrity, competence, responsibility, accountability and transparency. The Board of Directors is the custodian of governance in the organisation and acknowledges its responsibility to ensure that good corporate governance is practiced both at Board and entity level. The Board sets the tone for this in the organisation.

Board Composition

The Alexkor Board is fairly new and were appointed in 2021/22. The following Board members served on the Board for the year under review:

MEMBER	CLASSIFICATION
Dr. T. Hanekom	Chairperson of the Board
Ms. D Peta	Member of Board and Chairperson of the Audit and Risk Committee
Ms. K Mbele	Member of Board and Chairperson of Social, Ethics and Human Resources Committee
Prof. M Hermanus	Member of Board and Chairperson of Environmental, Rehabilitation and Operations Committee
Mr. A Roberts	Member of Board and member of the Social, Ethics and Human Resources Committee
Ms. H. Swartbooi	Member of Board and member of the Social, Ethics and Human Resources Committee

The mining operations of Alexkor are performed jointly with the Alexkor Richtersveld Mining Company (RMC) Pooling and Sharing Joint Venture (PSJV). The Alexkor RMC PSJV Board consists of six non-executive directors of which three represent Alexkor, namely Dr. Trish Hanekom as the Chairperson of the Joint Board (Alexkor RMC PSJV), Alan Roberts and Ms Dineo Peta. The RMC has not been functional since 2016 and Alexkor approached the court to appoint directors to represent the community interest which is served by the RMC. The three-court appointed non-executive directors are Mr Ryno Thomas, Mr Henee De Weeand Ms. Alviria Joseph.

Appointment Of Directors

The Board charter details procedures for nominations to the Board.

Such nominations are formal, transparent and a matter for the entire Board. When nominating directors, the Board takes cognisance of its needs in terms of skills, experience, diversity, size and demographics.

Non-Executive Directors' Fees

Details regarding non-executive directors' remuneration are contained in the Annual Financial Statements in note 36.

Responsibilities of the Chairperson and Chief Executive Officer

The responsibilities of the Chairperson and Chief Executive Officer (CEO) are clearly defined and separated, as set out in the Board charter. While the Board delegates authority to the CEO in terms of the Board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the Board and management.

The Chairperson is responsible for leading the Board and for ensuring the integrity and effectiveness of the Board and its committees. In contrast, the CEO is responsible for the effective management and running of the business in terms of strategies and objectives approved by the Board.

Company Secretary

The Company Secretary is tasked with the central role of governance and administration of the Boards affairs and is key to the efficiency and effectiveness of the Board and its sub-committees.

The Company Secretary should be providing impartial advice and support to the directors.

Messina Incorporated Attorneys represented by Mr. Lopang Peacock is the appointed Company Secretary of Alexkor.

The Board Charter

The Board Charter regulates the parameters within which the Board operates and ensures the application of the principles of good corporate governance in all its dealings. Furthermore, the Board Charter sets out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board.

The Board Charter is aligned with the provisions of all relevant statutory and regulatory requirements, including, among others, the PFMA, Companies Act No 71 of 2008, as amended (the Companies Act), Alexkor Act, King IV and the Company's Memorandum of Incorporation.

The Board Charter is reviewed annually, or as and when required provided by the charter and terms of reference of the committees, Board members are encouraged to seek independent advice, at the Company's cost, during the execution of their fiduciary duties and responsibilities, if so needed.

King IV

Alexkor is a State-owned Company and and strived to align to King IV principles.

Roles and Responsibilities of the Board

The Board has adopted a Board Charter, which is reviewed annually and provides a framework of how the Board operates, as well as the type of decisions to be taken by the Board, decisions to be delegated to Board Committees and to the CEO. The Board has conducted its affairs and discharged its duties and responsibilities in accordance with its Charter.

NUMBER OF MEETINGS				
COMMITTEES	**BOARD**	**AUDIT AND RISK COMMITTEE**	**SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE**	**ENVIRONMENTAL, REHABILITATION AND OPERATIONS COMMITTEE**
Dr. T. Hanekom	8 of 8	4of 4	–	–
Ms. D Peta	8 of 8	4 of 4	–	–
Ms. K Mbele	8 of 8	–	4 of 4	4 of 4
Prof. M Hermanus	8 of 8	–	–	4 of 4
Mr. A Roberts	7 of 8	–	4 of 4	–
Ms. H. Swartbooi	8 of 8	–	4 of 4	–
Prof. T. Fowler	8 of 8	4 of 4	4 of 4	4 of 4

The Board has reviewed certain core governance and strategy documentation during 2022/23, which in brief is listed below:

- Review and Approval of Alexkor Strategy for 2022/23
- Review of CEO Delegations
- Transformation Plan for Alexkor
- Discussions on long outstanding debts, which has a significant impact on sustainable and foreseeable cash reserves
- Approach to Risk Management and Combined Assurance
- Review of Effectiveness of Supply Chain Management and improvement plans

Report of the Audit and Risk Committee

The Committee is pleased to present our report for the financial year ended 31 March 2023.

The Audit and Risk Committee is an independent statutory committee appointed by the shareholder. Further duties are delegated to the audit committee by the directors of the group. This report includes both these sets of duties and responsibilities.

1. Audit and Risk Committee Terms Of Reference

The Audit and Risk Committee has reviewed its formal terms of reference and amended terms of reference will be presented for approval by the board of directors at its meeting in October 2023, which will be sent for approval by the directors. The terms of reference, once authorised, will be available on request.

2. Audit and Risk Committee Members And Attendance

The Audit and Risk Committee, appointed by the accounting authority in terms of Section 51(1) (a) (ii) and 76 (4) (d) of the PFMA and Treasury Regulations 27.1.3 and 27.1.4 is independent and consists of two independent non-executive directors. The chairperson of the Board is a member of the Audit and Risk Committee due to her financial literacy and pending appointment of additional members to the Board with appropriate expertise. The committee meets at least twice per year as per its terms of reference.

The interim CEO, external auditor and other assurance providers (legal, compliance, risk, health and safety) attend meetings by invitation only.

During the year under review four meetings were held, with both members of the Audit and Risk Committee present.

Name of member	14 April 2022	22 July 2022	21 October 2022	January 2023
Ms. Dineo Peta (chairperson) LLB, LLM Appointed: 11 March 2022	Present	Present	Present	Present
Dr. Patricia Hannekom Msc in Financial Economics Appointed: 11 March 2022	Present	Present	Present	Present

The effectiveness of the Audit and Risk Committee and its individual members are assessed on an annual basis.

3. Role And Responsibilities

3.1 STATUTORY DUTIES

The Audit and Risk Committee's role and responsibilities include statutory duties per the Companies Act, 2008, and further responsibilities assigned to it by the directors. The Audit and Risk Committee executed its duties informed by the PFMA, TR and the King IV guidelines as far as possible.

External auditor appointment and independence

The Audit and Risk Committee is satisfied the external auditor, the auditor-general is independent of the company, as set out in section 94(8) of the Companies Act of South Africa.
The committee ensured that the appointment of the auditor complied with the Companies Act of South Africa, and any other legislation relating to the appointment of auditors.
The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2023 year.

Financial statements and accounting practices

The Audit and Risk Committee has reviewed the accounting policies and the consolidated and separate annual financial statements of the company and is satisfied that they are appropriate and comply with IFRS.

An Audit and Risk Committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the company.

Internal financial controls

The Audit and Risk Committee did not oversee a process where the effectiveness of the company's system of internal control and risk management, including internal financial controls were assessed. This is because there was no internal audit performed as internal auditors were not appointed during the 2023 financial year. Consequently the Board, the Audit and Risk Committee and executive management exercised additional diligence in its decision making and reviews of reports.

Whistle blowing

The Audit and Risk Committee receives and deals with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's consolidated and separate annual financial statements, the internal financial controls of the company and related matters.

3.2 DUTIES ASSIGNED BY THE BOARD

In addition to the statutory duties of the Audit and Risk Committee, as reported above, and in accordance with the provisions of the Companies Act of South Africa, the directors have determined further functions for the audit committee to perform, as set out in the Audit and Risk Committee's terms of reference. These functions include the following:

Integrated Reporting and combined assurance

The Audit and Risk Committee fulfils an oversight role regarding the company's Integrated Report and the reporting process.

The Audit and Risk Committee considered the company's operating environment information as disclosed in the Integrated Report and has assessed its consistency with operational and other information known to Audit and Risk Committee members, and for consistency with the consolidated and separate annual financial statements. The committee is satisfied that the operating environment information is reliable and consistent with the financial results.

The Audit and Risk Committee is satisfied that the company has optimised the assurance coverage obtained from management, external assurance providers in accordance with an appropriate combined assurance model.

Going concern

The Audit and Risk Committee has on an ongoing basis reviewed information, including key assumptions prepared by management of the going concern status of the company. The directors' statement on the going concern status of the company, as supported by the Audit and Risk Committee, is elsewhere in the Integrated Report.

Governance of risk

The directors have assigned oversight of the company's risk management function to the Audit and Risk Committee. The chairperson of the Audit and Risk Committee ensures that information relevant to the committee is transferred regularly to the board. The Audit and Risk Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

Internal audit

There was no internal audit function throughout the year due to budgetary contraints. For this reason extra care and diligence was applied by executive management, the Audit and Risk Committee and the Board in reviewing all quarterly reports.

During the year, the committee met with the external auditors without management being present.

The Audit and Risk Committee endevours to comply fully with its legal, regulatory or other responsibilities, notwithstanding the severe capacity constraints.

Evaluation of the expertise and experience of financial director and finance function

There was no Chief Financial Officer for the year under review and thus this evaluation was not conducted.

The Audit and Risk Committee has considered, the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function, and is of the view that there are severe capacity constraints. Interventions to address this have been discussed with the shareholder during the reporting period.

Ms. Dineo Peta
Chairperson of the Audit and Risk Committee
5 January 2024

Social, Ethics and Human Resources Committee report

The Committee is pleased to present its report for the financial year ended 31 March 2023.

The Committee has its formal terms of reference which had to be reviewed during the year under review. The SE&HR Committee consists of at least three (3) members of the Board.

STATUTORY DUTIES

The SEHRC role and responsibilities include statutory duties per the Companies Act, 2008, and further responsibilities assigned to it by the directors in relation to management of Human Resources.

The Committee is an independent statutory committee appointed and it executes its duties in terms of the Companies Act and the requirements stipulated in King IV as far as possible.

SEHRC ROLES AND RESPONSIBILITIES

The role of the SEHR Committee members during the year was primarily to provide oversight in relation to the social and ethical responsibilities of the Company, as contemplated in section 72(4) of the Companies Act, 2008 and the relevant regulations. It further had to consider the legislative requirements in relation to sound human resources management.

ETHICS AND GOVERNANCE

The Board has identified the need to strengthen the structural arrangements for the governance and management of organisational ethics.

This included the review of the Ethics policy to align it with the requirements of the Companies Act. During the 2022/23 financial year, the committee identified various Human Resources policies which required reviewing and updating. This also included the Delegations of Authority.

The Code of Ethics were also recommended for review by the Committee.

RISK MANAGEMENT

The Committee considered the risks that Alexkor face which could strategically impact the operations of the company. This included consideration of the labour and social plans, including the vacancies to be advertised and filled. The impact of cashflow in in relation to backlog projects are key to address, including the impact of increased production on cashflow.

Risk management is closely associated with legal matters and therefore also considered by the Committee.

CORPORATE SOCIAL INVESTMENT

Alexkor offers employment, training and development opportunities to the community in which the mine operated. Alexkor supports staff participation in continuous personal development. Opportunities are extended to external beneficiaries, including internships and learnerships. The corporate social investment funding is directed largely to schools, skills training programmes and education facilities.

The Committee provided guidance in relation to the requirements of the Company's CSI policy aligning with that of the PSJV's CSI policy and provided oversight in terms of funding available for the Corporate Social Investment during the year under review.

STAKEHOLDER RELATIONSHIPS

The stakeholders within the mining and environmental space are crucial to us to ensure enough production is optimal. This included promoting gender equality and offered financial products and business support tailored to priority groups.

Alexkor has policies and frameworks in place to promote, enforce and monitor equality and gender non-discrimination in the workplace. These include work-life-balance and flexible working initiatives.

Careful consideration was given to the proportion of women in managerial positions, Board representation and representatives in leadership roles in trade unions, workers' committees and/or associations.

HUMAN RESOURCES

The Committee considered the human resources and remuneration philosophy, strategy, and policies of Alexkor and performed the following oversight functions:

- Engaging on the the establishment of a formal and transparent procedure for developing a policy on executive remuneration and for the fixing of remuneration packages for employees and the members of the Board;
- Considering the matters and the fixing of the remuneration packages for employees as well as the recommendation of such remuneration packages to the Board for approval; and
- Dealing with all matters in relation to human resources and remuneration as may be determined by the Board from time to time, which included engagements in relation to
  - Union Collective Agreements
  - Organogram
  - Staff Contracts and Key Performance Indicators
  - The SE & HR Committee shall provide a channel of communication between the Board and the Executive Management and Alexkor in providing guidance and control over the direction of Alexkor.

The committee met four (4) times during the 2022/23 financial year and all the members were present during the meeting.

The committee meets at least four times a year. The committee can utilise the services of independent advisors on matters relating to social, ethics and remuneration management.

Ms. Karabo Mbele
Chairperson of the
Social, Ethics and Human
Resources Committee

Environmental, Rehabilitation and Operations Committee Report

ENVIRONMENTAL: .

Environmental audits were conducted during the financial year under review. These audits indicated that the mine and its operations are 98% compliant with its guide, which is the Environmental Managements Programmes as approved by the Regulatory Authority, Department of Mineral Resources and Energy (DMRE).

Below is a table indicating what was audited throughout the year:

OTHER FACTORS AUDITED DURING A SITE INSPECTION MEMBER CLASSIFICATION	
ENVIRONMENTAL HAZARD/RISK:	**METHODS OF MANAGEMENT THAT MAY BE USED:**
Environmental Hazard/Risk:	• Methods of management that may be used:
Exposure to hazardous subåstances on site	• A supervisor will maintain a register of hazardous substances used on site. • A copy is kept on-site for access by all workers. • MSDS for all substances to be used will be recorded in the register – including all subcontractors. • Precautions to minimize exposure of occupants and employees
Storage of Materials	• Signage highly visible and in good order
Waste minimization - containment	• Recycling, Re-use of material, removal of rubbish • Sikelela Diamonds – Unit 4 was instructed to construct a bund wall that is 110% in volume to the fuel tank located at the designated fuel storage area. • Sikelela Diamonds – Unit 4 must be allocated a waste site for temporarily storing hazardous and general waste. The waste site must be handled as stipulated in the ECOP issued to the contractor.
Subcontractor/employee trade practices environmental management	• All subcontractors or employees are to have environmental induction or training
Waste Disposal:	• Detail method of handling (prescribed in ECOP)
Solid	• Rollers, brushes, and dust are to be collected and disposed off.
Hazardous liquid(solvents and solvent paints)	• Solvents are to be collected, recycled, or disposed of by an approved hazardous waste contractor (OIL KOIL)
Water Washings	• Water to be captured and treated

Cofferdam: Compliance Notice Update

The PSJV had to ensure that the compliance notice received from DFFE, dated 29 July 2021, has been considered effectively.

Objected to the compliance notice and therefore requested that the compliance notice be suspended.

All information requested by the Chief Directorate: Sector Enforcement was submitted, and PSJV is of the view that all information was not thoroughly scrutinized and considered, when the compliance notice was drafted.

An update of Alexkor's 1994 EMPRs (Marine EMPRs) was done during 2017. All relevant commenting authorities, regulatory authorities and stakeholders were given the opportunity to comment, advise and ask for further information to inform the Section 102 application submitted to the DMRE

During the application process, the independent environmental consultant appointed by PSJV contacted the local, regional and DFFE specifically the Oceans and Coast Branch; yet no further information, advise or additional permits were required or mentioned in any of the comments or responses throughout the public participation process.

DFFE commented at the time of preparing the 2018 EMPr that a Dumping Permit was not required.

The impact of the coffer dam mining activities has always been assessed as being a significant. The 2018 EMPr assessed the coffer dam mining risks as very high without mitigation and of high impact after mitigation. The independent specialist (Marine Ecologist) appointed has vast experience in the marine offshore environment of the West Coast and SANBI's coastal sensitivity mapping / ratings were considered in during the assessment.

TO BE NOTED:

- DFFE commented at the time of preparing the EMPr that a Dumping Permit was not required
- The 2018 approved EMPr amendment considered the use of rock – this EMPr was approved by DMRE. The previously approved EMPr (1994) included coffer dam mining, however did not approve the use of rock; therefore, the Section 102 application.
- The DFFE conducted a site visit during 2013/14 and saw nothing wrong with the operations neither requested the PSJV to apply for a dumping permit or any other additional permits.
- Almost each year an inter-governmental task team visited the mine since 2013 (Coastal Audit) and each time all Departments gave a coastal audit feedback report and never have any of these Departments (DFFE) (all spheres), DMRE, DPW, DWAS, etc.) requested that the PSJV should apply for a dumping permit; neither did they stop the coffer dam mining operations.

The PSJV has conducted all its mining operations under the regulatory authority of the DMRE since 1929. The DMRE has also not not requested a dumping permit from the PSJV. The EMP was approved by the DMRE, who is not recognised throughout the period that this matter has been dealt with to date.

Alexkor is committed to comply with all relevant legislation, as the reports of various governmental investigative bodies over the past number of years will bear out. We therefore view all allegations in a very serious light. We hold the view that the DFFE should take into account all the previous complaints pertaining to this matter which will reveal that the issues herein have been dealt with over the years.

During the financial year 2022 / 2023 Alexkor has received no direct further notices from the DFFE.

Therefore status quo remained:

- The cofferdam construction has stopped.
- Rehabilitation of the last dam commenced.

The chemical analysis of the material submitted to DFFE the report was done by an independent consultant, Piet Gresse Consulting Geologist who indicated that. "It is therefore stated here that there is no evidence whatsoever of any kind of toxicity associated with the Grootderm Formation lavas anywhere within its distribution area and that the whole issue of phytotoxicity originated from an unfortunate misinterpretation and description of saline surface soil related to salt pan development as being derived from the underlying bedrock, i.e. the Grootderm Formation lavas."
; and

- The dumping permit is being processed (the Department requested a meeting in this regard), however, there is no feedback on the availability of Departmental Executives to proceed with the application.
- DMR conducted a site visit, their instruction was that alexkor must incorporate the 550 mining right and water license in the ECOP issued to the contractors. The water license must only be given to the contractor extracting water from the Orange River.
- Additional registration of TSF, some of the the slimes dam are filled to capacity and others are too far from where the contractors are conducting mining operations.
- PSJV is in consultation with lawyers to finalise coffer dam mining.

A compliance notice was sent during the 4th quarter (FY21/22) to the contractor who is mining through the cofferdam method. The contractor replied to DFFE as per the previous communication to DFFE by Alexkor and is in compliance with all instructions.

The matter does not seem to be resolved even after all information was provided to DFFE and all instructions were implemented. It is recommended that the matter be escalated to the Ministers of DFFE, DMRE, and DPE.

HISTORIC REHABILITATION LIABILITY UPDATE:

- Quotes received from independent contractors regarding the tender to do the historic and current liability update (annual for 3 years).
- A scope has been drafted to revise the existing OEMP focusing on historic rehabilitation (once off).
- An independent environmental consultant to be appointed once the process has been finalised.

The Committee is required to meet at least twice a year. During 2022/23 it met three times

Prof M Hermanus
Chairperson of Environmental, Rehabilitation and Operations Committee

SECTION 4

Performance Information

When compared to the same period over the last four years, this has been the best performing production recorded since FY2019/20 as can be seen below. It should be noted that the average stone size has doubled in this reported period. This may be attributed to the fact that most of the stones recovered came from the fluvial terraces which tend to have larger stone sizes.

Strategic Pillars

STRATEGIC PILLAR	WEIGHT	KPA	KPI	UNIT OF MEASURE	FY 2022/23	FY 22/23 ACTUAL
Financial Sustainability	30	Revenue Generation / enhancement	Rental Income Collected	% Rent collected over the reporting period	55%	50%
			EBIDTA (PSJV)	% EBITDA maintained over the reporting period	5	Alexkor = 6% PSJV = 13%
Operational Excellence	20	Productivity and Efficiency	Land and Marine Production	Carats produced over the reporting period	33 000	34 683
		Safety Regulation Compliance	Number of fatalities recorded over the reporting period	Number	Zero	Zero
			Lost Time Injury Frequency Rate (LTIFR)	Rate maintained at or below target over the reporting period	< 0.6	0.09
Capital Project/ Strategic Initiatives	10	Operational Sustainability, Strategy and Plan	Production ramp up strategy report – 100 000 carats by FY2024.	Report completed	Implementation of Phase 1 of Production Ramp Up Strategy	
					• 2 Contractors to be commissioned	* New strategy to contract big contractors - Tender out
					• IMDSA (possible partnership)	• IMDSA brought on for March 2023
					• Capital Enhancement - *(Harbour Wall and Telehandler)	• Telehandler was purchased in May 2022
Sustainable Development/ Socio Economic and Environmental Impact	10	Corporate Social Investment	Community based project established (Agriculture, culture Tourism)	No of community projects commissioned by PSJV	• Bursary for one Agricultural Student from the Richtersveld - Donchesca Cloete. Admitted to Potchefstroom College of Agriculture.	• Bursary given however the student failed to meet the bursary requirements. Will be advertising for the bursary to students who meet the criteria
					• Assist Local Tourism Office in preparing the Museum for cleaning and opening. Funding for Curator.	• Not started
					• Reviving of the existing oyster farm (Phase 1 _ baseline studies / scope	• In talks with local groups (Richtersveld Company) who have applied to take over the Oyster Farm through the DFFE
		Industrialisation and Localisation	Spent on local procurement (Richtersveld area)	% of R amounts spent on procurement of goods and services	20%	
					• Appointed Richtersveld Secure (Security Company) R2.2 (inflation) per year.	• Contract with Richtersveld secure still in place
					• Donations to local schools in the amount (R210 000 per year).	• R768 000 spent for 2022/23 FY as donations to schools
					• U –Vent (locally based in Springbok) installed 100 water meters (R400 000).	• U-Vend contracted to install additional prepaid water meters
		Environmental management and Sustainability	Compliance to Rehabilitation Plan	Area (ha) rehabilitated as per the approved plan.	Alexander Bay Area (50 ha) to be completed.	Awaiting Surveyor information
		Climate Change/ Energy Efficiency Initiatives	Installation of energy efficient bulbs	Area of mining operation installed with energy saving bulbs	• Energy Saving Bulps for Guesthouses.	• Not started
					• Avail rehabilitated areas at the airport, Witvoorkop and Arriesdrift for solar panel initiatives and find investors.	• Applications received, to be processed
			Finalisation and implementation of the Climate Change Response Strategy and Plan	Strategy and Plan review by DPE before approval by board	Approved Strategy and Plan and associated Quarterly Implementation progress reports	Continuous. Input submitted to DPE.
			Commission greenhouse gardening projects at local schools	No of projects commissioned	• One (1) Pre-primary School (Sandrift) • One (1) High School	Schools have not submitted plans to date.
Governance Excellence	30	Audit Outcome	Audit Outcome	% recommendations implemented	80%	
		Anti-Corruption	Implementation of Forensic Report Recommendations	% of the implementation of Forensic Report Recommendations	20%	10%

SECTION 5

Human Resouces

Alexkor has experienced significant capacity constraints over the past two financial years. This has impacted various operational matters, including the finalisation of financial statements, annual reports and many other regulatory requirements.

Recruiting and retention

The retrenchments that were implemented during the 2020/21 financial year impacted Alexkor and the PSJV. Although this cost containment measure was difficult for the affected people and their families, there was a positive impact on the sustainability of the organisation. This cost measure has indirectly had a major negative impact on the day-to-day operations, as the PSJV was understaffed for most of 2021/22. The following critical positions were filled:

- Mine Engineer
- The HR Manager position was filled but the HR Manager passed away in 2022 and an acting manager has assumed the HR management responsibilities
- Company Secretary (Messina Inc.)

These appointments, however, did not fill the gap in the overall operations. Recruiting and retention of critical staff members is a major obstacle to the continued efficiency of operations due to the remoteness of the area, non-market related salaries and uncertainty of the company as a going concern.

The Human Resources Department focused on various interventions to ensure alignment to the overall objectives of the company for the period under review.

These included:

- Employee Wellness interventions including how to combat substance abuse
- Employment Equity initiatives
- Sourcing and placement in critical positions
- Employee engagement with a focus on corrective behaviour and action
- A continuous drive towards improved social and economic upliftment though corporate social investments

The structure has been established as following within the administrative and mining operations:

STAFF	MARCH 2022	MARCH 2023
ALEXKOR RMC JV LEXKOR RMC JV		
Permanent Employees	78	72
Temporary & Casual Employees	68	74
TOTAL	**146**	**146**
ALEXKORSOC		
Permanent Employees	0	3
Temporary & Casual Employees	0	2
TOTAL	**0**	**5**
CONTRACTORS		
Marine Con ractors - Shallow Water	303	273
Beach & Land Mining	362	617
Bedrock Mining	67	62
Other	77	87
TOTAL	809	1 039

Employment Equity remains a fundamental strategic business imperative for the PSJV. The company has therefore aligned its targets to ensure it empowers the community members when recruitment of permanent and temporary staff occurs. Programmes are in place to develop and train staff including talented and qualified black females who will form part of the company's succession plan. The PSJV is committed to enable an environment for sustainable transformation.

Equity targets have been aligned with the area in which PSJV operate with a predominant focus on Nama and coloured male and female emplooyees:

Employment equity: Alexkor RMC JV

The table below depicts the employment equity status of the company:

OCCUPATIONAL LEVEL	NUMBER OF INCUMBENTS	MALE				FEMALE				% OF DESIGNATED GROUP
		AM	IM	CM	WM	AF	IF	CF	WF	
Senior Management	8	1	0	4	1	**1**	0	1	0	86
Professional Qualified	5	0	0	4	0	**1**	0	0	0	100
Skilled	33	0	0	20	2	**0**	0	8	3	94
Semi-skilled	24	1	0	17	1	**0**	0	5	0	96
Unskilled	2	0	0	1	0	**0**	0	1	0	100
TOTAL	**72**	**2**	**0**	**46**	**4**	**2**	**0**	**15**	**3**	**94**
Temp Employees	73	1	0	37	3	**0**	0	32	0	96
TOTAL	**145**	**3**	**0**	**83**	**7**	**0**	**0**	**47**	**3**	**95**

Legal And Compliance Issues

Legal Matters

Deed of Settlement Compliance Issues

The transfer of the properties is being attended to by the office of the state attorney in Cape Town. Certain documents regarding transfer were signed in and during 22 October 2021 and there is progress being made regarding transfer.

The State Attorney's office in Kimberley has received a query regarding the lodged application for transfer of properties (public entity entities in Alexander Bay) and the query is being attended to. Once the information has been received from CIPC, same will be provided to the State Attorney thus enabling them to answer the query from the Deeds office in Kimberley.

The required information is yet to be received from CIPC and the necessary follow ups are being made in this regard.

PL Marine (Pty) Ltd / Case No. 2080/2020

Alexkor and PSJV received summons in the amount of R10 960 740, 49 for delictual damages in and during 2020. The matter is defended and an exception was brought, as the legal team is of the view that the summons is defective. The matter is in the Northern Cape High Court in Kimberley. The summons were amended accordingly and a Plea was delivered. Pleadings have now closed. However, PL Marine indicated that they wanted to amend their Summons and Particulars of Claim. No amendments have been delivered and the matter is dormant. PL Marine is the Plaintiff and the delays are on their side.

Alexander Bay Diamond Company (SSI) / Case No: 2129/2020

Alexkor and PSJV received summons in the amount of R9 397 839, 25 for contractual damages (unpaid commission) in and during 2020. Alexkor and PSJV have filed a counterclaim in these proceedings and Pleadings have now closed. We are still waiting for the allocation of the Trial date from the Registrar of the High Court in Kimberley. SSI issued an application requesting further and better Particulars to Alexkor's Plea. Nothing has transpired with the application and the matter is dormant. Delays are on Alexander Bay Diamond Company's side.

Alexkor SOC Ltd / Richtersveld Mining Company & 13 others / Case No: 946/2016

This matter concerns the term of office of the RMC Court appointed directors serving on the joint board of directors of Alexkor PSJV. The term has been extended until 2 June 2023 by the Northern Cape High Court in Kimberley. The Court will also rule on whether the CPA nominated directors will be appointed to substitute the current Court appointed RMC directors on the joint board of Alexkor PSJV.

Mervyn Carstens / Alexkor and PSJV

We are waiting for the opposed date to be allocated in the review application pending at the Labour Court in Johannesburg to set aside the arbitration award, which was in favour of Mr Carstens in the amount of R3 200 000,00 in respect of his suspension. All affidavits have been exchanged and once the date has been allocated, the matter will be argued accordingly.

The other matter is the claim brought by Mr Carstens to the CCMA for unfair suspension. In this particular matter, the arbitration has to start from the beginning as the previous commissioner of the CCMA who presided on the matter recused herself. The opposed Review Application was argued on 18 May 2023 and the Judge reserved judgement.

Mervyn Carstens / Alexkor and PSJV / Case No: JR2136/2020

Alexkor PSJV was forced to bring an urgent application as Mervyn Carstens wanted to execute his CCMA suspension award and attach the assets of the PSJV to the value of the CCMA award. The urgent application was granted suspending the attachment of assets pending the review application.

The matter is currently inactive as it will only revive once the judgement of the review application has been handed down.

Mervyn Carstens / Alexkor and PSJV / Case No: J1053/21

This matter is about the setting aside of the Pre-Arbitration Minutes of the CCMA Arbitration hearing in respect of the unfair dismissal claim brought by Mr Carstens against Alexkor PSJV.

Alexkor brought an application to set aside the Pre-Arbitration minutes which were concluded between Mr Carstens' attorneys of record and the previous attorney who represented Alexkor PSJV. All affidavits and Heads of arguments have been exchanged and filed. The matter is awaiting allocation of an opposed date from the Registrar of the Labour Court.

The Arbitration in the CCMA under case number: NC2039-20 has been pended indefinitely and will only revive once the Labour Court heard and ruled on Alexkor's application to set aside the Pre-Arbitration minutes.

Canvass Intelligence (Pty) Ltd / Case No: 2281/2020

Summons has been issued by Canvass against Alexkor PSJV for R934 281-37 in respect of damages in and during 2020.

Details were requested by the Legal team in respect of documents in order for a Plea to be finalised and filed. Documentation is still being awaited and the matter is dormant. Canvass has not filed and done anything to move the matter.

National Union of Mineworkers – Urgent High Court application

The National Union of Mineworkers has applied to Court on urgent basis to oppose the retrenchment of the workers in 2020. The urgent application was struck off from the urgent roll for lack of urgency. However, an opposed date has yet to be allocated by the Registrar of the Labour Court in order to argue the merits of the matter. Awaiting a Court date from the Labour Court in Johannesburg.

Electricity disconnection and claim – Richtersveld Municipality and Arthur Jansen

The matter has been finalised.

MDSA contract and Mining Contract

This matter involves the evergreen contract which IMDSA has been cancelled. Terms of the new contract has been negotiated between the parties and such negotiations are at an advanced stage.

Alexkor PSJV / Michelle Adams / CCMA case no: NC701-21

This is the matter of the former security manager who was dismissed for negligence in the diamond sorting house theft at the PSJV. She referred the matter to the CCMA and the parties have settled the matter.

Alexkor / Lerato Sechaka / CCMA Case no: GATW2302-21

This is the matter of the former PA and receptionist of Alexkor SOC Limited and she referred her matter to the CCMA after having accepted the voluntary severance package. The CCMA refused to entertain her matter, as it lacked jurisdiction to do so, and she had to refer the matter to the Labour Court. The period for referring the matter to the Labour Court has expired.

Alexkor SOC / Keami Investments / Case no: GPRANRC1411/2022

Keami Investments instituted action against Alexkor for training services rendered in 2021. The matter was defended and Alexkor SOC Limited made an offer to settle the matter on a lessor amount than claimed in Keami Investment' Court summons. No agreement was reached. The Plea is in the process of being prepared by the legal team.

SECTION 6

Audit Report

Report of the Auditor-General South Africa to Parliament on Alexkor SOC Limited.

Report of the Auditor-General

Report on the audit of the consolidated and separate Financial Statements

DISCLAIMER OF OPINION

1. I was engaged to audit the consolidated and separate financial statements of Alexkor SOC Limited and its subsidiaries (the group) set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 31 March 2023, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

BASIS FOR DISCLAIMER OF OPINION

Property, plant and equipment

3. The public entity did not recognise property, plant and equipment in accordance with International Accounting Standard (IAS) 16, Property, plant and equipment because some assets could not be physically located. I was unable to determine the full extent of the misstatement that occurred during the financial year as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the lack of proper record keeping. I was unable to confirm the assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R34 578 914 (2022: R39 722 833) in note 5 to the consolidated and separate financial statements. There was also an impact on the surplus for the period and on the accumulated loss.

Investment property

4. The public entity did not recognise all property held to earn rental or for capital appreciation as investment property in accordance with IAS 40, Investment property due to a lack of adequate records. I was unable to determine the full extent of the misstatement that occurred during the financial year as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments were necessary to investment property, stated at R5 584 997 (2022: R5 5844 997) in note 6 to the consolidated and separate financial statements. There was also an impact on the surplus for the period, rental income and on the accumulated loss.

Cash and cash equivalents

5. During the 2021-22 financial year, I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to a lack of reconciliation and the poor status of the accounting records. I was unable to confirm the cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of cash and cash equivalents, stated at R308 472 858 and R149 040 119 in note 16 to the consolidated and separate financial statements, respectively. My audit opinion on the financial statements for the period ended 2021-22 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the goods and services for the current period.

Loan to group company

6. The group did not assess at the end of the financial year whether the loan to group company was measured accurately in accordance with International Financial Reporting Standard (IFRS) 9, Financial instruments. Furthermore, the group did not split the disclosure into current and non-current portions in accordance with IAS 1, Presentation of financial statements. I was unable to determine the value of the misstatement on loan to group company, stated at R74 449 738 (2022: R84 802 621) in note 13 to the consolidated and separate financial statements, as it was impracticable to do so.

Trade and other receivables

7. I was unable to obtain sufficient appropriate audit evidence that trade and other receivables for the current year had been properly accounted for due to the status of accounting records. I was unable to confirm trade and other receivables by alternative means. Furthermore, the group did not properly calculate the expected credit losses on the trade and other receivables in accordance with IFRS 9, Financial instruments. I was unable to determine the full extent of misstatement as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to trade and other receivables, stated at R82 654 609 (2022: R523 848 943) and R83 450 270 (2022: R524 644 605) in note 11 to the consolidated and separate financial statements, respectively.

Trade and other payables

8. I was unable to obtain sufficient appropriate audit evidence for trade and other payables included in the current liabilities due to a lack of proper record keeping and reconciliation of control accounts by the public entity. I was unable to confirm these trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables, stated at R178 177 589 (R566 861 793) and R 178 819 404 (2022: R567 503 610) in note 19 to the consolidated and separate financial statements, respectively.

9. I was unable to obtain to obtain sufficient appropriate audit evidence for contract liabilities due to the environmental liability not being comprehensively assessed by the external expert in the prior year. The liability disclosed in the financial statements has not been valued appropriately, therefore it does not consider the time value of money. I was unable to confirm the contract liabilities by alternative means. Consequently, I could not determine the necessary adjustment to contract liabilities, stated at R204 808 039 (2022: R204 814 763) in note 19 to the consolidated and separate financial statements.

Other income

10. During the 2021-22 financial year, I was unable to obtain sufficient appropriate audit evidence for other income due to the status of accounting records. I was unable to confirm the other income by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of other income, stated at R4 954 357 in note 25 to the consolidated and separate financial statements. My audit opinion on the financial statements for the period ended 2021-22 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the goods and services for the current period.

Cost of sales

11. I was unable to obtain sufficient appropriate evidence for cost of sales due to the status of accounting records. I was unable to confirm cost of sales by alternative means. Consequently, I was unable to determine whether any adjustment was necessary relating to cost of sales, stated at R201 524 655 (2022: R151 598 655) in note 24 to the consolidated and separate financial statements.

Other expenses

12. I was unable to obtain sufficient appropriate audit evidence for other operating expenses, as supporting evidence was not provided for certain expenses. I was unable to confirm the other operating expenses by alternative means. Additionally, there was expenditure that was recorded in an incorrect period. Consequently, I was unable to determine whether any adjustments were necessary relating to other operating expenses, stated at R90 248 798 (2022: R76 350 416) in note 29 to the consolidated and separate financial statements.

Taxation and deferred taxation

13. The public entity has not prepared the income taxation expense reconciliation as required by IAS 12, Income tax. I was unable to determine the full extent of misstatement as it was impracticable to do so. I was unable to confirm the taxes for current and prior year by alternative means.

Contingent liabilities

14. The public entity did not disclose all contingencies as required by IAS 37, Provisions, contingent liabilities and contingent assets. Contingent liabilities identified during the audit and those recorded in the prior year were not fully disclosed. I was unable to determine the full extent of contingent liabilities as disclosed in note 35 to the consolidated and separate financial statements as it was impracticable to do so.

Irregular expenditure

15. The public entity did not include all the irregular expenditure in note 42 to the financial statements as required by section 55(2)(b)(i) of the Public Finance Management Act 1 of 1999 (PFMA). Irregular expenditure was identified in both the current and prior years, but it was not recorded in the related note. Furthermore, a register of irregular expenditure was not maintained. I was unable to determine the full extent of the irregular expenditure that occurred during the current and previous financial year as it was impracticable to do so.

Prior period error

16. The group did not disclose all the prior period errors restated on the comparative figures in note 43 to the consolidated and separate financial statements. Furthermore, some prior period errors disclosed could not be supported by appropriate records or information. I could not confirm these records by alternative means. Consequently, I was unable to determine the full extent of the prior period error disclosure as it was impracticable to do so.

Related parties

17. During the 2021-22 financial year, the group did not disclose the transactions and balances with other government entities related to the entity in the accompanying consolidated and separate financial statements. This is contrary to the requirements of IAS 24, Related party disclosures. My audit opinion on the financial statements for the period ended 2021-22 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the related party transactions and balances for the current period.

Net cash flows from operating activities

18. The group did not correctly prepare and disclose the net cash flows from operating activities as required by IAS 7, Statement of cash flows. This was due to multiple errors in determining cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities, stated at R4 160 543 (2022: R65 917 943) and (R7 985 491) (2022: R57 223 337) in the consolidated and separate financial statements, respectively.

Cash flows from investing activities

19. The group did not correctly prepare and disclose the net cash flows from investing activities as required by IAS 7, Cash flow statements. This was due to multiple errors in determining cash flows from investing activities. I was unable to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from investing activities, stated at R4 425 836 (2022: (R630 685)) and R8 222 691 (2022: R2 015 874) in the consolidated and separate financial statements, respectively.

Net cash flows from financing activities

20. The group did not correctly prepare and disclose the net cash flows from financing activities as required by IAS 7, Statement of cash flows. This was due to multiple errors in determining cash flows from financing activities. I was unable to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from financing activities, stated at (R116 872) (2022: (R1 064 282)) and (R116 872) (2022: (R956 436)) in the consolidated and separate financial statements, respectively.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

21. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standard and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

22. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

23. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

24. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the Annual Performance Report

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

26. I selected the following objectives presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

OBJECTIVES	PAGE NUMBERS	PURPOSE
Financial sustainability	XX	Revenue generation enhancement
Operational excellence	XX	Productivity and efficiency

27. The material findings on the usefulness and reliability of the performance information of the selected objectives are as follows:

EBITDA MARGIN

28. I was unable to obtain sufficient appropriate audit evidence for the achievement of 6% EBITDA (earnings before interest, taxes, depreciation and amortisation) margin reported against the target of 10% in the performance objective related to the Alexkor SOC section of the directors' report. This was due to numerous misstatements noted in the financial statements, as the calculation of EBITDA is based on the financial performance. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the reported achievement.

RENTAL INCOME COLLECTED

29. I was unable to obtain sufficient appropriate audit evidence for the achievement of 50% rental income collected reported against the target of 60% in the performance objective related to the Alexkor SOC section of the directors' report due lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the reported achievement.

LAND AND MARINE PRODUCTION

30. A target of 33 000 carats was included in the approved corporate plan. However, a target of 30 000 carats was reported in the annual performance report.

Other matter

31. I draw attention to the matter below. My opinion is not modified in respect of this matter.

ACHIEVEMENT OF PLANNED TARGETS

32. Refer to the performance objectives related to the Alexkor SOC and PSJV sections of the directors' report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information related to the Alexkor SOC and PSJV in paragraphs 25 to 26 of this report.

Report on the audit of compliance with legislation

INTRODUCTION AND SCOPE

33. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

34. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

35. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

Material misstatements of some non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

36. The financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA.

Strategic planning

37. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 29.3.1.

Procurement and contract management

38. I was unable to obtain sufficient appropriate audit evidence that goods, works and services were procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA.

Oversight and governance

39. Approved audited financial statements were not filed with the annual return, as required by section 33(1)(a) of the Companies Act 71 of 2008 and companies regulation 30(2).

Revenue management

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

Expenditure management

41. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for disclaimer of opinion paragraphs, the full extent of the irregular expenditure could not be quantified. The majority of irregular expenditure disclosed in the financial statements was caused by non-compliance with the PFMA.

42. Effective steps were not taken to prevent fruitless and wasteful expenditure of R546 403, as disclosed in note 42 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Consequence management

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

Internal control deficiencies

44. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

45. Management did not exercise oversight responsibility over the preparation of the annual financial statements, performance reporting, compliance with laws and regulations, and internal control.

46. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

47. Management did not implement controls over daily and monthly processing and reconciling of transactions. Management did also not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

48. The accounting authority did not adequately review and monitor controls over compliance with laws and regulations, resulting in non-compliance with various laws and regulations.

49. Management did not design and implement formal controls to address the systems of collecting, verifying and storing the information as well as to plan, manage and report on the financial information of the controlled entities. This is evidenced by the lack of the records at Alexkor RMC Joint Venture, which is an unincorporated entity.

50. There was no internal audit function during the reporting period, reportedly due to capacity constraints. The absence of this function exacerbated the numerous material misstatements in the consolidated and separate financial statements.

51. Due to information that could not be retrieved, the limitations from previous years still had an impact on the current year records. This is informed by the loss of historical knowledge and limited capacity, as well as limited time to resuscitate the records.

52. It was noted that the internal capacity of the group was limited and required urgent intervention to implement the necessary remedial measures, to improve the outcomes and to enhance the execution of the group's mandate.

Other reports

53. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the type of auditee's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

54. The Special Investigating Unit is currently investigating irregularities that took place in previous years, in line with the Zondo Commission's recommendation. At the time of this auditor's report, the investigation was still ongoing.

SECTION 7

Annual Financial Statements

Alexkor SOC Limited Consolidated (Registration Number 1992/006368/30)

Audited Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023 in compliance with the Companies Act of South Africa

Prepared by: L. Malakalaka

Professional designation: CA (SA)

Title: Finance Manager

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTRATION NUMBER	1992/006368/30
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The group Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992 and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises, being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMCJV) and the Alexkor corporate unit. The mining division is the core business of the company, exploiting a large land-based diamond resource and extensive diamondiferous marine deposits along the north-west coast of South Africa.
DIRECTORS	Dr. Patricia Hanekom (Interim Chairperson) Adj. Professor May Hermanus Ms. Karabo Mbele Ms. Dineo Peta Mr. Alan Roberts Ms. Hilary Swartbooi Adj. Professor Trevor Fowler (Interim CEO) Trevor Fowler
SHAREHOLDER	Department of Public Enterprises
REGISTERED OFFICE	1 Orange Road Alexander Bay Northern Cape 8290
POSTAL ADDRESS	Private Bag X5 Alexander Bay Northern Cape 8290
BANKERS	First National Bank Rand Merchant Bank Investec Private Bank
AUDITORS	Auditor - General South Africa (AGSA) 4 Daventry Street Lynwood Bridge Office Park Lynwood Manor Pretoria 0001
COMPANY SECRETARY	Messina Inc. represented by Mr. Lopang Peacock

Directors' Approval of the Annual Financial Statements

The Board is required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the group, and explain the transactions and financial position of the business of the group at the end of the financial year. The consolidated and separate annual financial statements are based upon appropriate accounting policies consistently applied throughout the group and supported by reasonable and prudent judgements and estimates.

The Board acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the group will not be a going concern in the foreseeable future. The consolidated and separate annual financial statements support the viability of the group.

In the reporting period, noting the investigation of the Zondo Commission, the Board intervened to the extent possible to address the decimated internal capacity of the group. The Board is cognisant that further urgent intervention is needed to provide temporary capacity for remedial measures and permanent capacity commensurate with the mandate of the group as set out in the report of the AGSA for the year ending 31 March 2023.

The consolidated and separate annual financial statements set out on pages 11 to 74, and the supplementary information set out on pages 75 to 78 which have been prepared on the going concern basis, were approved by the Board and were signed on 5 January 2024 on their behalf by:

Dr. Patricia Hanekom
(Interim Chairperson)
Board of Directors
Chairperson

Certificate by the Company Secretary

I hereby confirm, in my capacity as company secretary of Alexkor SOC Limited Consolidated, that for the financial year ended 31 March 2023, the company has filed all required returns and notices in terms of the Companies Act of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Messina Inc.
Represented by
Mr. Lopang Peacock
Company Secretary

5 January 2024

Directors' Report

The directors present their report for the year ended 31 March 2023.

1. Review Of Financial Results And Activities

MAIN BUSINESS AND OPERATIONS

The group Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992 and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises, being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMCJV) and the Alexkor corporate unit. There were no major changes herein during the year.

The group generated a profit after tax for the year ended 31 March 2023 of R93 811 113 (2022: R25 759 635).

The group's revenue increased from R238 357 893 in the prior year to R363 514 483 for the year ended 31 March 2023.

Group cash flows from operating activities changed from an inflow of R65 917 943 in the prior year to an inflow of R4 160 543 for the year ended 31 March 2023.

2. Going Concern

The consolidated and separate annual 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 realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have satisfied themselves that the company and group are in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

3. EVENTS AFTER REPORTING DATE

All events subsequent to the date of the consolidated and separate annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Directors' Interest In Contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Reclassification Adjustment

As far as possible, accounts in the 2022 financial year have been reclassified to be consistent with those in the 2023 financial year.

6. Authorised And Issued Share Capital

The Directors have no authority to issue shares in the Group or Alexkor SOC Limited. No changes were approved or made to the authorised or issued share capital of the company during the year under review.

7. Borrowing Limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

8. Dividend

No dividend was declared or paid to the shareholder during the year.

9. Directors

The directors of the company during the year and up to the date of this report are as follows:
Dr. Patricia Hanekom (Interim Chairperson)
Adj. Professor May Hermanus
Ms. Karabo Mbele
Ms. Dineo Peta
Mr. Alan Roberts
Ms. Hilary Swartbooi
Adj. Professor Trevor Fowler (Interim CEO)

10. Social And Ethics Committee

In line with the requirements of the Companies Act of South Africa, Alexkor SOC Limited Consolidated has appointed a social and ethics committee who have presented their report at the Annual General Meeting. The members of the committee are:

Name	Appoointment date
Ms. Karabo Mbele	11-May-23
Mr. Alan Roberts	11-May-23
Mrs. Hilary Swartbooi	11-May-23

11. Secretary

The group's designated secretary is Messina Inc. represented by Mr. Lopang Peacock.

12. Shareholder

There have been no changes in ownership during the current financial year.

The shareholder and their interest at the end of the year is:

	Holding
Department of Public Enterprises	100.00%

13. Interest in subsidiaries

Alexkor SOC Limited recognises its interest in the Alexkor Rehabilitation Trust with 100% control. The accounts of the Trust have been included in the Consolidated financial statements in complince with the accounting standards relating to investments in subsidiaries, as explained in the accounting policies.

14. Interest in joint ventures

Alexkor SOC Limited is in a joint venture arrangement with the Richtersveld Mining Company ("RMC") where the mining operations are undertaken in terms of the Deed of Settlement following the community's land claim. Alexkor holds 51% interest in the Pooled and Sharing Joint Venture ("PSJV") whereas the RMC holds 49% interest in the PSJV. The PSJV is accounted for as a joint operation consistent with the prior year, in accordance with the set accountng policies.

15. Solvency and liquidity test

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

16. Liquidity and solvency

The Group's liquidity has been assessed with a current ratio of 3.41 and acid test ratio of 3.20. As such, the group is liquid and will be able to cover its short-term liabilities.

17. Shareholder's compact

A shareholder's compact was signed between the Board and the Executive Authority for the period under review. Performance objectives are captured within the shareholder's compact and are reported against the outcomes on a quarterly basis.

The shareholder's compact key performance indicators (KPI's), which are revised annually by agreement between the board of directors and the shareholder representative, serve as the performance monitoring framework for the company. Performance against the shareholder's compact of 2023 financial year targets are outlined in the Integrated Report.

Alexkor SOC Limited Consolidated Annual Financial Statements

Statements Of Financial Position as at 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Assets					
Non-current assets					
Property, plant and equipment	5	34 578 914	39 722 833	34 578 914	39 722 833
Investment property	6	5 584 997	5 584 997	5 584 997	5 584 997
Intangible assets other than goodwill	7	777 999	996 585	777 999	996 585
Equity accounted investments	8	-	-	225 559 676	215 781 540
Loan to group company	13	74 449 738	84 802 621	74 449 737	84 802 621
Total non-current assets		**115 391 648**	**131 107 036**	**340 951 323**	**346 888 576**
Current assets					
Inventories	9	262 146 702	27 086 996	262 146 702	27 086 996
Trade and other receivables	11	82 654 609	523 848 943	83 450 270	524 644 605
Unit trusts	12	68 873 578	64 380 421	11 095 821	10 399 519
Prepayments	15	622 624	511 242	622 624	511 242
Cash and cash equivalents	16	316 809 298	308 472 858	149 027 380	149 040 119
Total current assets		**731 106 811**	**924 300 460**	**506 342 797**	**711 682 481**
Total assets		**846 498 459**	**1 055 407 496**	**847 294 120**	**1 058 571 057**
Equity and liabilities					
Equity					
Issued capital	17	400 000 000	400 000 000	400 000 000	400 000 000
Accumulated loss		(40 735 379)	(134 546 497)	(40 689 379)	(132 132 599)
Total equity		**359 264 621**	**265 453 503**	**359 310 621**	**267 867 401**

Statements Of Financial Position as at 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Liabilities					
Non-current liabilities					
Trade and other payables	19	204 808 039	204 814 763	204 808 039	204 814 763
Lease liabilities	21	-	83 601	-	83 601
Total non-current liabilities		**204 808 039**	**204 898 364**	**204 808 039**	**204 898 364**
Current liabilities					
Provisions	18	101 589 552	15 402 111	101 589 552	15 402 111
Trade and other payables	19	178 177 589	566 861 793	178 819 404	567 503 610
Loan from group company	22	2 642 210	2 642 210	2 750 056	2 750 056
Bank overdraft	16	16 448	149 515	16 448	149 515
Total current liabilities		**282 425 799**	**585 055 629**	**283 175 460**	**585 805 292**
Total liabilities		**487 233 838**	**789 953 993**	**487 983 499**	**790 703 656**
Total equity and liabilities		**846 498 459**	**1 055 407 496**	**847 294 120**	**1 058 571 057**

Statements Of Profit Or Loss And Other Comprehensive Income for the year ending 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Revenue	23	363 514 483	238 357 893	363 514 483	238 357 893
Cost of sales	24	(201 524 655)	(151 598 655)	(201 524 655)	(151 598 655)
Gross profit		**161 989 828**	**86 759 238**	**161 989 828**	**86 759 238**
Other income	25	3 970 731	4 954 357	3 970 731	4 954 357
Administrative expenses	28	(1 780 144)	(1 820 484)	(1 780 144)	(1 820 484)
Other expenses	29	(90 248 798)	(76 350 416)	(90 248 798)	(76 350 416)
Other gains and (losses)	30	(216)	(216)	9 777 920	10 954 444
Profit from operating activities	31	**73 931 401**	**13 542 479**	**83 709 537**	**24 497 139**
Finance income	32	19 912 983	12 547 237	7 766 950	4 006 475
Finance costs	33	(33 271)	(330 081)	(33 271)	(330 081)
Profit for the year		**93 811 113**	**25 759 635**	**91 443 216**	**28 173 533**

Statements Of Changes In Equity for the year ending 31 March 2023 - Group

Figures in R	Notes	Issued Capital	Accumulated loss	Total
Balance at 1 April 2021 as previously reported		400 000 000	(155 762 778)	244 237 222
Increase (decrease) due to corrections of prior period errors		-	(4 543 354)	(4 543 354)
Balance at 1 April 2021 as restated		400 000 000	(160 306 132)	239 693 868
Changes in equity				
Profit for the year		-	25 759 635	25 759 635
Total comprehensive income for the year		-	25 759 635	25 759 635
Balance at 31 March 2022 - as restated		**400 000 000**	**(134 546 497)**	**265 453 503**
Balance at 1 April 2022 as previously reported		400 000 000	(127 595 514)	272 404 486
Increase (decrease) due to corrections of prior period errors	-		(6 950 983)	(6 950 983)
Balance at 1 April 2022 as restated		400 000 000	(134 546 497)	265 453 503
Changes in equity				
Profit for the year		-	93 811 113	93 811 113
Total comprehensive income for the year		-	93 811 113	93 811 113
Other 4		-	5	5
Balance at 31 March 2023	**17**	**400 000 000**	**(40 735 379)**	**359 264 621**

Statements Of Changes In Equity for the year ending 31 March 2023 - Company

Figures in R	Notes	Issued Capital	Accumulated loss	Total
Balance at 1 April 2021 as previously reported		400 000 000	(155 762 778)	244 237 222
Increase (decrease) due to corrections of prior period errors		-	(4 543 354)	(4 543 354)
Balance at 1 April 2021 as restated		400 000 000	(160 306 132)	239 693 868
Changes in equity				
Profit for the year		-	28 173 533	28 173 533
Total comprehensive income		-	28 173 533	28 173 533
Balance at 31 March 2022 - as restated		**400 000 000**	**(132 132 599)**	**267 867 401**
Balance at 1 April 2022 as previously reported		400 000 000	(125 181 616)	274 818 384
Increase (decrease) due to corrections of prior period errors		-	(6 950 983)	(6 950 983)
Balance at 1 April 2022 as restated		400 000 000	(132 132 599)	267 867 401
Changes in equity				
Profit for the year		-	91 443 216	91 443 216
Total comprehensive income		-	91 443 216	91 443 216
Other 4		-	4	4
Balance at 31 March 2023		**400 000 000**	**(40 689 379)**	**359 310 621**

Statements of Cash Flows for the year ending 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Net cash flows (used in) / from operations	**40**	**(15 752 440)**	**53 408 205**	**(15 752 441)**	**53 254 361**
Interest paid		-	(37 499)	-	(37 499)
Interest received		19 912 983	12 547 237	7 766 950	4 006 475
Net cash flows from / (used in) operating activities		**4 160 543**	**65 917 943**	**(7 985 491)**	**57 223 337**
Cash flows from / (used in) investing activities					
Proceeds from sales of property, plant and equipment		168 558	64 177	168 558	-
Purchase of property, plant and equipment		(1 400 758)	(3 119 326)	(1 390 860)	(3 119 326)
Purchase of intangible assets		(211 377)	(137 725)	(211 377)	(137 725)
Proceeds from disposal of non-current assets held for sale		(216)	(216)	(216)	(216)
Purchase of other financial assets		5 859 726	2 562 608	9 656 582	5 148 967
Other inflows (outflows) of cash		9 903	(3)	4	124 174
Cash flows from / (used in) investing activities		**4 425 836**	**(630 485)**	**8 222 691**	**2 015 874**
Cash flows used in financing activities					
Proceeds from other financial liabilities		(83 601)	(771 700)	(83 601)	(663 854)
Interest paid		(33 271)	(292 582)	(33 271)	(292 582)
Cash flows used in financing activities		**(116 872)**	**(1 064 282)**	**(116 872)**	**(956 436)**
Net increase in cash and cash equivalents		**8 469 507**	**64 223 176**	**120 328**	**58 282 775**
Cash and cash equivalents at beginning of the year		308 323 343	244 100 167	148 890 604	90 607 829
Cash and cash equivalents at end of the year	**16**	**316 792 850**	**308 323 343**	**149 010 932**	**148 890 604**

Accounting Policies

1. General Information

Alexkor SOC Limited Consolidated ('the company') and its subsidiaries (together, 'the group') Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992 and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises, being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMCJV) and the Alexkor corporate unit.

The company is incorporated as a Public Company and domiciled in South Africa. The address of its registered office is 1 Orange Road, Alexander Bay, Northern Cape, 8290.

2. Basis Of Preparation And Summary Of Significant Accounting Policies

The consolidated and separate annual financial statements of Alexkor SOC Limited Consolidated have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The consolidated and separate annual financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements are disclosed in note 3.

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

2.1 FOREIGN CURRENCY TRANSLATION

Functional and presentation currencies

The consolidated and separate annual financial statements have been presented in South African Rand. The functional currency of the company is South African Rand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

2.2 PROPERTY, PLANT AND EQUIPMENT

Definition

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Recognition

Property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Cost model

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Measurement base	Useful / depreciaton rate	Depreciation method
Lease improvements		50 years	Straight line
Plant and Machinery		9-34 years	Straight line
Motor vehicles		4-28 years	Straight line
Fixtures and fittings		3-34 years	Straight line
Computer equipment		3-26 years	Straight line

2.3 INVESTMENT PROPERTY

Definition

Investment property is property (land or a building—or part of a building—or both) held by the entity to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Recognition

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity;

and

- the cost of the investment property can be measured reliably.

Initial measurement

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the the initial measurement.

The initial cost of investment property interest held under a lease is recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Subsequent measurement - Fair value model

After initial recognition, investment property is measured at fair value. Fair values are determined every three years.

Disposals

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of the retirement or disposal.

2.4 INTANGIBLE ASSETS

Definition

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from contractual or other legal rights.

Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Basis of preparation and summary of significant accounting policies continued...

Initial measurement

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Acquisitions as part of a business combination are initially measured at fair value at acquisition date.

Acquisitions by way of a government grants are initially measured at fair value.

Internally generated goodwill is not recognised as an asset.

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the exchange lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset
given up.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
  - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
  - there is an intention to complete the intangible asset and use or sell it;
  - there is an ability to use or sell the intangible asset;
  - it is possible to demonstrate how the asset will generate probable future economic benefits;
  - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
  - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

Research or development expenditure related to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset and is incurred after the acquisition of that project is also accounted for in this way.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Expenditure on an intangible asset is recognised as an expense when it is incurred unless it is part of the cost of an intangible asset that meets the recognition criteria or if the item is acquired in a business combination and cannot be recognised as an intangible asset it is recognised as part of goodwill at the acquisition date. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
  - residual value can be determined by reference to that market; and
  - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Asset class	Internally generated or other	Useful life classification	Useful life / amortisation rate	Amortisation emethod
Computer software	(internally / generated other)	(finite / indefinite)	3-20 years	Straight line
Exploration	(internally / generated other)	(finite / indefinite)	3-20 years	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

Basis of preparation and summary of significant accounting policies continued...

2.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of ISA32.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

A financial liability at fair value through profit or loss is a financial liability that meets one of the following conditions:

- It meets the definition of held for trading. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument);
- upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with paragraph 4.2.2 or 4.3.5
- it is designated either upon initial recognition or subsequently as at fair value through profit or loss in accordance with paragraph 6.7.1

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The group classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities classification

The group classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Recognition

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

Basis of preparation and summary of significant accounting policies continued...

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
  - Interest income is included in finance income using the effective interest rate method.
  - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.
  - Impairment losses are presented as a separate line item in the statement of profit or loss.
  - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
  - Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
  - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses).
  - Interest income from these financial assets is included in finance income using the effective interest rate method.
  - Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
  - The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
  - The company elected to classify irrevocably its non-listed equity investments under this category.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.
  - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
  - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Equity instruments

All equity investments are subsequently measured at fair value.

- Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI
  - There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
  - Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
  - Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - Changes in the fair value are recognised in other gains / (losses) in the statement of profit or loss as applicable.

Financial liabilities

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss
  - Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
  - This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
  - Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
  - Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
  - Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.
- Amortised cost: Loans and borrowings
  - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
  - Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
  - Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
  - The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
  - This category generally applies to interest-bearing loans and borrowings.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. The company provides for credit losses of accounts that are over 90 days old and any other accounts for which information is received indicating possible or absolute credit loss.

For debt instruments at fair value through OCI, the low credit risk simplification is applied. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The internal credit rating of the debt instrument is reassessed during this evaluation. It is also considered whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the XXX Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the company's policy to measure expected credit losses on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. The company uses the ratings from the XXX Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate expected credit losses.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies applied until 31 March 2022

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification

Until 31 March 2022, the group classified its financial assets and financial liabilities in the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

The company could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the company could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the company had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates

of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9 - refer to description above.

Loans and receivables and held-to-maturity investments were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at fair value through profit or loss – in profit or loss within other gains / (losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Details on how the fair value of financial instruments is determined are disclosed in the note on Fair value measurements.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The company assessed at the end of each reporting period whether there was any objective evidence that a financial asset or group of financial assets was impaired. If any such evidence existed, the extent of the impairment was determined.

Impairment losses in financial assets carried at amortised cost were recognised in profit or loss.

Impairment losses were reversed when an increase in the financial asset's recoverable amount could be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment was reversed could not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses on financial assets available-for-sale was removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period. Reversals of impairment losses were recognised in profit or loss except for equity investments classified as available- for-sale.

Loans to (from) group companies

These can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

The loan to group company is classified as a financial asset at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from group company is classified as a financial liabilities at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Loan to (from) director, manager or employee

The loan to director, manager or employee is classified as a financial asset at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a financial liabilities at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 31 March 2022, trade receivables were recognised initially at the transaction price. They were subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables were classified as loans and receivables up to 31 March 2022.

Other financial assets

Other financial assets are recognised initially at the fair value, including transaction costs except where the asset will subsequently be measured at fair value.

Other financial assets that are equity investments are subsequently measured at fair value through profit or loss. Other investments are subsequently measured at cost less impairment.

Other financial assets that are debt instruments are subsequently measured at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

2.6 PREPAYMENTS

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

2.7 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are initially measured at cost. Expenditures which are reclassified as assets under the accounting policy for exploration and evaluation assets are as follows:

- acquisition of rights to explore.
- topographical, geological, geochemical and geophysical studies.
- exploratory drilling.
- trenching.
- sampling.
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Expenditures related to the development of mineral resources are not recognised as exploration and evaluation assets.

Obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken the exploration for and evaluation of mineral resources are recognised as provisions and contingencies in accordance with the relevant policies.

Subsequently exploration and evaluation assets are measured using the cost / revaluation model.

An exploration and evaluation asset is longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are assessed for

impairment, and any impairment loss recognised, before reclassification.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the resulting impairment loss is recognised and disclosed in accordance with the policies for impairments for similar assets.

2.8 INVENTORIES

Recognition

Inventories are recognised as an asset when

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

Measurement

Inventories are measured at the lower of cost and net realisable value using either the first-in-first-out or weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

Recognition as an expense

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised, and the inventory is derecognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense as indicated above.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end. Movements in this provision are included in the expense recognised as indicated above.

2.9 TAX

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Basis of preparation and summary of significant accounting policies continued...

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. The amount already paid in respect of current and prior periods which exceeds the amount due for those periods, is recognised as an asset.

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

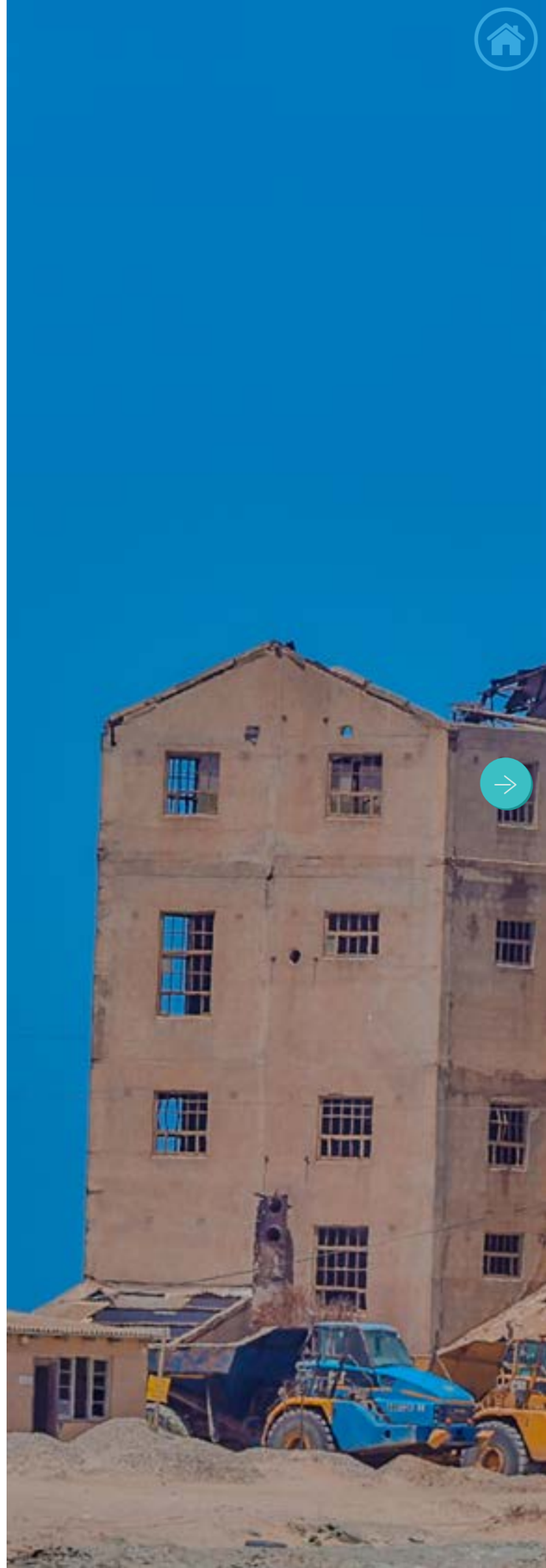
- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.



The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax expense (income)

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

2.10 LEASES AS LESSEE

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non-lease components. The consideration is then allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, an estimate of the stand-alone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease or not exercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the group's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Basis of preparation and summary of significant accounting policies continued...

Recognition

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

Measurement

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequently, right-of-use assets are measured using the cost model.

Subsequently, right-of-use assets are measured using the cost model, except for investment property which is measured at fair value in accordance with the policies for investment property.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The group tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right- of- use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the relevant group entity's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease

liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

2.11 PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when:

- there is a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented; and
- there has been raised a valid expectation in those affected that the restructuring will be carried out by starting to

implement that plan or announcing its main features to those affected by it.

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the consolidated and separate annual financial statements.

2.12 Revenue from contracts with customers

Revenue is income arising in the course of an entity's ordinary activities.

The group is in the business of mining and selling diamonds. Other revenues are earned through rental income.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

Measurement

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation, but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts, or both.

The group allocates the transaction price to each performance obligation (or distinct good or service) in

an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The group recognises as an asset the incremental costs of obtaining a contract with a customer if the group expects to recover those costs.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the group can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the group's performance and the customer's payment. The group presents any unconditional rights to consideration separately as a receivable.

Sale of diamonds

Revenue from sale of diamonds is recognised at the point in time when control of the diamond is transferred to the customer, generally on delivery of the diamonds. The normal credit term is 7 days before delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of diamonds, the group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Consideration payable to a customer

Consideration payable to a customer includes cash amounts that the group pays, or expects to pay, to the customer. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the group.

2.13 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

Termination benefits

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

2.14 GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the group. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the group.

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss of the period in which it becomes receivable.

Non-monetary grants are measured at fair value of the non-monetary asset and both the grant and asset are recognised at that fair value. An alternative course that is sometimes followed is to record both asset and grant at a nominal amount.

Government grants related to assets, including non-monetary grants at fair value are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as part of profit or loss, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

Repayment of a grant related to income is applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is recognised immediately in profit or loss.

Repayment of a grant related to an asset is recognised by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

2.15 RELATED PARTIES

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entityor is a member of the key management personnel of the entity (or of a parent of the entity);
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Basis of preparation and summary of significant accounting policies continued...

2.16 Irregular, Fruitless and wasteful expenditure

Irregular expenditure is defined as expenditure incurred in contravention of the requirement of any applicable legislation

Fruitless and wasteful expenditure is defines as expenditure which was made in vain and would have been avoided had reasonable care been excercised.

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999, the finacial statements must include particulars of any irregular, fruitless and wasteful expenditure.

All irregular, fruitless and wasteful expenditure is disclosed in the period in which they are identified.

3. 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.

3.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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 addressed below.

3.1.1 INCOME TAXES

The group is subject to income taxes in South Africa. 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. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

3.2 Critical judgements in applying the entity's accounting policies

3.2.1 Joint arrangements

Alexkor holds 51% of the voting rights of its joint arrangement. The group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The group's joint arrangement is structured as an unicorporated company and provides the group's and the parties to the agreements with rights to the assets, liabilities, revenue and expenses of the unincorporated entity under the arrangements. Therefore, this arrangement is classified as a joint operation of the group.

4. Changes In Accounting Policies And Disclosures

New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 April 2022 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's consolidated and separate annual financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Anticipated impact

[Have you performed the detailed assessments to determine the true impact on the financial results and position of the company? The results of your assessment should be included in this note to inform the user of the expected and already implemented changes. If the assessment was properly performed and no material impact was identified, then this should be disclosed to the user of the financial statements.

It is no longer good practice to include a standard verbiage paragraph indicating that management is busy assessing the impact of the Standard on the company especially after the Standard became effective for the company. This is indicative of potentially incorrect recognition and measurement principles being applied to certain items in the accounting records of the company.]

The mandatory implementation required by the standard is for years beginning on or after 1 January 2024. This change in accounting policy will be implemented for the first time for the financial year ending 31 March 2025.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Figures in R

5. Property, plant and equipment

Balances at year end and movements for the year

	Leasehold improvements	Plant and Machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Other fixed asset	Total
Reconciliation for the year ended 31 March 2023 - Group							
Balance at 1 April 2022							
At cost	8 334 288	76 792 826	12 983 516	10 174 543	3 083 040	343 530	**111 711 743**
Accumulated depreciation and impairment	(8 170 770)	(42 733 548)	(12 282 195)	(6 432 599)	(2 369 798)	-	**(71 988 910)**
Carrying amount	**163 518**	**34 059 278**	**701 321**	**3 741 944**	**713 242**	**343 530**	**39 722 833**
Movements for the year ended 31 March 2023							
Additions from acquisitions	466 175	-	-	903 409	31 174	-	**1 400 758**
Depreciation	(131 587)	(4 780 278)	(428 983)	(758 429)	(276 842)	-	**(6 376 119)**
Retirements	-	(168 558)	-	-	-	-	**(168 558)**
Property, plant and equipment at the end of the year	**498 106**	**29 110 442**	**272 338**	**3 886 924**	**467 574**	**343 530**	**34 578 914**
Closing balance at 31 March 2023							
At cost	8 656 840	76 792 826	12 983 516	10 850 953	3 083 040	408 200	**112 775 375**
Accumulated depreciation and impairment	(8 158 734)	(47 682 384)	(12 711 178)	(7 028 699)	(2 615 466)	-	**(78 196 461)**
Carrying amount	**498 106**	**29 110 442**	**272 338**	**3 822 254**	**467 574**	**408 200**	**34 578 914**

Notes To The Consolidated And Separate Annual Financial Statements

Figures in R

Property, plant and equipment continued...

Reconciliation for the year ended 31 March 2022 - Group							
Balance at 1 April 2021							
At cost	6 425 320	76 651 958	12 983 516	8 598 054	2 736 359	343 530	**107 738 737**
Accumulated depreciation and impairment	(6 144 697)	(36 879 055)	(11 390 891)	(5 708 192)	(2 071 867)	-	**(62 194 702)**
Carrying amount	**280 623**	**39 772 903**	**1 592 625**	**2 889 862**	**664 492**	**343 530**	**45 544 035**
Movements for the year ended 31 March 2022							
Additions from acquisitions	976 064	-	-	1 766 816	376 446	-	**3 119 326**
Depreciation	(1 093 169)	(5 687 218)	(853 534)	(914 734)	(327 696)	-	**(8 876 351)**
Retirements	-	(26 407)	(37 770)	-	-	-	**(64 177)**
Property, plant and equipment at the end of the year	**163 518**	**34 059 278**	**701 321**	**3 741 944**	**713 242**	**343 530**	**39 722 833**
Closing balance at 31 March 2022							
At cost	8 334 288	76 792 826	12 983 516	10 174 543	3 083 040	343 530	**111 711 743**
Accumulated depreciation and impairment	(8 170 770)	(42 733 548)	(12 282 195)	(6 432 599)	(2 369 798)	-	**(71 988 910)**
Carrying amount	**163 518**	**34 059 278**	**701 321**	**3 741 944**	**713 242**	**343 530**	**39 722 833**
Reconciliation for the year ended 31 March 2023 - Company							
Balance at 1 April 2022							
At cost	8 334 288	76 792 826	12 983 516	10 174 543	3 083 040	343 530	**111 711 743**
Accumulated depreciation and impairment	(8 170 770)	(42 733 548)	(12 282 195)	(6 432 599)	(2 369 798)	-	**(71 988 910)**
Carrying amount	**163 518**	**34 059 278**	**701 321**	**3 741 944**	**713 242**	**343 530**	**39 722 833**

Notes To The Consolidated And Separate Annual Financial Statements

Figures in R

Property, plant and equipment continued...

Movements for the year ended 31 March 2023							
Additions from acquisitions	466 175	-	-	893 511	31 174	-	**1 390 860**
Depreciation	(131 587)	(4 780 278)	(428 983)	(748 531)	(276 842)	-	**(6 366 221)**
Retirements	-	(168 558)	-	-	-	-	**(168 558)**
Property, plant and equipment at the end of the year	**498 106**	**29 110 442**	**272 338**	**3 886 924**	**467 574**	**343 530**	**34 578 914**
Closing balance at 31 March 2023							
At cost	8 656 840	76 792 826	12 983 516	10 850 953	3 083 040	408 200	**112 775 375**
Accumulated depreciation and impairment	(8 158 734)	(47 682 384)	(12 711 178)	(7 028 699)	(2 615 466)	-	**(78 196 461)**
Carrying amount	**498 106**	**29 110 442**	**272 338**	**3 822 254**	**467 574**	**408 200**	**34 578 914**
Reconciliation for the year ended 31 March2022 - Company							
Balance at 1 April 2021							
At cost	6 425 320	76 651 958	12 983 516	8 598 054	2 736 359	343 530	**107 738 737**
Accumulated depreciation and impairment	(6 144 697)	(36 879 055)	(11 390 891)	(5 708 192)	(2 071 867)	-	**(62 194 702)**
Carrying amount	**280 623**	**39 772 903**	**1 592 625**	**2 889 862**	**664 492**	**343 530**	**45 544 035**
Movements for the year ended 31 March 2022							
Additions from acquisitions	976 064	-	-	1 766 816	376 446	-	**3 119 326**
Depreciation	(1 093 169)	(5 687 218)	(853 534)	(914 734)	(327 696)	-	**(8 876 351)**
Decrease through classified as held for sale	-	(26 407)	(37 770)	-	-	-	**(64 177)**
Property, plant and equipment at the end of the year	**163 518**	**34 059 278**	**701 321**	**3 741 944**	**713 242**	**343 530**	**39 722 833**

Figures in R								
Property, plant and equipment continued...								
Closing balance at 31 March 2022								
At cost	12 983 516	10 174 543	3 083 040	8 334 288	76 792 826	343 530	111 711 743	39 722 833
Accumulated depreciation and impairment	(12 282 195)	(6 432 599)	(2 369 798)	(8 170 770)	(42 733 548)	-	(71 988 910)	**343 530**
Carrying amount	**701 321**	**3 741 944**	**713 242**	**163 518**	**34 059 278**	**343 530**	**39 722 833**	

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
6. Investment property				
6.1 Balances at year end and movements for the year				
Reconciliation for the year				
Balance at the beginning of the year				
At fair value	5 584 997	5 584 997	5 584 997	5 584 997
Carrying amount	**5 584 997**	**5 584 997**	**5 584 997**	**5 584 997**
Closing balance at the end of the year				
At fair value	5 584 997	5 584 997	5 584 997	5 584 997
Carrying amount	**5 584 997**	**5 584 997**	**5 584 997**	**5 584 997**

There were no investment property additions and disposals for the financial year ended 31 March 2023. The valuation was last performed on 31 March 2021 by Pendo Property Valuers, independent external valuators. Investment properties are valuated every three (3) years. The next valuation will be on 31 March 2024.

6.2 Detail of properties

6.2.1 Property 1

Erf 32 3de 4de Bosstraat, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 22 November 1990 and registered on 22 February 1991.

Purchase price	200 000	200 000	200 000	200 000
Valuation	650 000	650 000	650 000	650 000
	850 000	**850 000**	**850 000**	**850 000**

6.2.2 Property 2

Erf 66 Soutpansweg, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 13 June 1990 and registered on 17 August 1990.

Purchase price	99 000	99 000	99 000	99 000
Valuation	700 000	700 000	700 000	700 000
	799 000	**799 000**	**799 000**	**799 000**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Investment property continued...				
6.2.3 Property 3				
Erf 578 H/V Cnr Diamant and Jacaranda Street , situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 23 March 1994 and registered on 17 june 1994.				
Purchase price	270 000	270 000	270 000	270 000
Valuation	1 300 000	1 300 000	1 300 000	1 300 000
	1 570 000	**1 570 000**	**1 570 000**	**1 570 000**
6.2.4 Property 4				
Erf 611 Industriele Gebied, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 26 November 1993 and registered on 25 April 1995.				
Purchase price	1 000 000	1 000 000	1 000 000	1 000 000
Valuation	1 250 000	1 250 000	1 250 000	1 250 000
	2 250 000	**2 250 000**	**2 250 000**	**2 250 000**
6.2.5 Property 5				
Erf 704 Markstraat, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 8 August 1990 and registered on 9 October 1990.				
Purchase price	30 000	30 000	30 000	30 000
Valuation	700 000	700 000	700 000	700 000
	730 000	**730 000**	**730 000**	**730 000**
6.2.6 Property 6				
Erf 713 Markstraat, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 8 August 1990 and registerd on 9 October 1990.				
Purchase price	30 000	30 000	30 000	30 000
Valuation	800 000	800 000	800 000	800 000
6.2.7 Property 7				
Erf 49 Bitterfontein, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was registerd on 21 September 1995.				
Valuation	45 000	45 000	45 000	45 000

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Investment property continued...				
6.2.8 Property 8				
Erf 50 Bitterfontein, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was registered on 21 September 1995.				
Valuation	60 000	60 000	60 000	60 000
6.2.9 Property 9				
Erf 179 Bitterfonteint, situated at Port Nolloth, Richtersveld Municipality, Namaqualand Road, Northern Cape, for residential usage. Was acquired on 31 March 2015.				
Valuation	80 000	80 000	80 000	80 000

7. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Exploration	Total
Reconciliation for the year ended 31 March - Group			
Balance at 1 April 2022			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 125 734)	(94 698 036)	(96 823 770)
Carrying amount	**996 585**	**-**	**996 585**
Movements for the year ended 31 March 2023			
Additions	211 377	-	211 377
Amortisation	(429 963)	-	(429 963)
Intangible assets at the end of the year	**777 999**	**-**	**777 999**
Closing balance at 31 March 2023			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 344 320)	(94 698 036)	(97 042 356)
Carrying amount	**777 999**	**-**	**777 999**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Intangible assets continued...

	Computer software	Exploration	Total
Reconciliation for the year ended 31 March 2022 - Group			
Balance at 1 April 2021			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(1 840 189)	(94 698 036)	(96 538 225)
Carrying amount	**1 282 130**	**-**	**1 282 130**
Movements for the year ended 31 March 2022			
Additions	137 725	-	137 725
Amortisation	(423 270)	-	(423 270)
Intangible assets at the end of the year	**996 585**	**-**	**996 585**
Closing balance at 31 March 2022			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 125 734)	(94 698 036)	(96 823 770)
Carrying amount	**996 585**	**-**	**996 585**
Reconciliation for the year ended 31 March 2023 - Company			
Balance at 1 April 2022			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 125 734)	(94 698 036)	(96 823 770)
Carrying amount	**996 585**	**-**	**996 585**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Intangible assets continued...

	Computer software	Exploration	Total
Movements for the year ended 31 March 2023			
Additions	211 377	-	211 377
Amortisation	(429 963)	-	(429 963)
Intangible assets at the end of the year	**777 999**	**-**	**777 999**
Closing balance at 31 March 2023			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 344 320)	(94 698 036)	(97 042 356)
Carrying amount	**777 999**	**-**	**777 999**
Reconciliation for the year ended 31 March 2022 - Company			
Balance at 1 April 2021			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(1 840 189)	(94 698 036)	(96 538 225)
Carrying amount	**1 282 130**	**-**	**1 282 130**
Movements for the year ended 31 March 2022			
Additions	137 725	-	137 725
Amortisation	(423 270)	-	(423 270)
Intangible assets at the end of the year	**996 585**	**-**	**996 585**
Closing balance at 31 March 2022			
At cost	3 122 319	94 698 036	97 820 355
Accumulated amortisation and impairment	(2 125 734)	(94 698 036)	(96 823 770)
Carrying amount	**996 585**	**-**	**996 585**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
8. Investment in subsidiary, joint venture or associate				
8.1 The amounts included on the statements of financial position comprise the following:				
Balance at 1 April 2021				
Cash held in Rehabilitation Trust	-	-	**225 559 676**	**215 781 540**
Reconciliation of cash held in Rehabilitation Trust				
Opening balance			215 781 540	204 886 880
- Unit trusts held			57 777 757	53 980 902
- Cash held in banks			158 003 783	150 905 978
Utilised for rehabilitation			-	137 725
Prior period error			(2 367 897)	2 353 897
Interest received			12 146 033	8 540 762
Closing balance			**225 559 676**	**215 781 540**

8.2 Investment in subsidiary

8.2.1 Details of the group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and business
Alexkor Rehabilitation Trust	Investment holdings for cash required for legacy rehabilitation	South Africa

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Investment in subsidiary, joint venture or associate continued...				
8.3 Interests in joint operations				
8.3.1 Proportion of interest and voting rights held in the joint operation				

	Interest 2023	Voting rights 2023	Interest 2022	Voting rights 2022
Alexkor RMC Pooling and Sharing Joint Venture ("PSJV")	51.00%	51.00%	51.00%	51.00%

9. Inventories

Inventories comprise:

Diamonds	259 338 115	24 799 113	259 338 115	24 799 113
Fuel	347 328	-	347 328	-
Stores	2 461 259	2 287 883	2 461 259	2 287 883
	262 146 702	**27 086 996**	**262 146 702**	**27 086 996**

Diamond inventory are carried at net realisable value. No inventories have been pledged as security. The xclusion from IAS 2 is based on the diamond stock being minerals and mineral product, which is excluded when based on industry norms. Changes in net realisable value are recognised in profit or loss.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

10. Financial assets

10.1 Carrying amount of financial assets by category

	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	Total
Year ended 31 March 2023 - Group				
Unit trusts (Note 12)	11 095 821	57 777 757	-	**68 873 578**
Loan to group company (Note 13)	-	-	74 449 738	**74 449 738**
Trade and other receivables excluding non-financial assets (Note 11)	-	-	82 654 609	**82 654 609**
Cash and cash equivalents (Note 16)	-	-	316 809 298	**316 809 298**
	11 095 821	**57 777 757**	**473 913 645**	**542 787 223**

	At fair value through profit or loss	Designated at fair value through profit or loss	At amortised cost	Total
Year ended 31 March 2022 - Group				
Unit trusts (Note 12)	10 399 519	53 980 902	-	**64 380 421**
Loan to group company (Note 13)	-	-	84 802 621	**84 802 621**
Trade and other receivables excluding non-financial assets (Note 11)	-	-	523 848 943	**523 848 943**
Cash and cash equivalents (Note 16)	-	-	308 472 858	**308 472 858**
	10 399 519	**53 980 902**	**917 124 422**	**981 504 843**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Financial assets continued...

	At fair value through profit or loss	At amortised cost	Total
Year ended 31 March 2023 - Group			
Unit trusts (Note 12)	11 095 821	-	**11 095 821**
Loan to group company (Note 13)	-	74 449 737	**74 449 738**
Trade and other receivables excluding non-financial assets (Note 11)	-	83 450 270	**83 450 270**
Cash and cash equivalents (Note 16)	-	149 027 380	**149 027 380**
	11 095 821	**306 927 387**	**318 023 208**

	At fair value through profit or loss	At amortised cost	Total
Year ended 31 March 2022 - Group			
Unit trusts (Note 12)	10 399 519	-	**10 399 519**
Loan to group company (Note 13)	-	84 802 621	**84 802 621**
Trade and other receivables excluding non-financial assets (Note 11)	-	524 644 605	**524 644 605**
Cash and cash equivalents (Note 16)	-	149 040 119	**149 040 119**
	10 399 519	**758 487 345**	**768 886 864**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Except as noted above, the carrying values of financial instruments are a reasonable approximation of their fair values.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Financial assets continued...				
10.2 Collateral held and obtained				
The Group has the following guarantees with the First Rand Group for the following:				
Eskom	18 900	18 900	18 900	**18 900**
Department of Mineral Resources and Energy (DMRE)	13 913 934	13 913 934	13 913 934	**13 913 934**
	13 932 834	**13 932 834**	**13 932 834**	**13 932 834**

The guarantees issued by First Rand Group for Eskom relates to the electricity supplied to the town and is issued as a security for default
The guarantees issued by First Rand Group for DMRE relates to the rehabilitation of land associated with the various mining rights held by the group.

11. Trade and other receivables

11.1 Trade and other receivables comprise:

Trade receivables	73 062 397	(569 465 050)	73 750 213	(568 777 233)
Trade receivables impairment	(10 870 493)	(8 349 178)	(10 870 493)	(8 349 178)
Trade receivables - net	62 191 904	(577 814 228)	62 879 720	(577 126 411)
Deposits	263 444	263 444	263 444	263 444
Other receivables	19 855 644	1 101 284 849	19 963 489	1 101 392 694
Related party receivables	343 617	114 878	343 617	114 878
	82 654 609	**523 848 943**	**83 450 270**	**524 644 605**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Trade and other receivables continued...				
11.2 Movements in impairment of trade and other receivables are as follows:				
The Group has the following guarantees with the First Rand Group for the following:				
At the beginning of the year	8 349 178	5 505 405	8 349 178	**5 505 405**
Impairment raised	2 521 315	2 843 773	2 521 315	**2 843 773**
At the end of the year	**10 870 493**	**8 349 178**	**10 870 493**	**8 349 178**

The group recognises expected credit loss allowances on trade and other receivables,
excluding VAT. The amount of expected credit loss is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses , i.e. lifetime ECL., which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The provision is based on historic credit loss
experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including time value of money, where appropriate. As a general rule, all accounts overdue for more than 90 days are provided for, except for inter- company balances which will be settled in the normal course of business.

	Gross amount	Impairment	Net carryinng amount
Trade and other receivables continued...			
2023			
Current	**276 114 228**	**-**	**276 114 228**
1 - 30 days	**48 867**	**-**	**48 867**
61 - 90 days	**282 093**	**-**	**282 093**
Over 90 days	**67 301**	**-**	**67 301**
	40 878 642	**(5 655 654)**	**35 222 988**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

There is no collateral held as security and other credit enhancements related to trade and other receivables. The amounts as disclosed best represents the maximum exposure to credit risk. No trade and other receivables have been pledged as security

12. Unit trusts

Unit trusts comprise the following balances

Unit trusts	68 873 578	64 380 421	11 095 821	10 399 519
These unit trust are held through Momentum and are accounted for on Marked-to market valuation through profit and loss.				
	68 873 578	**64 380 421**	**11 095 821**	**10 399 519**
Non-current assets	-	-	-	-
Current assets	68 873 578	64 380 421	11 095 821	10 399 519
	68 873 578	**64 380 421**	**11 095 821**	**10 399 519**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
13. Loan to group company				
Loan to group company comprises the following balances				
ICC loan to PSJV	74 449 738	84 802 621	74 449 737	84 802 621
This loan was issued to the PSJV in terms of the Deed of Settlement. The loan carries no interest and is repayable based on the PSJV's EBIDTA.				
	74 449 738	**84 802 621**	**74 449 737**	**84 802 621**
Impairments	-	-	-	-
	74 449 738	**84 802 621**	**74 449 737**	**84 802 621**
Non-current assets	74 449 738	84 802 621	74 449 737	84 802 621
Current assets	-	-	-	-
	74 449 738	**84 802 621**	**74 449 737**	**84 802 621**

This loan was issued to the PSJV as an initial cost contribution to start the PSJV in terms of the deed of settlement. This loan is interest free and has no repayment terms. The loan will be recovered as the PSJV incurs positive EBIDTA as indicated in the Deed of Settlement and the Unanimous Resolution.

14. Loan to shareholder

15. Prepayments following balances

Prepayments comprise the following balances

Prepayment	622 624	511 242	622 624	511 242
Due to the non-payment of creditors in the past resulting in bad credit, both the PSJV and Alexkor have had to pay for goods and services before receiving the goods and services.				
	622 624	**511 242**	**622 624**	**511 242**
Impairments	-	-	-	-
	622 624	**511 242**	**622 624**	**511 242**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
16. Cash and cash equivalents				
16.1 Cash and cash equivalents included in current assets:				
Cash				
Balances with banks	316 809 298	308 472 858	149 027 380	149 040 119
16.2 Net cash and cash equivalents				
Current assets	316 809 298	308 472 858	149 027 380	149 040 119
Current liabilities	(16 448)	(149 515)	(16 448)	(149 515)
	316 792 850	**308 323 343**	**149 010 932**	**148 890 604**
16.3 Cash and cash equivalents where availability is restricted				
Restricted cash and cash equivalents				
Cash held in call accounts[1]	2 596 486	1 953 401	2 596 486	1 953 401
MTEF recapitalisation funds[2]	30 003 090	28 220 311	25 690 774	24 191 379
Cash held in Rehabilitation Trust[3]	225 559 676	215 781 540	-	-
Total restricted cash	**258 159 252**	**245 955 252**	**28 287 260**	**26 144 780**
Unrestricted cash and cash equivalents availability is restricted				
Cash held in call accounts	58 633 598	62 368 091	120 723 672	122 745 824
Total unrestricted cash	58 633 598	62 368 091	120 723 672	122 745 824
Total cash and cash equivalents	**316 792 850**	**308 323 343**	**149 010 932**	**148 890 604**

[1] Government funds received are rin-fenced to be utilised for township establishment and implementation of the Deed of Settlement.

[2] MTEF allocated funds can be utilised as approved by the board of directors in conjustion with the shareholder representative.

[3] Cash held in rehabilitation trust related to cash and cash equivalents for legacy rehabilitation on land.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
16.4 Detail of cash and cash equivalent balances				
Bank balances				
Petty cash	3 142	27 166	3 142	27 166
FNB	64 065 161	68 186 410	64 065 161	68 186 410
RMB	185 270 704	176 492 125	18 200 957	17 737 577
Investec	67 470 291	63 719 497	66 758 120	63 041 306
Credit cards	-	47 660	-	47 660
Total	**316 809 298**	**308 472 858**	**149 027 380**	**149 040 119**
Overdrawn cash and cash equivalents				
Overdrawn petty cash	(16 448)	(149 515)	(16 448)	(149 515)
Total	**(16 448)**	**(149 515)**	**(16 448)**	**(149 515)**
17. Issued capital				
Authorised and issued share capital				
Authorised				
No Par value Ordinary shares	400 000 000	400 000 000	400 000 000	400 000 000
Issued				
No Par value Ordinary shares	400 000 000	400 000 000	400 000 000	400 000 000
	400 000 000	**400 000 000**	**400 000 000**	**400 000 000**

Alexkor SOC Limited received R350 million through its Medium-Term Expenditure Framework (MTEF) allocation on 31 December 2012. This was recapitalisation from the shareholder and the shares were issued in this regard. Par value shares were converted to no par value shares to be aligned with Alexkor's amended Memorandum of Incorporation.

The R350 million provided by National Treasury was to be utilised in compliance with the Deed of Settlement (DoS) as follows:

a) R200 million to be set aside for the rehabilitation liability.
b) R50 million to settle the Post-Retirement Medical aid liability.
c) R55 million to settle all the statutory tax obligations that arose from the stipulations in the DoS.
d) R45 million to transfer to the CPA Property Holding Company to comply with the DoS with regards to the 10 year lease of Alexander Bay township.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
18. Provisions				
Provisions comprise:				
Other provisions	101 589 552	15 402 111	101 589 552	15 402 111
Other provisions	101 589 552	15 402 111	101 589 552	15 402 111
Current portion	**101 589 552**	**15 402 111**	**101 589 552**	**15 402 111**
	101 589 552	**15 402 111**	**101 589 552**	**15 402 111**

These are provisions for contractor payments relating to the diamond sales split once the diamonds are sold. to be utilised for township establishment and implementation of the Deed of Settlement.

[2] MTEF allocated funds can be utilised as approved by the board of directors in conjustion with the shareholder representative.

[3] Cash held in rehabilitation trust related to cash and cash equivalents for legacy rehabilitation on land.

19. Trade and other payables

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
19.1 Trade and other payables comprise: availability is restricted				
Trade payables	161 685 507	557 563 218	162 327 322	558 205 035
Deposits received	42 000	164 921	42 000	164 921
Accrued leave pay	1 908 138	1 790 542	1 908 138	1 790 542
Accrued liabilities	240 502	361 518	240 502	361 518
Other payables	4 050 697	(3 974 499)	4 050 697	(3 974 499)
VAT	2 693 077	3 431 698	2 693 077	3 431 698
Salary related payables	3 484	896 679	3 484	896 679
GFR	7 554 184	6 627 716	7 554 184	6 627 716
Contract liabilities	204 808 039	204 814 763	204 808 039	204 814 763
Total trade and other payables	**382 985 628**	**771 676 556**	**383 627 443**	**772 318 373**
Non-current liabilities	204 808 039	204 814 763	204 808 039	204 814 763
Current liabilities	178 177 589	566 861 793	178 819 404	567 503 610
	382 985 628	**771 676 556**	**383 627 443**	**772 318 373**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
19.2 Items included in trade and other payables not classified as financial liabilities				
Leave accrual	1 908 138	1 790 542	1 908 138	1 790 542
Total trade and other payables excluding non-financial liabilities included in trade and other payables	381 077 490	769 886 014	381 719 305	770 527 831
Total trade and other payables	**382 985 628**	**771 676 556**	**383 627 443**	**772 318 373**

20. Financial liabilities

Carrying amount of financial liabilities by category

	At amortised cost	Total
Year ended 31 March 2023 - Group		
Loan from group company (Note 22)	2 642 210	**2 642 210**
Trade and other payables excluding non-financial liabilities (Note 19)	381 077 490	**381 077 490**
Bank overdraft (Note 16)	16 448	**16 448**
	383 736 148	**383 736 148**
Year ended 31 March 2022 - Group		
Lease liabilities (Note 21)	83 601	**83 601**
Loan from group company (Note 22)	2 642 210	**2 642 210**
Trade and other payables excluding non-financial liabilities (Note 19)	769 886 014	**769 886 014**
Bank overdraft (Note 16)	149 515	**149 515**
	772 761 340	**772 761 340**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Financial liabilities continued...				
			At amortised cost	**Total**
Year ended 31 March 2023 - Company				
Loan from group company (Note 22)			2 750 056	**2 750 056**
Trade and other payables excluding non-financial liabilities (Note 19)			381 719 305	**381 719 305**
Bank overdraft (Note 16)			16 448	**16 448**
			384 485 809	**384 485 809**
Year ended 31 March 2022 - Company				
Lease liabilities (Note 21)			83 601	**83 601**
Loan from group company (Note 22)			2 750 056	**2 750 056**
Trade and other payables excluding non-financial liabilities (Note 19)			770 527 831	**770 527 831**
Bank overdraft (Note 16)			149 515	**149 515**
			773 511 003	**773 511 003**

21. Lease liabilities

21.1 Lease liabilities comprise:

Lease obligation			83 601	83 601

The group leases office buildings for Alexkor SOC Limited.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Lease liabilities continued...				
21.2 Additional disclosures				
Opening balance	83 601	747 455	83 601	747 455
Additions	-	671 659	-	671 659
Payments	(85 884)	(1 373 012)	(85 884)	(1 373 012)
Interest expense	2 283	37 499	2 283	37 499
	0	**83 601**	**0**	**83 601**
The maturity analysis of the lease liabilities is as follows:				
Within one (1) year	-	83 601	-	83 601
	-	**83 601**	**-**	**83 601**

A description of collateral held as security and other credit enhancements, and their financial effect (eg a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument).

22. Loan from group company

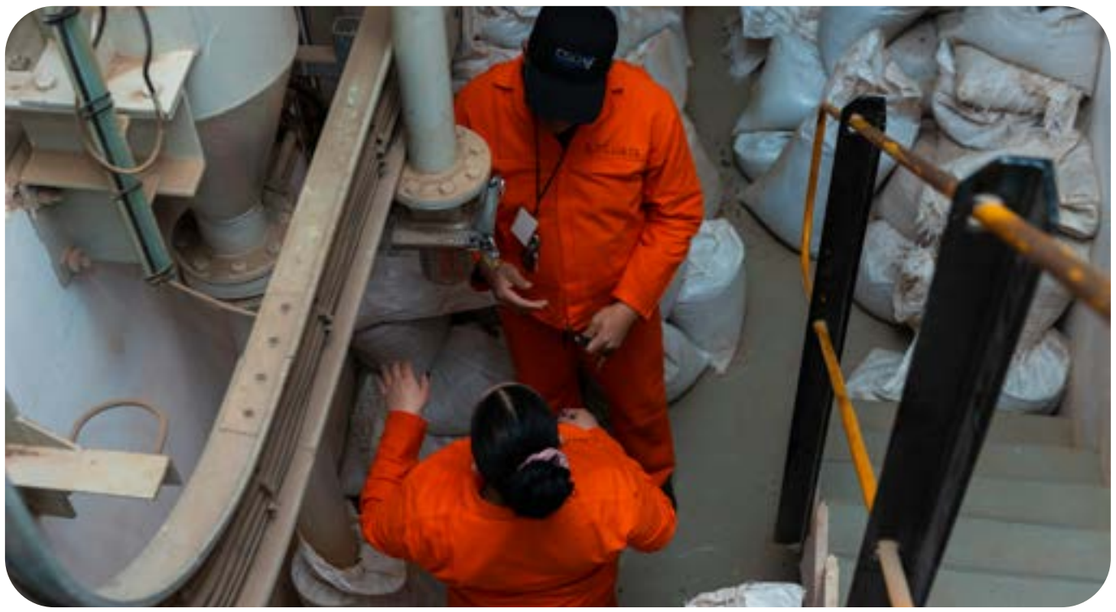
Loan from group company comprises: availability is restricted				
Short-term loan to PSJV	2 642 210	2 642 210	2 750 056	2 750 056

23. Revenue

Revenue comprises:				
Sale of goods	354 705 226	227 901 643	354 705 226	227 901 643
Rendering of services	8 809 256	10 456 250	8 809 256	10 456 250
Commissions received	1	-	1	-
Total revenue	**363 514 483**	**238 357 893**	**363 514 483**	**238 357 893**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
24. Cost of sales				
Cost of sales comprise:				
Sale of goods	201 524 655	151 598 655	201 524 655	151 598 655
25. Other income				
Other income comprises:				
Sundry income	3 970 731	4 954 357	3 970 731	4 954 357
26. Employee benefits expense				
26.1 Employee benefits expense comprises:				
Salaries	29 644 107	29 183 815	29 644 107	29 183 815
26.2 Salaries comprises:				
Basic	22 963 785	23 184 378	22 963 785	23 184 378
Bonus	927 324	783 972	927 324	783 972
Medical aid - company contributions	850 295	897 918	850 295	897 918
UIF	394 973	397 919	394 973	397 919
Short term benefit 1	2 605 987	2 343 368	2 605 987	2 343 368
Short term benefit 3	296 897	9 820	296 897	9 820
Pension - Defined contribution plans	1 604 846	1 566 440	1 604 846	1 566 440
	29 644 107	**29 183 815**	**29 644 107**	**29 183 815**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
27. Depreciation and amortisation				
Depreciation and amortisation comprises:				
Depreciation	**6 366 221**	**8 876 351**	**6 366 221**	**8 876 351**
Property, plant and equipment	6 366 221	8 876 351	6 366 221	8 876 351
Amortisation	**429 963**	**423 270**	**429 963**	**423 270**
Intangible assets	429 963	423 270	429 963	423 270
Total depreciation and amortisation	**6 796 184**	**9 299 621**	**6 796 184**	**9 299 621**
28. Administrative expenses				
Administrative expenses comprise:				
Auditors remuneration - Fees	410 465	628 579	410 465	628 579
Bank charges	458 417	331 774	458 417	331 774
Subscriptions	95 605	88 370	95 605	88 370
Telecommunication	815 657	771 761	815 657	771 761
Total administrative expenses	**1 780 144**	**1 820 484**	**1 780 144**	**1 820 484**



Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
29. Other expenses				
Other expenses comprise:				
Advertising	134 684	540 070	134 684	540 070
Amortisation	429 963	423 270	429 963	423 270
Bad debts	2 521 637	1 157	2 521 637	1 157
Cleaning	380 802	287 460	380 802	287 460
Consulting fees	1 944 901	1 793 220	1 944 901	1 793 220
Consumables	1 011 525	882 014	1 011 525	882 014
Depreciation	6 366 221	8 876 351	6 366 221	8 876 351
Electricity and water	-	6 257 783	-	6 257 783
Employee benefit expenses	29 644 107	29 183 815	29 644 107	29 183 815
Entertainment	44 339	50 148	44 339	50 148
Farming related expenses	403 070	223 867	403 070	223 867
Fines and penalties	442 885	-	442 885	-
Hire - Equipment	439 317	345 446	439 317	345 446
Impairment	-	2 843 772	-	2 843 772
Insurance	273 126	216 275	273 126	216 275
Legal expense	6 642 967	2 908 097	6 642 967	2 908 097
Medical expense	243 337	238 763	243 337	238 763
Motor vehicle expense	2 925 636	1 541 511	2 925 636	1 541 511
Municipal charges	14 517 603	4 917 330	14 517 603	4 917 330
Operating lease expense	254 692	-	254 692	-

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Other expenses continued...				
Other expenses	87 626	466 731	87 626	466 731
Other expenses 3	2 196 440	370 358	2 196 440	370 358
Other expenses 4	738 706	439 645	738 706	439 645
Printing and stationery	84 978	61 675	84 978	61 675
Property related expenses	33 371	384 513	33 371	384 513
Repairs and maintenance	1 545 678	1 150 644	1 545 678	1 150 644
Safety equipment	197 215	208 189	197 215	208 189
Security	13 162 623	8 579 531	13 162 623	8 579 531
Staff welfare	1 163 468	933 956	1 163 468	933 956
Training	966 831	973 187	966 831	973 187
Transport	210 631	151 984	210 631	151 984
Travel - Local	1 240 419	1 099 654	1 240 419	1 099 654
Total other expenses	**90 248 798**	**76 350 416**	**90 248 798**	**76 350 416**
30. Other gains and (losses)				
Other gains and (losses) comprise:				
Gain or (loss) on disposal of assets	(216)	(216)	(216)	(216)
Other fair value gains and (losses)	-	-	9 778 136	10 954 660
Total other gains and (losses)	**(216)**	**(216)**	**9 777 920**	**10 954 444**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
31. Profit from operating activities				
Profit from operating activities includes the following separately disclosable items				
Other operating expenses				
Property plant and equipment				
- depreciation	6 366 221	8 876 351	6 366 221	8 876 351
Intangible assets				
- amortisation	429 963	423 270	429 963	423 270
Other impairments				
- trade and other receivables	-	2 843 772	-	2 843 772
Post-employment benefits				
- Defined contribution plans	1 604 846	1 566 440	1 604 846	1 566 440
Audit fees				
Auditors remuneration - Fees	**410 465**	**628 579**	**410 465**	**628 579**
32. Finance income				
Finance income comprises:				
Interest received	19 912 983	12 547 237	7 766 950	4 006 475
33. Finance costs				
Finance costs included in profit or loss:				
Operating lease liabilities	-	37 499	-	37 499
Bank overdraft	33 271	292 582	33 271	292 582
Total finance costs	**33 271**	**330 081**	**33 271**	**330 081**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
34. Income tax expense				
Assessed tax loss				
The group has not provided for income tax in the current year as there was a possible assessed loss recognised.				
35. Contingent liabilities and contingent assets				
35.1 Contingent liability 1- PL Marine (Pty) LTD Case No: 2080/2020				
Estimated financial effect	10 960 740	10 960 740	10 960 740	10 960 740
Estimated financial effect - after taxation	7 891 733	7 891 733	7 891 733	7 891 733

Alexkor and PSJV received summons during 2020 in the amount of R10 960 740 for delictual damages. A trial date is still to be sought. 429 963
423 270
429 963
423 270

The legal team is of the view that the summons are defective therefore reibursement is unlikely.

35.2 Contingent liability 2: Alexander Bay Diamond Company (SSI) Case No: 2129/2020				
Estimated financial effect	9 397 839	9 636 535	9 397 839	9 636 535
Estimated financial effect - after taxation	7 330 315	7 516 497	7 330 315	7 516 497

Alexkor and the PSJV received summons during 2020 for contractual damages for unpaid commission. A trial date is yet to be determined and therefore the timing of the possible outflow cannot be determined.

35.3 Contingent liability 3: Mervyn Carsten				
Estimated financial effect	3 200 000	3 200 000	3 200 000	3 200 000
Estimated financial effect - after taxation	2 496 000	2 496 000	2 496 000	2 496 000

Mervyn Carsten contends his suspension as unlawful and is claiming damages in this regard. The matter is being defended.

35.4 Contingent liability 4: Canvas Intelligence (Pty) Ltd				
Estimated financial effect	934 281	934 281	934 281	934 281
Estimated financial effect - after taxation	728 739	728 739	728 739	728 739

Summons have been issued by Canvas Intelligence. The parties are still in settlement negotiations and therefore he timing and amount of outflow is unknown.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Contingent liabilities and contingent assets continued...				
35.5 Contingent liability 5: VAT liability				
Estimated financial effect	36 000 000	34 000 000	36 000 000	34 000 000
Estimated financial effect - after taxation	36 000 000	34 000 000	36 000 000	34 000 000

36. Related parties

36.1 Group companies

Parent company	Alexkor SOC Limited
Ultimate parent	Department of Public Enterprises
Most senior parent entity producing publicly available consolidated financial statements	Alexkor SOC Limited
Subsidiaries	Alexkor Rehabilitation Trust
Joint ventures	Alexkor RMC Pooled and Sharing Joint Venture (PSJV)

36.2 Other related parties

Entity name	Nature of relationship
Richtersveld Mining Company	Holds 41% interest in the PSJV

36.3 Government related parties

Entity name	Nature of relationship
Richtersveld Mining Company	Holds 41% interest in the PSJV
State Diamond Trader (STD)	STD buys 10% of diamonds on tender from the PSJV
Eskom	Electricity provision and rental of office space
Telkom	Telecommunications services
Special Investigating Unit	Forensic services
Department of Water Affairs	Water provision services
Department of Health	Rental of fax from PSJV
South African Revenue Services (SARS)	Income taxes, royalty taxes, SDL, UIF and PAYE, Value Added Tax (VAT)

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Contingent liabilities and contingent assets continued...				
36.4 Compensation paid to key management personnel				
Ms. Phumzile Mthombeni				
Basic salary	78 025	1 690 460	78 025	1 690 460
Other allowances	919	24 000	919	24 000
Bonus	-	135 500	-	135 500
Termination benefits	229 822	-	229 822	-
	308 766	**1 849 960**	**308 766**	**1 849 960**

36.5 Compensation paid to directors and prescribed officers

2023 Name	Fees paid	Salaries, bonuses and performance related payments	Amounts paid or payable to pension schemes	Other remuneration	Total remuneration
Dr. Patricia Hanekom (Interim Chairperson)	415 600	-	-	-	415 600
Adj. Professor May Hermanus	383 800	-	-	-	383 800
Ms. Karabo Mbele	320 200	-	-	-	320 200
Ms. Dineo Peta	397 000	-	-	-	397 000
Mr. Alan Roberts	288 700	-	-	-	288 700
Ms. Hilary Swartbooi	304 600	-	-	-	304 600
Adj. Professor Trevor Fowler (Interim CEO)Trevor Fowler	-	1 090 248	-	-	1 090 248
Total compensation paid to directors and prescribed officers	**2 109 900**	**1 090 248**	**-**	**-**	**3 200 148**

2023 Name	Fees paid	Salaries, bonuses and performance related payments	Amounts paid or payable to pension schemes	Other remuneration	Total remuneration
Dr. Patricia Hanekom (Interim Chairperson)	77 317	-	-	-	77 317
Adj. Professor May Hermanus	57 447	-	-	-	57 447
Ms. Karabo Mbele	48 907	-	-	-	48 907
Ms. Dineo Peta	57 447	-	-	-	57 447
Mr. Alan Roberts	49 977	-	-	-	49 977
Ms. Hilary Swartbooi	55 327	-	-	-	55 327
Adj. Professor Trevor Fowler (Interim CEO)Trevor Fowler	-	9 925	-	-	9 925
Mr. Lemogang Pitsoe	-	2 501 097	187 582	189 203	2 877 882
Total compensation paid to directors and prescribed officers	**346 420**	**2 511 022**	**187 582**	**189 203**	**3 234 227**

Figures in R

Related parties continued...

36.6 Related party transactions and balances

	Joint ventures in which the entity is a joint venturer	Other related parties - SDT	Other related parties - Department of Health	Other related parties - Telkom	Other related parties- ESKOM	Other related parties- SIU	Other related parties - Department of Defence	Other related parties -Richtersveld Mining Company	Other parties - Board Services	Related Water Total
Year ended 31 March 2023 Related party transactions										**23 472 101**
Revenue from sale of goods	-	23 472 101	-	-	-	6 027 973	-	-	-	**18 467 865**
Services received	-	-	-	-	12 439 892	-	-	-	-	**7 061 611**
Revenue from rendering of services	6 580 180	-	-	481 431	-	-	-	-	-	**45 800 679**
Outstanding balances for related party transactions										**21 932 414**
Amounts payable	41 138 715	-	102 216	38 974	976 356	2 567 383	-	645 383	331 652	**8 026 566**
Amounts receivable	21 760 718	-	-	168 228	-		3 468	-	-	**491 401**
Year ended 31 March 2022 Related party transactions										**9 194**
Sales of property and other assets	-	-	-	-	8 026 566	-	-	-	-	
Services received	-	-	-	491 401	-	-	-	-	-	
Leases as lessor	-	-	9 194	-	-	-	-	-	-	
Outstanding balances for related party transactions										**9 194**
Amounts receivable	-	-	9 194	-	-	-	-	-	-	

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Related parties continued...

Explanation of terms and conditions of outstanding balances for related party transactions (if necessary refer back to other notes)

Explanation of details of guarantees given or received of outstanding balances for related party transactions (if necessary refer back to other notes)

(Only if applicable). The above related party transactions have been made on terms equivalent to those that prevail in arm's length transactions.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

37. Events after the reporting date

IAS 10 Events after the reporting period
In terms of IAS 10 (Events after the reporting period), non-adjusting post balance sheet events are events after the reporting period that are indicative of a condition that arose after the reporting period ended 31 March 2023.

No events arose after the period ended 31 March 2023 that neccessitates disclosure as non-adjusting events nor adjusting events

38. Going concern

The consolidated and separate annual 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 realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company and group have adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company and group.
The company incurred a net profit for the year ended 31 March 2023 of R93 811 113 (2022 profit: R25 759 635). The company does not incur losses.

38. Going concern

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Figures in R	2023	As Restated	2023	As Restated

Financial risk management continued...

39.1 Risk	Exposure arising from		
Market risk – foreign exchange	Future commercial transactions and recognised revenues not denominated in SA Rand currency arising from sale of diamonds denominated in USD.	Cash flow forecasting and sensitivity analysis	No measures are undertaken to hedge against this risk.
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, debt investments and contract assets	Aging analysis and credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines for debt investments
Liquidity risk	Liquidity risk Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

39.2 Market risk

39.2.1 Price risk

Exposure

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) (note 7(c)) or at fair value through profit or loss (FVPL) (note 7(d)).

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The majority of the group's equity investments are not publicly traded.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Financial risk management continued...

39.3.1 Risk management

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

39.3.2 Impairment of financial assets

The group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory, and
- debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month. However, trade receivables over 90 days are generally provided as credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated

Financial risk management continued...

39.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the group held deposits at call as per note 16 that are expected to readily generate cash inflows for managing liquidity risk.

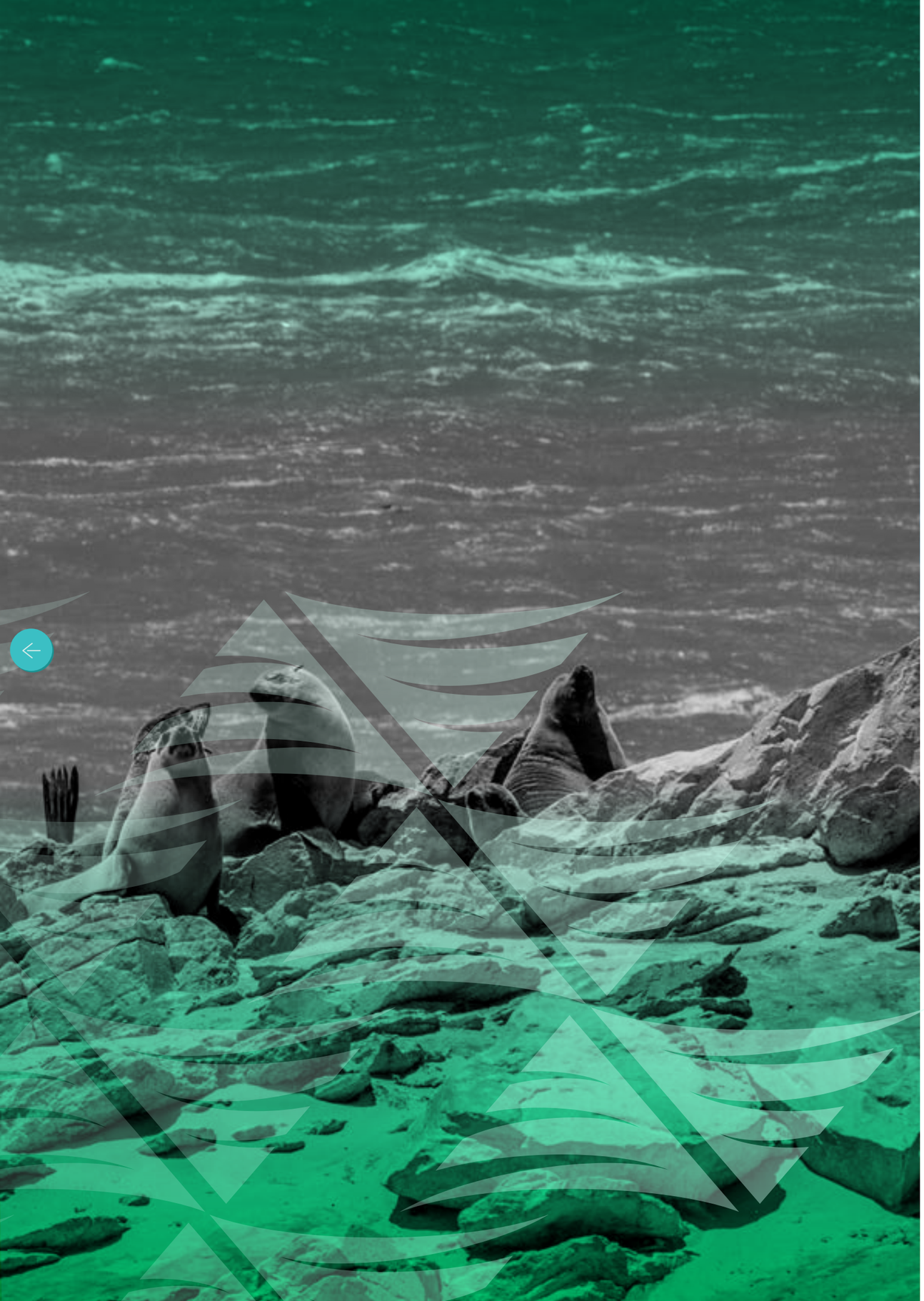
Management monitors rolling forecasts of the group's liquidity reserve comprising the cash and cash equivalents (note 7(e)) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. In addition, the group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against regulatory requirements and maintaining debt financing plans.

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
40. Cash flows from operating activities				
Profit for the year	**93 811 113**	**25 759 635**	**91 443 216**	**28 173 533**
Adjustments for:				
Finance income	(19 912 983)	(12 547 237)	(7 766 950)	(4 006 475)
Finance costs	33 271	330 081	33 271	330 081
Depreciation and amortisation expense	6 796 184	9 299 621	6 796 184	9 299 621
Impairment losses and reversal of impairment losses recognised in profit or loss	2 521 637	2 844 929	2 521 637	2 844 929
Fair value gains and losses	-	-	(9 778 136)	(10 954 660)
Gains and losses on disposal of non-current assets	216	216	216	216
Change in operating assets and liabilities:				
Adjustments for (increase) / decrease in inventories	(235 059 706)	5 012 423	(235 059 706)	5 012 423
Adjustments for (increase) / decrease in trade accounts receivable	(642 527 769)	419 829 146	(642 527 768)	419 141 329
Adjustments for increase in prepayments	(111 382)		(167 429)	
Adjustments for decrease / (increase) in other operating receivables	1 081 200 466	(909 139 464)	1 081 200 466	(909 247 309)
Adjustments for (decrease) / increase in trade accounts payable	(395 877 711)	521 474 086	(395 877 713)	522 115 904
Adjustments for increase / (decrease) in other operating payables	7 186 783	(6 085 167)	7 186 783	(6 085 167)
Adjustments for provisions	86 187 441	(3 202 635)	86 187 441	(3 202 635)
Net cash flows from operations	**(15 752 440)**	**53 408 205**	**(15 752 441)**	**53 254 361**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
41. Dividend paid				
No dividends were declared for the period ended 31 March 2023.				
42. Irregular, Fruitless and wasteful expenditure				
42.1 Irregular expenditure				
Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with the requirements of any of the applicable legislation, including: - Public Finance Management Act No 1 of 1999 (PFMA) or - the State Tender Board Act 1968 or any regulations made in terms of that Act.				
The following are irregular expenditures:				
Opening balance	4 291 911	579 934	4 291 911	579 934
Irregular expenditure identified during the year	3 254 138	3 711 977	2 312 882	3 711 977
Less: Amounts condoned	(579 934)	-	(579 934)	-
Amounts awaiting condonation	**6 966 115**	**4 291 911**	**6 024 859**	**4 291 911**
Details:				
Putiweb (Pty) Ltd- Kidja building	-	1 603 885	-	1 603 885
Prince Mbetse Diamonds (Pty) Ltd- Marketing of diamonds	751 263	1 876 495	57 500	1 876 495
Keami Investments- Strategy session	-	231 597	-	231 597
Alexander Forbes- Employee wellness	-	-	-	-
Quentin Green- CFO consulting	456 022	-	456 022	-
Mike Solomon- Mining tender	1 799 360	-	1 799 360	
Khutsmo Group Solutions	104 880			
CSG- Security for KIDJA Building	142 613			
WPK Consortium- Fuel service provision	-	-	-	-
	254 138	**3 711 977**	**2 312 882**	**3 711 977**

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Irregular, Fruitless and wasteful expenditure continued...				
42.2 Fruiless and wasteful expenditure				
The following material losses, through fruitless and wasteful expenditure have been identified and reportable in terms of Section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999 as amended.				
SARS- late penalty	432 972	-	432 972	-
SARS- late interest	13 688	-	13 688	-
Eskom and Telkom	99 743	156 829	99 743	156 829
	546 403	**156 829**	**546 403**	**156 829**
43. Prior period errors				
Prior period errors were as follows:				
Alexkor SOC Limited				
Commission incorrectly charged to the PSJV				
Decrease in commission		6 823 046		6 823 046
Decrease in trade receivables		(6 823 046)		(6 823 046)
Amounts not accounted for in accounts				
Increase in other expenditure		4 369 789		4 369 789
Decrease in accounts receivables		(4 369 789)		(4 369 789)
Increaase incontingent liabilities excluded in the prior year-restatement				
Increase in contingent liability				
(Refer to note 35: Keami Investments, VAT liability and Canvas Intelligence		36 695 585		36 695 585

Figures in R	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Prior period errors continued...				
PSJV				
Exploration asset over depreciated				
Decrease in accumulated depreciation		6 742		6 742
Decrease depreciation		(3 371)		(3 371)
Increase retained income depreciation		(3 371)		(3 371)
SARS refund incorrectly classified as income				
Decrease in income		1 285 638		1 285 638
Decrease Input VAT		(1 285 638)		(1 285 638)
Credit card expenses not expensed				
Increase in Retained income-expenditure		91 930		91 930
Decrease in credit card receivable		(91 930)		(91 930)
Incorrect salary related balances				
Decrease in salary related payables		363 495		363 495
Decrease in salary expense		(363 495)		(363 495)
Decrease in other receivables		(88 573)		(88 573)
Decrease in deposits received		66 743		66 743
Decrease in sundry income		21 807		21 807



Alexkor SOC Limited Consolidated

Detailed Income Statement for the year ending 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Revenue	23				
Commissions		1	-	1	-
Rendering of services		8 809 256	10 456 250	8 809 256	10 456 250
Sale of goods		354 705 226	227 901 643	354 705 226	227 901 643
		363 514 483	**238 357 893**	**363 514 483**	**238 357 893**
Cost of sales	24				
Sale of goods		(201 524 655)	(151 598 655)	(201 524 655)	(151 598 655)
		161 989 828	**86 759 238**	**161 989 828**	**86 759 238**
Other income	25				
Sundry income		3 970 731	4 954 357	3 970 731	4 954 357
Administrative expenses	28				
Auditors remuneration - Fees		(410 465)	(628 579)	(410 465)	(628 579)
Bank charges		(458 417)	(331 774)	(458 417)	(331 774)
Subscriptions		(95 605)	(88 370)	(95 605)	(88 370)
Telecommunication		(815 657)	(771 761)	(815 657)	(771 761)
		(1 780 144)	**(1 820 484)**	**(1 780 144)**	**(1 820 484)**

Detailed Income Statement for the year ending 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Other expenses	29				
Advertising		(134 684)	(540 070)	(134 684)	(540 070)
Amortisation - intangible assets		(429 963)	(423 270)	(429 963)	(423 270)
Bad debts		(2 521 637)	(1 157)	(2 521 637)	(1 157)
Cleaning		(380 802)	(287 460)	(380 802)	(287 460)
Consulting fees		(1 944 901)	(1 793 220)	(1 944 901)	(1 793 220)
Consumables		(1 011 525)	(882 014)	(1 011 525)	(882 014)
Depreciation - property, plant and equipment		(6 366 221)	(8 876 351)	(6 366 221)	(8 876 351)
Electricity and water		-	(6 257 783)	-	(6 257 783)
Employee costs - salaries		(29 644 107)	(29 183 815)	(29 644 107)	(29 183 815)
Entertainment		(44 339)	(50 148)	(44 339)	(50 148)
Fines and penalties		(442 885)	-	(442 885)	-
Hire		(403 070)	(223 867)	(403 070)	(223 867)
Hire - Equipment		(439 317)	(345 446)	(439 317)	(345 446)
Impairments and reversals - trade and other receivables		-	(2 843 772)	-	(2 843 772)
Insurance		(273 126)	(216 275)	(273 126)	(216 275)
Legal expense		(6 642 967)	(2 908 097)	(6 642 967)	(2 908 097)
Management fees		(3 073)	(354 278)	(3 073)	(354 278)
Medical expense		(243 337)	(238 763)	(243 337)	(238 763)
Motor vehicle expense		(2 925 636)	(1 541 511)	(2 925 636)	(1 541 511)
Other expenses continued...					
Municipal charges		(14 517 603)	(4 917 330)	(14 517 603)	(4 917 330)
Operating lease expense		(254 692)	-	(254 692)	-
Other expenses		(87 626)	(466 731)	(87 626)	(466 731)
Other expenses 3		(2 196 440)	(370 358)	(2 196 440)	(370 358)
Other expenses 4		(738 706)	(439 645)	(738 706)	(439 645)
Printing and stationery		(84 978)	(61 675)	(84 978)	(61 675)
Project expenditure		(30 298)	(30 235)	(30 298)	(30 235)
Repairs and maintenance		(1 545 678)	(1 150 644)	(1 545 678)	(1 150 644)
Safety equipment		(197 215)	(208 189)	(197 215)	(208 189)
Security		(13 162 623)	(8 579 531)	(13 162 623)	(8 579 531)
Staff welfare		(1 163 468)	(933 956)	(1 163 468)	(933 956)
Training		(966 831)	(973 187)	(966 831)	(973 187)
Transport		(210 631)	(151 984)	(210 631)	(151 984)
Travel - Local		(1 240 419)	(1 099 654)	(1 240 419)	(1 099 654)
Total other expenses		**(90 248 798)**	**(76 350 416)**	**(90 248 798)**	**(76 350 416)**
Other gains and (losses)	30				
Fair value gain		-	-	9 778 136	10 954 660
Gain or loss on sale - non-cash assets		(216)	(216)	(216)	(216)
		(216)	**(216)**	**9 777 920**	**10 954 444**
Profit from operating activities	31	**73 931 401**	**13 542 479**	**83 709 537**	**24 497 139**

Detailed Income Statement for the year ending 31 March 2023

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Other expenses continued...					
Finance income	32				
Interest received		19 912 983	12 547 237	7 766 950	4 006 475
Finance costs	33				
Bank overdraft		(292 582)	(33 271)	(292 582)	(439 645)
Operating lease liabilities		(37 499)	-	(37 499)	(61 675)
		(33 271)	**(330 081)**	**(33 271)**	**(330 081)**
Profit for the year		**93 811 113**	**25 759 635**	**91 443 216**	**28 173 533**

Liquidity Ratio

Figures in R	Notes	Group 2023	Group 2022 As Restated	Company 2023	Company 2022 As Restated
Current Ratio		2.59	1.58	1.79	1.21
Acid Test Ratio		1.53	0.86	1.17	1.21
Asset Management Ratios					
The asset management analysis consists of the calculation of five ratios:					
Receivables Turnover – Collection period		1.20	0.85	1.20	0.85
Days sales in receivables		82.99	802.18	83.79	803.39
Inventory turnover		1.39	5.12	1.39	5.12
Days cost of sales in inventory		474.80	65.22	474.80	65.22
Days purchases in creditors		475.89	1 223.62	476.69	1 224.63
Profitability Ratios					
Gross profit margin		44.56%	36.40%	44.56%	36.40%
Return on operating assets		11.33%	3.96%	17.01%	8.31%
Profit for the year		93 811 113	25 759 635	91 443 216	28 173 533

ALEXKOR

Gui gowa-i ge tatse âusa tama hâ.