ANNUAL REPORT 2024

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South African
Nuclear Energy Corporation Ltd

NECSA

INTEGRATED ANNUAL REPORT

FINANCIAL YEAR 2023/24

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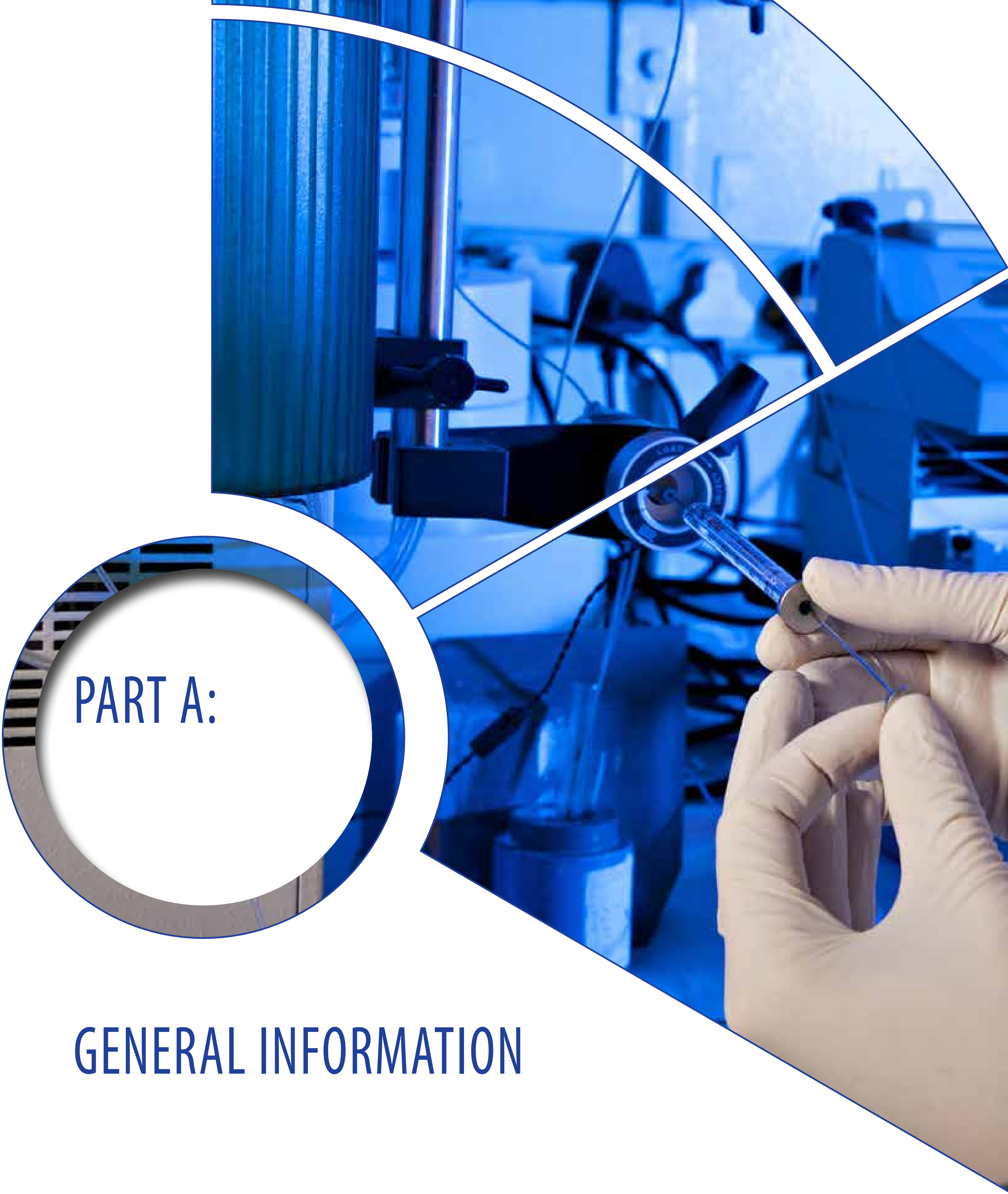
PART A:



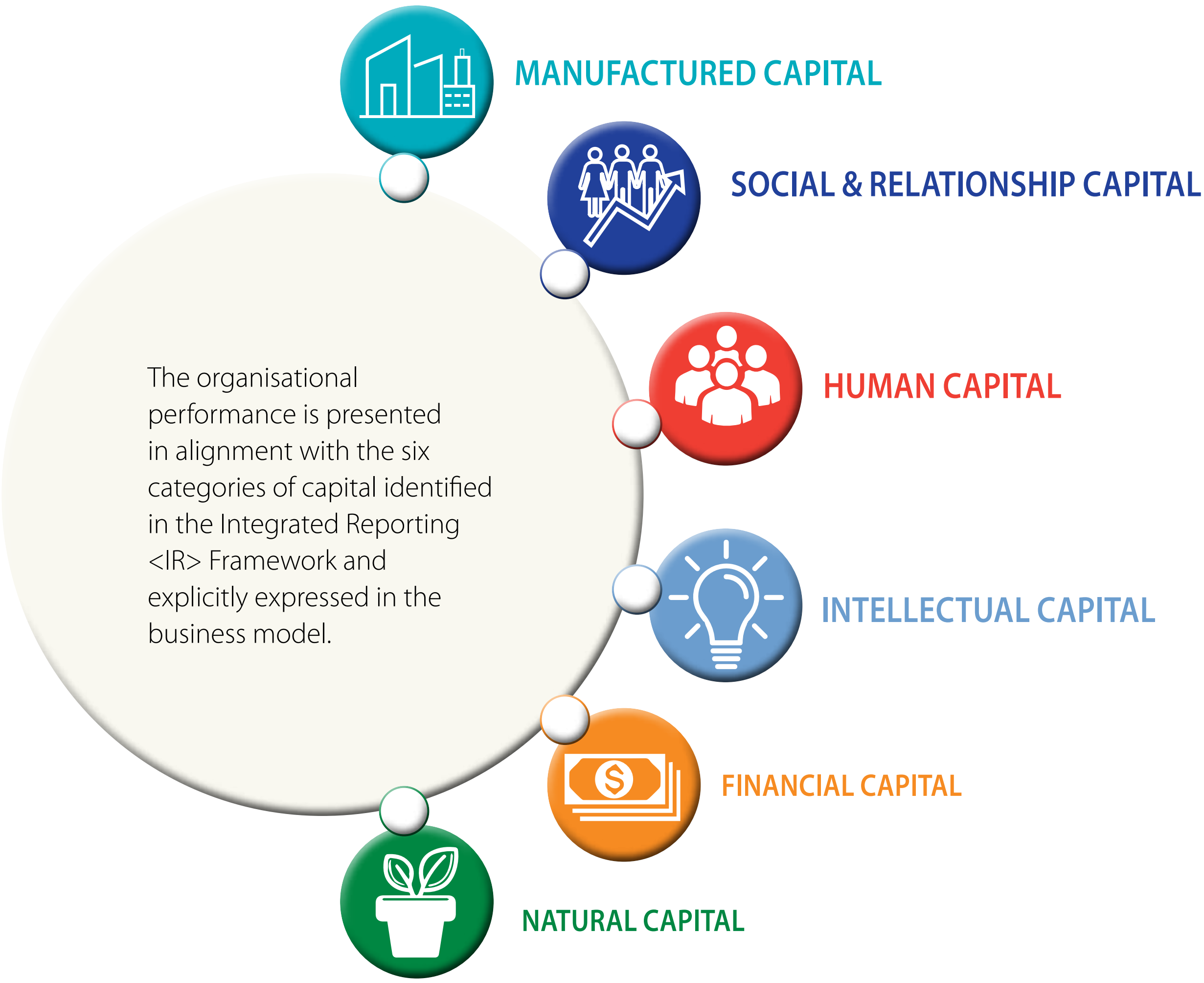
GENERAL INFORMATION

About this Report

This integrated annual report outlines the financial performance and key information of the South African Nuclear Energy Corporation (Necsa) for the 2023/24 financial year (FY). It serves as a legislative accounting and governance tool, transparently showcasing achievements against predetermined objectives and compliance with financial and governance regulations in alignment with Necsa's founding mandates.

This report reflects the transition to integrated reporting as guided by the National Treasury Guidelines, the Public Finance Management Act (PFMA), the Integrated Reporting <IR> Framework (IRF), the Global Reporting Initiative 2021 in terms of its stakeholder universe, the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), the International Financial Reporting Standards (IFRS), and the founding Nuclear Energy Act 46 of 1999, Section 23(2)(c).

The Necsa Group Board has a fiduciary duty to ensure the integrated annual report provides an accurate, complete and holistic representation of the organisation, including financial performance, corporate governance, risk management and sustainability. It oversees an entity that is driven ethically, with integrity and commitment to competence conducted in a transparent and fair manner. This is fulfilled through the governing body (the Board) reporting to the Shareholder and all its stakeholders in an honest and transparent manner, sharing a holistic narrative of the business.



1. Organisational Overview

Necsa was established as a public company under the Republic of South Africa Nuclear Energy Act of 1999 and is wholly owned by the State.

Necsa is responsible for research and development in the field of nuclear energy and radiation sciences, processing source material, including uranium enrichment, and cooperating with other institutions, locally and abroad, on nuclear and related matters for the promotion of socio-economic development in South Africa, as well as executing institutional responsibilities on behalf of government.

The Necsa Group holds two primary, 100%-owned subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd.

Mission: To develop and safely utilise nuclear, radiation and related technologies to make socio-economic impact in diverse global markets through commercial and non-commercial technologies, in an environmentally responsible manner.

Vision: To be a global nuclear and related technology leader, positively touching people's lives socio-economically.

1.1 About Necsa

HISTORY The South African Nuclear Energy Corporation, trading as Necsa, is a Schedule 2 state-owned company (SOC) according to the PFMA.

Necsa boasts a solid background and history of 76 years since its predecessor Atomic Energy Board was formed in 1948.

1948 to 1959

ATOMIC ENERGY BOARD ERA

- South Africa's Atomic Energy Board was established primarily to regulate and control uranium production and sales in 1948.
- An intergovernmental bilateral agreement between South Africa and the United States of America (USA) on the civilian uses of atomic energy was signed in Washington, providing for the procurement of a research reactor from the USA.
- Government approved the creation of a nuclear research and development mandate.
- South Africa became a member state of the International Atomic Energy Agency (IAEA) in 1957.

1960s to mid-1970s

RESEARCH AND DEVELOPMENT ERA

- Pelindaba site was established in 1961.
- South African Fundamental Atomic Research Installation (SAFARI-1) Materials Testing Reactor constructed and went critical on 18 March 1965.
- Uranium Enrichment Corporation was established in 1970.

1970s

STRATEGIC ERA

- South Africa embarked on an extensive nuclear fuel programme (pressurised water reactor).
- Nuclear weapons programme.

1980s

ATOMIC ENERGY CORPORATION (AEC) ERA

- The Nuclear Energy Act (Act 46 of 1999) made the AEC, formerly the Atomic Energy Board, responsible for all nuclear matters.
- Pelchem SOC Ltd was established.
- A wholly owned subsidiary of Necsa SOC Ltd and the sole producer and supplier of fluorochemicals in the southern hemisphere.
- The Uranium Enrichment Corporation and the Nuclear Development Corporation were incorporated into the AEC.

1990s

TRANSITIONING ERA

- South Africa signed the Non-Proliferation of Nuclear Weapons Treaty (NPT).
- Mo-99 programme commenced.
- Commercialisation of fluorine and related products.
- The Nuclear Energy Act (1999) transitioned the AEC to the South African Nuclear Energy Corporation (Necsa).

2000s

GROWTH ERA

- NTP Radioisotopes SOC Ltd formally incorporated as a wholly owned subsidiary of Necsa.
- Pelchem SOC Ltd was corporatised as a wholly owned subsidiary of Necsa.
- Nuclear Skills Development SOC Ltd was formed, now known as Necsa Learning Academy.

2010s to date

CONSOLIDATION ERA

- Necsa Group operates as a holding company with two main 100%-owned subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd.
- Necsa consolidates its business operations on the back of its nuclear research mandate and production of radioisotopes for industrial and medical applications and beneficiation of flourine and other chemical products .
- The Necsa Visitor Centre is launched to conduct guided tours, run workshops on nuclear topics and present school holiday programmes.
- The approval of the multi-purpose reactor (MPR) by Cabinet in 2021 paves way for Necsa sustainability into the future.

1.2 Mandate

Necsa's strategy is guided by its mandate rooted in the Nuclear Energy Act.

Nuclear Energy Act (NEA, Act No. 46 of 1999)

- Undertake and promote research and development in the fields of nuclear energy and radiation sciences and technology and make these generally available.
- Process source material, special nuclear material and restricted material and reprocess and enrich source material and nuclear material.
- Execute institutional responsibilities on behalf of the government, e.g., operation and utilisation of SAFARI-1, decommissioning and waste management, and international obligations.
- Cooperate with any person or institution in matters falling within these functions.

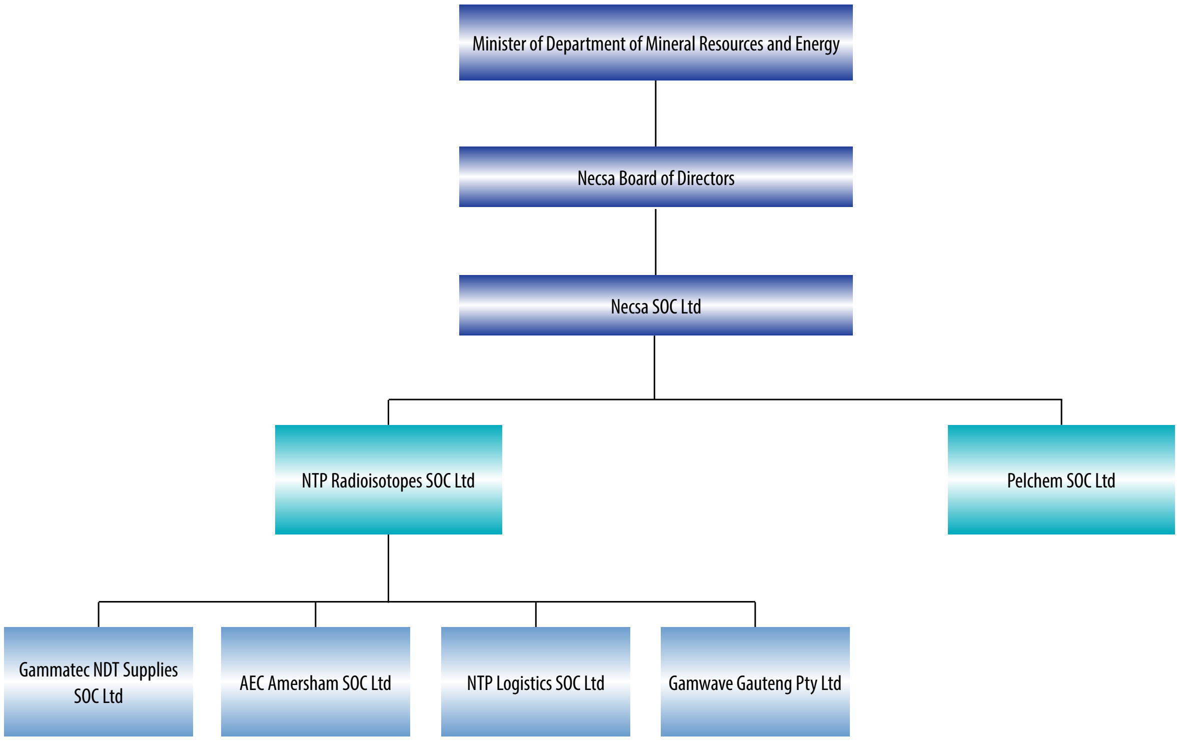
1.3 Legislative Framework

Necsa follows and adheres to various laws, regulations, and policies that are relevant to its operations and its role in contributing to the transformation and development of the economy through nuclear energy research, development, and innovation in South Africa.

Necsa's legislative framework guides its involvement in the uranium value chain, including the development of uranium conversion capabilities, exploration of establishing uranium enrichment capabilities, and the development of nuclear fuel fabrication capabilities.

Relevant policies include the Nuclear Energy Policy (2008), the Integrated Resource Plan (2009), the National Infrastructure Plan 2050, the National Development Plan (NDP), the Department of Mineral Resources and Energy's (DMRE) strategy plans, the United Nations Sustainable Development Goals (SDG), and other policies that seek to enable the industrialisation of the economy, including the economic reconstruction and recovery of the country.

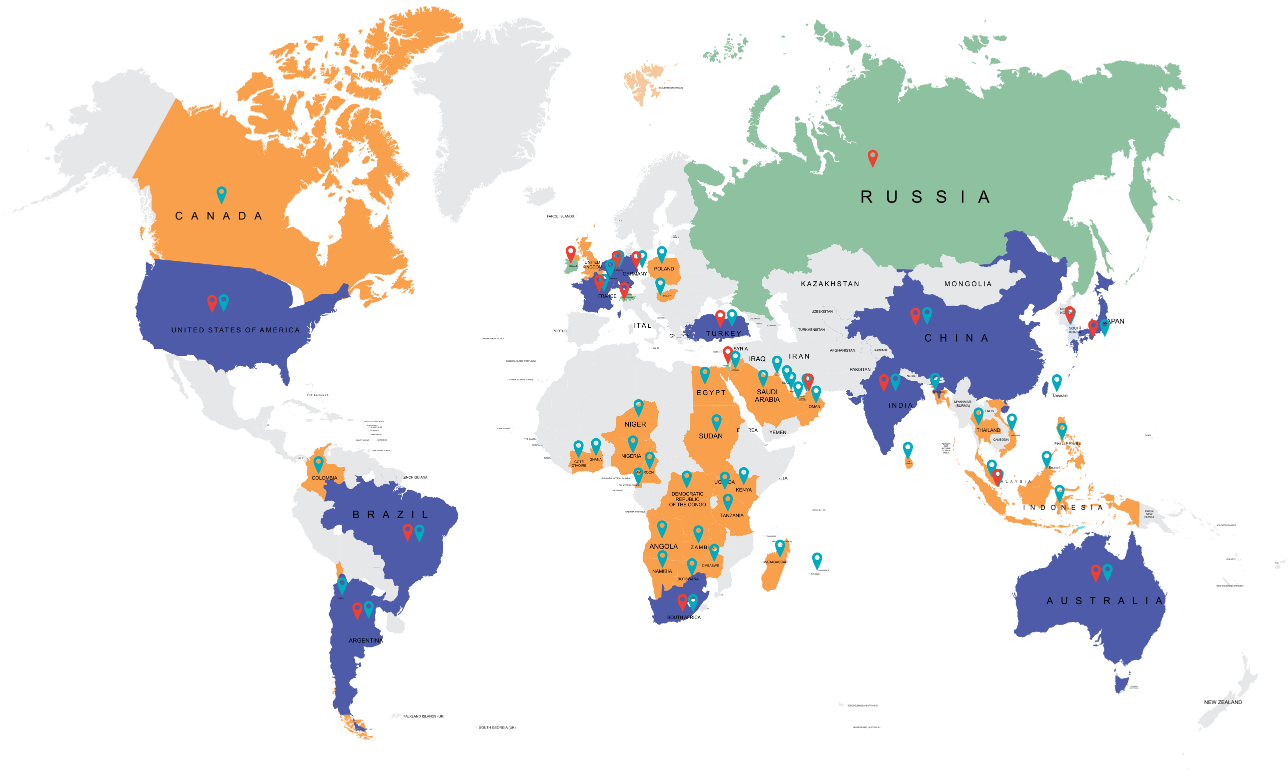
1.4 Legal Structure



*The structure also consist of the following companies which are dormant:
Cyclofil SOC Ltd
ARECSA Human Capital SOC Ltd
Ketlaphela Pharmaceutical SOC Ltd

1.5 Global Footprint

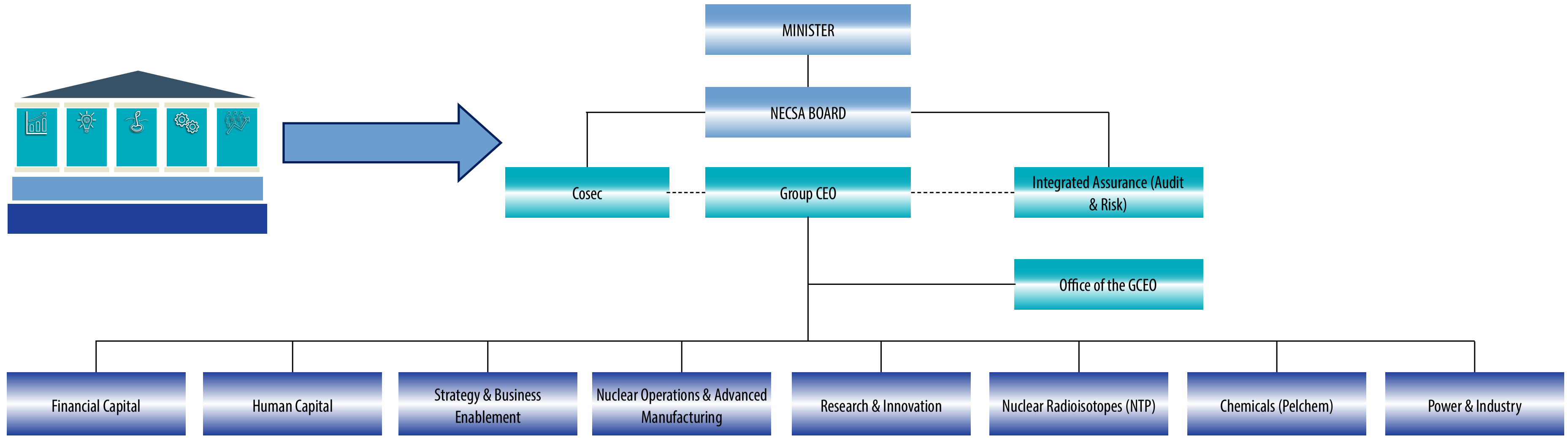
The Necsa Group has a global presence through its market-facing entities offering a range of nuclear-related and non-nuclear products and services. SAFARI-1 anchors Necsa's nuclear research and is a host of work that is done for organisations across the world, including training for nuclear and other industries at its learning academy. The ASME-III-accredited Advanced Manufacturing facilities supply local and international companies with nuclear-grade components. Through its radioisotopes subsidiary NTP, Necsa is among the top four global medical isotope producers based on research and innovation, servicing over 50 countries. Pelchem is the sole producer and supplier of fluorochemicals in the southern hemisphere. It manufactures 14 products, which are distributed in over 25 countries globally. Necsa's global footprint is shown on the map below:



Pelchem NTP

Both Pelchem and NTP | Pelchem | NTP

1.6 Organisational Structure



2. Board Composition

The Necsa Group Board accounts to the Ministry of Mineral Resources and Energy, which appoints it. The Board in turn appoints the Group Chief Executive Officer, in concurrence with the Ministry of Mineral Resources and Energy. The Necsa Board is appointed by the Minister as per the relevant Section 16 of the Nuclear Energy Act. The Board consists of the Chairperson, not less than five and not more than seven non-executive directors, a representative from DIRCO, a representative from DMRE and the GCEO. Therefore, the minimum number of members is nine and the maximum is eleven.

2.1 Board of Directors

The Board composition reflects the wide range of skills and knowledge necessary to meet Necsa's strategic objectives.

The Necsa Board of Directors is reflected below:

Mr DR Nicholls
Board Chairperson

Mr LJ Shayi
Chairperson of Nuclear Oversight and Regulatory Compliance Committee

Mr L Mavuso
Chairperson of Human Resources, Social and Ethics Committee

Ms SKN Masango
Chairperson of Technology Research and Development Committee

Mr H Lazarus
Chairperson of Investments and Finance Committee

Mr S Maharaj
Chairperson of Audit and Risk Committee.

Dr P Magampa
DMRE Representative

Amb X Mabhongo
DIRCO Representative

Dr M Makgae
Board Member

Adv. A Chowan
Board Member

Mr Loyiso Tyabashe
Group CEO

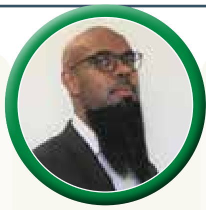
Ms B Makgopa
DMRE Alternative representative

Mr M Combrink
DIRCO alternative representative

Board members resigned during the year 2023

Ms PE Monale
DMRE Representative

Amb N Ntshinga
DIRCO Representative



Mr A Latchu
Board Member

Mr M. Van Schalkwyk
DIRCO alternative representative

Gender:

Diversity: 5 9 3

3. Chairperson's Foreword

"The journey towards excellence is paved with accountability, transparency, and unwavering commitment to service delivery."

NECSA BOARD CHAIRPERSON

Mr David Nicholls

The Necsa review of the last financial year is a journey with great positive turns as the entity moves towards greater productivity levels and entrenches strong governance. Presenting this integrated annual report with the improved audit outcome of an unqualified opinion for the Necsa Group and Pelchem while NTP received a clean one is testimony to the collective dedicated commitment by the Board and executives. It is attributed to strong leadership and stability at the board level.

The Board is fully constituted as appointed in January 2023 and reinforced by representatives from the Shareholder, the Department of Mineral Resources and Energy (DMRE) and the Department of International Relations and Cooperation (DIRCO). There is stability and coherent leadership at the Group Executive Management Committee (EXCO) level that drives the turnaround strategy and oversees a conducive performance culture and viable environment for overall employee well-being. The strong consultative relationship between management and labour also balances the workplace.

The entity operates under a tight domestic and global outlook, with the government tightening its spending and grant allocations to state-owned entities. This comes at a time when Pelchem, a subsidiary of Necsa, is showing improvement in reducing its deficit but is not yet profit-making at a loss of -R41,3m compared to -R61,7m in the previous financial year. NTP showed a great profit of R136,1m due to improved customer retention, increased demand for its products and market positioning. Necsa Group ended with a triple-digit profit of R109m, Necsa's outlook is geared towards driving the multi-purpose reactor (MPR) that will substitute the current 59-year-old SAFARI-1 reactor. It is envisaged that these two reactors shall operate simultaneously for some period thus ensuring that nuclear research, development and innovations remain uninterrupted as well as the production of radioisotopes. Scientists contribute globally towards an acclaimed body of knowledge and supervise students on cutting-edge academic research, some using the SAFARI-1 reactor. This puts the South African government and Necsa in a positive position which needs to be guarded and maintained at all costs.

I believe that Necsa is well placed to host a small modular reactor (SMR) pilot plant as the lead unit of this technology to support the deployment of SMRs in the country and region. This will revitalise the nuclear industry and sharpen skills and development while also absorbing new talents into the various work streams within STEM careers. My appreciation goes to our Shareholder for steering this initiative, especially the Minister of Mineral Resources and Energy, Mr Gwede Mantashe and the Deputy Minister Dr Nobuhle Nkabane.

I also appreciate the dedication of the Board in overseeing Necsa to its greatness. This is not feasible without the Group EXCO under the leadership of Mr Loyiso Tyabashe and seamless corporation with the Board.

David Nicholls

BOARD CHAIRPERSON

Necsa Board of Directors' meeting

4. Group Chief Executive Officer's Overview

"The achievement of the improved performance, profit and audit outcomes reflected in this report is a testament of Necsa Group's dedication to excellent performance against the Shareholder Compact."

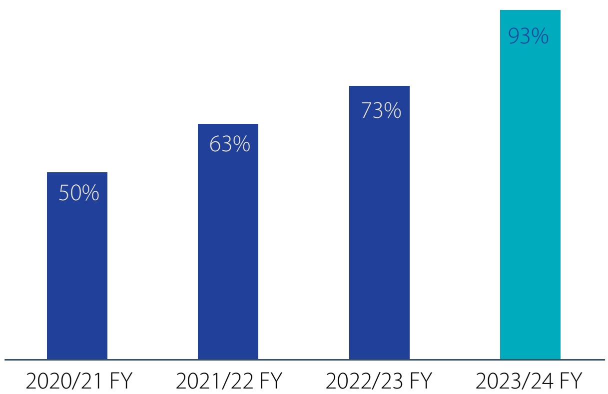
GROUP CHIEF EXECUTIVE OFFICER

Mr Loyiso Tyabashe

In the year under review, we have cemented the good gains of the strategy that we started implementing fully in the 2022/23 financial year. We moved with enthusiasm and diligence towards maintaining improved performance for the Necsa Group in the 2023/24 FY. This is evident in the Group maintaining profitability with a net profit after tax (NPAT) of R109m and an improved audit outcome of an unqualified opinion. I am proud to share the progress and achievements we have made as an organisation. This has been marked by the discipline and resilience of our employees in executing our strategy and performance against our Shareholder's Compact resulting in a score of 93%.

Performance against the Shareholder's Compact is driven by 15 key performance indicators (KPIs) that flow from five key performance areas (KPAs) that are a part of the company's strategic pillars. We have improved by achieving 14 out of 15 KPIs at 93%, an improvement from the previous reporting year, which ended at 73%. The rallying call for positive performance, profitability and audit outcomes has seen all employees working towards ensuring that we execute with excellence against our targets.

Achievement of Key Performance Indicators Over Time



The Necsa Group ends the year having achieved an NPAT of R108,7m with a total comprehensive income of R149,3 against the previous year's NPAT of R125,5m and a total comprehensive income of R145,3m. While the 2023/24 FY shows a decline in numbers, it is important to consider the prevailing conditions of austerity measures. There has been overall improvement across the entities of the Necsa Group, that is, Necsa SOC and subsidiaries NTP SOC and Pelchem SOC. The NTP Group once again produced a sterling set of results with an NPAT of R136,1m against R138,2m in the 2022/23 FY. The chemicals subsidiary Pelchem improved even though it is still at a loss of -R41,3m which is nearly two-thirds of the losses of the previous financial year. The business is receiving focused attention on its turnaround plans from its shareholder, the Necsa Group.

Governance improvements have been a key contributor to the Necsa Group's turnaround since 2021. The audit outcome is a great achievement that has been slowly coming along with much effort from all stakeholders. Our employees have done well in ensuring that we perform every function effectively and efficiently, following an ethical business culture. Strengthening internal governance structures under the oversight of the Board for compliance and streamlining processes across the Group for alignment have been important pillars in improving governance. It is through this concerted effort that we have managed to produce credible financial statements and perform well against our operational objectives.

The Necsa five-year strategy for 2021–2025 has been reconfirmed in the past two years, with new areas of growth approved by the Board. The five pillars of Financial Recovery and Sustainability; Research and Innovation; Profitable Commercial Enterprises; Business Continuity and Efficiency; and Talent Excellence and High-Performance Culture remain. Six high-impact programmes that look at growing Necsa well into the future were approved by the Board at its strategy session in 2023. These align Necsa with its mandate granted in the Nuclear Energy Act and include re-establishing front-end fuel supply, power generation leading with SMRs, solidifying neutron source generation (SAFARI-1 and a multi-purpose reactor), radioisotope production and services, fluorochemical business and operations, and skills development.

Our values of Excellence, Accountability, Safety First, Innovation and Integrity (EASII) continue to guide the way we work at Necsa. The Necsa Group maintained excellent safety performance during the year under review, thus remaining true to what is expected of a nuclear facility. Our responsibility in this regard does not end with our employees but also extends to our surrounding communities. In addition, Necsa put its safety culture through an external review, where it received a score of 3.5 out of 5. The aim is to continue improving in this regard. Following the executive team's intervention in the previous financial year, the senior management cohort underwent the same training at the University of Pretoria as part of the Group's effort to entrench a values-based culture in the organisation.

SAFARI-1 continues to produce isotopes for medical and industrial use. It is still one of the best-performing research reactors at its ripe age of 59 years under a strict ageing management regime. To ensure that South Africa remains at the forefront of nuclear research and related technology work, Necsa is making great strides in the new research reactor project, finalising the feasibility study report for the MPR. The report is now with the Minister of Mineral Resources and Energy for approval. The project is ready to proceed to the Design Development stage (Stage 3), as per the National Treasury's Framework for Infrastructure Delivery and Procurement Management (FIDPM).

Our employees are the foundation of our success. Following the implementation of the rationalisation process, we have ensured that investment in our workforce through different initiatives, including training, skills transfer, and employee wellness programmes continues. We remain committed to fostering a culture of integrity and respect, ensuring that the Necsa Group remains a great place to work. The success and stability of the workplace have been made possible by positive contributions and collaboration with our labour partners within Necsa. The year ended with discussions on the new collective bargaining agreement for the financial years 2024/25–2026/27 to create certainty for all stakeholders.

Similarly, we have continued with robust stakeholder engagements. This is to make a positive impact on those we work with and secure meaningful and mutually beneficial collaborations. Our stakeholder engagements are rooted in our responsibilities as a nuclear installation as well as ensuring that we respond to stakeholder needs at the right time. Material issues for stakeholders have driven these engagements to ensure that we address their concerns and consider their comments. We continued to inform, educate and report transparently to our stakeholders, including regulatory and oversight bodies, about our activities and their positive and negative impacts. Our scientists have given their time to nurture the youth in schools and higher education institutions while also making a scientific impact and contributing to the body of knowledge.

The strategy has given the Group a solid base for a turnaround. The focus going forward is strengthening the weaker part of our business and focusing on the new high-impact programmes for growth. These programmes give the Group a wider scope for the diversification of revenue. Most importantly, as part of business continuity, we need to continue strengthening internal controls for risk mitigation and supporting business diversification while growing our brand equity.

My sincere appreciation goes to all the Necsa Group employees who work hard in their respective areas to make sure that all the deliverables are met. My executive team has remained steadfast in leading their areas of responsibility with positive outcomes. I also want to thank the Board for giving the executive team much-needed support and guidance throughout the year. My gratitude also goes to the Shareholder Ministry, the DMRE, for support and encouragement as we executed our Shareholder's Compact and strategy.

Loyiso Tyabashe

GROUP CHIEF EXECUTIVE OFFICER

GCEO and staff engagement session

5. EXCO Composition

The Necsa Group is equipped with a full complement of highly skilled and experienced individuals. This is the team that is leading the organisation to deliver on its mandate as well as operational and strategic objectives.

Mr Loyiso Tyabashe
Necsa Group Chief Executive Officer

Ms Precious Hawadi
Group Chief Financial Officer

Mr Thabo Tselane
NTP Group Managing Director

Mr Petrus Schutte
Pelchem Managing Director

Ms Qhamkile Boyede
Group Executive: Strategy and Business Enablement

Mr Monde Mondi
Group Executive: Human Capital

Mr Ayanda Myoli
Nuclear Operations & Advanced Manufacturing

Mr Sengiphile Simelane
Group Executive: Power and Industry

Dr Pradish Rampersadh
Group Executive: Research and Innovation

Ms Nto Rikhotso
Executive: Office of the GCEO

Ms Vuyokazi Mkwaqa
Group Chief Integrated Assurance Officer

Dr Nikelwa Tengimfene
Senior Manager: Corporate Communication, Branding and Stakeholder Relations

Ms Fakazile Nyembe
Group Company Secretary

*Mr Andrew Scott: Pelchem MD: 01 March 2024 - 30 April 2024.

Gender:

Diversity: 6 5 2

EXECUTIVE MANAGEMENT COMMITTEE

The GCEO, in carrying out his responsibilities of leading the business and implementing the strategy, is assisted by the Executive Management Committee. The GCEO acts as the chairperson of the EXCO. The committee's main functions include aligning Necsa's business with the Group's mission, vision, strategies, targets and policies, and considering material business, strategic, financial and functional issues.

One of the key objectives of the rationalisation process was to ensure that the GCEO has sufficient capacity to effectively steer the organisation in the right direction. The Group structure operates in a manner that ensures that all subsidiaries are effectively supported by the Group, as well as the appropriate governance to ensure the effective execution of the strategy.

EXCO members

Name	Capacity	Appointed date	Qualifications
Mr Loyiso Tyabashe	Necsa Group CEO	1 January 2021	• MSc Mechanical Engineering • BSc Mechanical Engineering • Executive Leadership Programme
Mr Thabo Tselane	NTP Group Managing Director	1 March 2022	• MSc Applied Nuclear Physics • BSc (Hons) Nuclear Physics • BSc Chemistry and Physics • Project Management • Global Executive Development Programme
Ms Precious Hawadi	Group Chief Financial Officer	3 January 2022	• CA (SA) • Programme for Executive Development • Transition to Business Leadership • Foundation to Business Leadership • BCom (Hons) Accounting
Mr Petrus Schutte	Pelchem Managing Director	17 April 2023-29 February 2024	• CGMA, Chartered Institute of Management Accountants • BCom (Hons) Financial Management • BCom Accountancy
Mr Ayanda Myoli	Nuclear Operations & Advanced Manufacturing	3 January 2022	• Master of Business Leadership • BSc Mechanical Engineering • Senior Management Programme • Diploma Packaging Management • Nuclear Engineers Course (Eskom, Koeberg and Westinghouse)
Mr Andrew Scott	Managing Director: Pelchem	1 March 2024 – 30 April 2024	• MBA • BSc Chemical Engineering
Mr Monde Mondi	Group Executive: Human Capital	1 September 2017	• MBA (Regent Business School) • Masters Artium (Labour Relations and HRM) • Management Development Programme • Master's Diploma (HRM) • Bachelor of Philosophy • BA Education

Name	Capacity	Appointed date	Qualifications
Ms Qhamkile Boyede	Group Executive: Strategy and Business Enablement	3 January 2022	MBA BSc Chemical Engineering Postgraduate Diploma in Business Administration
Dr Pradish Rampersadh	Group Executive: Research and Innovation	1 March 2022	PhD Inorganic Chemistry MSc Organometallic Chemistry BSc (Hons) Chemistry and Applied Chemistry Management Advancement Programme
Ms Nto Rikhotso	Executive: Office of the GCEO	3 January 2022	Management Advancement Programme Higher Diploma in Integrated Marketing Communications BA Education (Postgraduate)
Mr Sengiphile Simelane	Group Executive: Power and Industry	1 May 2023	BSc Electrical Engineering MSc Electrical Engineering MBA, Wits Business School Certificate in Global Management Professional Engineer, Engineering Council of South Africa
Ms Vuyokazi Mkwaqa	Group Chief Integrated Assurance Officer	1 Feb 2024	BCom Accounting Postgraduate Diploma in Risk Management Certified Internal Auditor Senior Management Development Programme Executive Management Development Programme
Dr Nikelwa Tengimfene	Senior Manager: Corporate Communication, Branding and Stakeholder Relations	1 September 2017	PhD Psychology MA Industrial and Organisational Psychology, UNISA
Ms Fakazile Nyembe	Group Company Secretary	1 June 2021	Admitted Attorney of the High Court of South Africa Master of Laws, Commercial Law (LLM) Bachelor of Laws (LLB) Leadership Development for Executive Managers

6. Strategic Overview

A refined business model and Group organisational structure have ensured that there is consistent strategic alignment across the organisation while increasing value creation.

6.1 Strategic Framework

Necsa's focus on growing revenues and profitability through its revised strategy to improve earnings in the commercial entities and maximise non-grant income while implementing cost efficiencies in the various cost centres continued in the reporting period.

The 2021 turnaround strategy approved by the Board and Minister of Mineral Resources and Energy continues to anchor improved performance at Necsa. Recognising that the strategy, which was part of the organisation's rationalisation process was developed through a consultative process, involving key stakeholders and the executive, the process of revision remains consultative to ensure ownership and accountability across the whole Necsa Group.

In the 2022/23 FY, the Group posted an NPAT of R125,5m, clearly indicating that the strategy to put Necsa back on the road to recovery has so far been successful.

Necsa is committed to fostering a robust corporate culture that supports all core operations and upholds good governance.

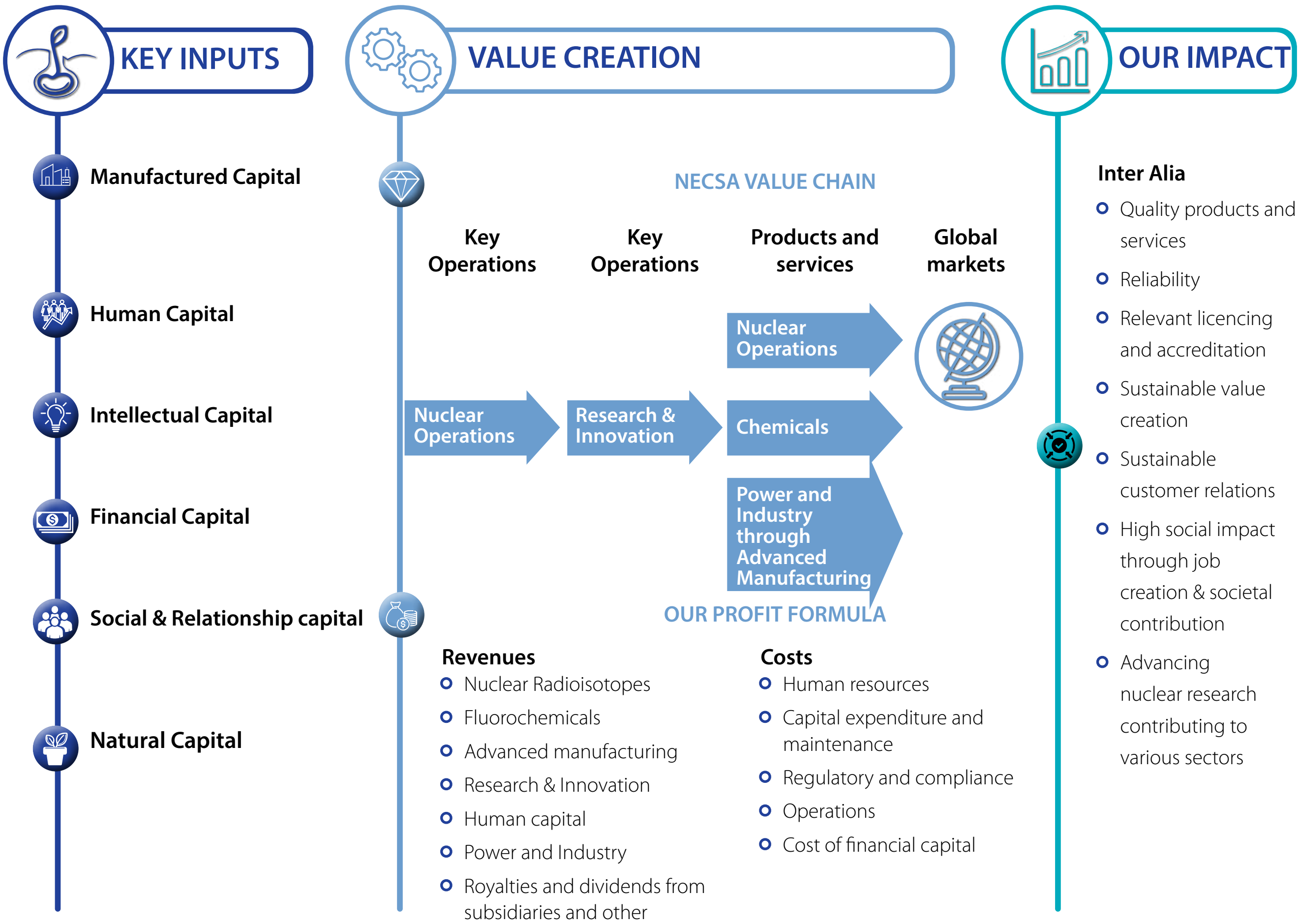
The strategic framework outlines five pillars and objectives, translated into KPAs to ensure Necsa achieves its strategic goals. The five strategic pillars are: Financial Recovery and Sustainability; Research and Innovation; Profitable Commercial Enterprises; Business Continuity and Efficiency; and Talent Excellence and High-Performance Culture.

Necsa laboratory sampling

6.2 Business Model

Necsa derives its value through the employment of the six capitals of integrated reporting as part of its value chain creation process to ensure it delivers impact financially while also considering the social and environmental impact.

Business Model



The business model leverages the Group's knowledge base, legacy infrastructure investment and ongoing research and innovation in the fulfilment of the state's nuclear obligations and pursuit of commercial ventures. Necsa is significantly repurposing its strategic legacy investment to the benefit of South Africa and the global market. This includes the use of its core facilities, such as the SAFARI-1 research reactor, for research and nuclear technology innovations such as radioisotope production. Necsa receives financial resources through a government grant and commercial revenue to sustain the company's activities. These activities aim to fulfil the country's nuclear obligations on safeguards, non-proliferation, waste management, as well as education and training.

Necsa also generates income through dividends and recouping costs of services rendered to its subsidiaries, NTP Radioisotopes SOC Ltd and Pelchem SOC Ltd. These subsidiaries respectively produce a range of radiation-based products and services for healthcare, life sciences and industry and supply fluorine-based products to various industries; the Necsa division, Advanced Manufacturing, provides commercial nuclear engineering and manufacturing services.

6.3 Strategic Objectives and KPAs

The following table presents the strategic framework, including the five strategic pillars and objectives translated into key performance areas, aimed at ensuring that Necsa reaches its strategic goals:

Pillar	Goals	Strategic Objective	Key Performance Area
Financial Recovery and Sustainability	Financial breakeven over the short term.	To resolve the short-term breakeven and cash flow challenges faced by the Group while achieving medium- to longer-term growth, profitability and sustainability for the Group.	Financial performance Audit outcome
Research and Innovation	Strengthening Necsa's competitive position by successfully developing and commercialising new products.	To deliver new technologies that will enable growth in existing commercial areas while creating new technologies that lead to future commercial enterprises through which the Necsa Group will directly impact people's lives.	Increased revenue Research publications Innovation disclosures
Profitable Commercial Enterprises	Develop profitable enterprises.	Group commercial operations to achieve at least a breakeven position in the short term; demonstrate a sound understanding of the markets they operate in (including competitiveness and market growth potential); and in the medium to long term make strategic choices and succeed at implementing chosen growth and profitability strategies.	Profitability
Business Continuity and Efficiency	To operate cost-effectively. Reduce business liability, i.e., reduce the cost of waste management activities. Improve productivity with enhanced effectiveness and efficiency.	A strong integrated management system (IMS) with excellence, effectiveness and efficiency of operations as central pillars. In addition, a strong safety culture with good adherence to the Safety, Health, Environment and Quality (SHEQ) system, strong conformance to all nuclear facility licensing conditions, a well-entrenched governance system, and good strategic support for core commercial areas by all support services.	Operational safety Operational compliance SAFARI-1 operational availability Multi-purpose research reactor development Decommissioning and Decontamination (D&D) programme execution (Stage 1)
Talent Excellence and High-Performance Culture	Creating a high-performance culture with strong leadership and business management. Necsa demographics to reflect the demographic patterns of South Africa.	A strong organisational culture with a fully entrenched set of organisational values, best skilled and experienced resources deployed throughout the organisation, a strong performance system and continuous improvement well entrenched. All staff will be continuously trained and developed to achieve the highest competence in their respective job roles, which will also enable upward mobility.	Performance management Talent management and culture Transformation

7. Performance against the Shareholder Compact

The Shareholder Compact is an agreement between the Minister of Mineral Resources and Energy and the Necsa Board. It reflects each party's expectations, expressed in terms of outcomes and outputs that need to be achieved. The Necsa Group then distills these expectations in a Corporate Plan for each year detailing how targets will be met in each key performance area. Performance is then reported to the Board and Shareholder on a quarterly basis to ensure accountability and continued improvement and finally culminating in an integrated annual report that gives an overview of the whole financial year.

7.1 Statement of Responsibility for Performance Information

The Necsa Group Board of Directors has a fiduciary duty to ensure that the integrated annual report provides an accurate, complete and holistic representation of the organisation, including financial performance, corporate governance, risk management and sustainability. It oversees an entity that is driven ethically with integrity and a commitment to competence, conducted transparently and fairly. This is fulfilled through the Board reporting to its stakeholders honestly and transparently, sharing both the positive and negative aspects of the business.

The Board, as the Accounting Authority, is responsible for implementing a system of internal controls to provide reasonable assurance about the integrity of performance information, human resources information and annual financial statements (AFS). The Group Chief Executive Officer (GCEO), as the Accounting Officer, is responsible for the preparation of Necsa's performance information and its veracity.

The Auditor-General of South Africa (AGSA) has examined the company's AFS and performance targets for the year ended 31 March 2024 and their report is presented on page 117. All information disclosed in this integrated annual report is consistent with the AFS as audited by the Auditor-General.

In the Board's opinion, the integrated annual report fairly reflects the operations, performance information, human resources information and financial affairs of Necsa for the financial year ended 31 March 2024.

David Nicholls
BOARD CHAIRPERSON

Loyiso Tyabashe
GROUP CHIEF EXECUTIVE OFFICER

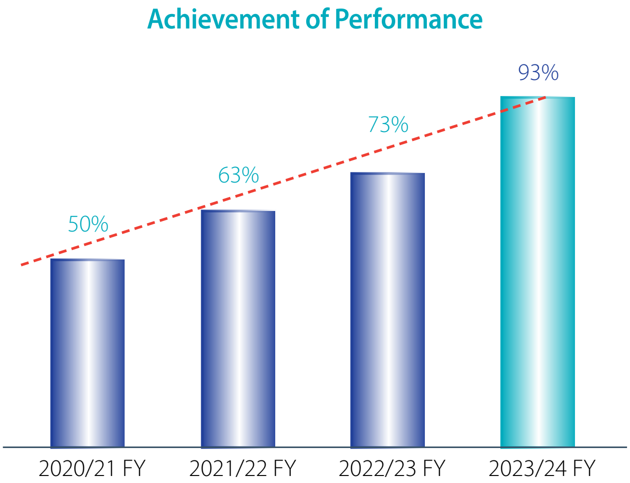
7.2 Auditor-General's Report

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit opinion on the performance against the KPIs contained in the predetermined objectives (PDOs) is included in the management report. Refer to page 117-124 of this report for the Independent Auditor's Report on PDOs.

7.3 Overall Performance against the Shareholder's Compact

Performance indicators are aligned across the Shareholder Compact with the DMRE, the Corporate Plan and Performance Reports. Every month, performance information is collated and reported to the Executive Committee and quarterly to the Board, DMRE and National Treasury. An annual report is then prepared to report as per the requirements for public institutions to publish performance information to account to Parliament according to section 92 of the Constitution and to be transparent to the public under section 195 of the same. Performance is internally assured by Integrated Assurance and externally assured by the Auditor-General annually before publishing actual achievements against targets. In the year under review, the methodology for assessing whether KPIs were achieved was enhanced and approved at the Board level whereby KPIs are measured as being achieved or not achieved and allowing no negative tolerance in alignment with recommendations from the AGSA Monitoring Framework. The following figure compares performance over the past three financial years showing a positive trend in the achievement of performance targets.

Performance over the past three financial years



* For the 2021/22 FY, performance within 10% of the target was taken as an achievement. Since the 2022/23 FY, there has been no allowance for negative tolerance in performance.

7.3.1 Financial Recovery and Sustainability

This strategic pillar revolves around the Necsa Group's financial recovery, i.e., breakeven in the short term and the resolution of cash flow challenges while achieving medium- to longer-term growth. The main contributors are the Nuclear Operations and Advanced Manufacturing divisions as well as the NTP and Pelchem subsidiaries.

Key Performance Area	Key Performance Indicator	Actual Achievement 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Comment on Deviation
Financial Performance	Necsa Group NPAT (R'm)	125,5	48,9	108,6	Target exceeded by R59,7m	-
Audit Outcome	Audit opinion	Qualified audit opinion	Unqualified audit opinion for 2023/24 FY	Unqualified audit opinion	Target achieved	-

7.3.2 Research and Innovation

This pillar mandates the Research and Innovation division to increasingly deliver new technologies that will enable growth in existing commercial areas while creating new technologies that lead to future commercial enterprises.

Key Performance Area	Key Performance Indicator	Actual Achievement 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Comment on Deviation
Increased Revenue	Contract R&D income generation (R'm)	58	40	48	Target exceeded by R8m	-
Research Publications	Number of peer-reviewed publications	27	20	28	Target exceeded by 8	-
Innovation Disclosures	Number of innovation disclosures	7	6	7	Target exceeded by 1	-

7.3.3 Profitable Commercial Enterprises

The Nuclear Energy Act (1999), in sections 14(1)(a) and 14(2), provides for Necsa's commercial mandate through the exploitation of technology and utilisation of business opportunities. This pillar combines the two commercial subsidiaries, NTP SOC Ltd which produces nuclear medicine and industrial isotopes as well as Pelchem SOC Ltd, a provider of fluorochemicals.

Key Performance Area	Key Performance Indicator	Actual Achieved 2022/23	Target 2023/24	Actual 2023/24	Actual Achievement 2023/24	Comment on Deviation
Profitability	NTP Group NPAT (R'm)	138,2	70,5	136,1	Target exceeded by R65,6m	-
	Pelchem NPAT (R'm)	(61,7)	0,068	(41,3)	Target missed by R41,4m	XeF_2 production was reduced by half for quality and safety reasons. Poor performance of the fluorine cell before replacement.

7.3.4 Business Continuity and Efficiency

Central to this pillar is the cultivation of a strong safety culture with adherence to compliance requirements, and a focus on operational efficiency and sustainability. This is driven by the Strategy and Business Enablement and Nuclear Operations and Advanced Manufacturing divisions.

Key Performance Area	Key Performance Indicator	Actual Achievement 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Comment on Deviation
Operational Safety	Disabling Injury Incidence Rate (DIIR)*	0.46	<1.8	0.73	Target exceeded	-
Operational Compliance	Public dose impact limit (mSv per annum)**	0.00399	<0.25	0.000365	Target exceeded	-

Key Performance Area	Key Performance Indicator	Actual Achievement 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Comment on Deviation
SAFARI-1 Operational Availability	Number of days available per year	288.3	287	289	Target exceeded by 2 days	-
Multi-Purpose Research Reactor Development	Replacement of SAFARI-1 reactor	The overall target is expressed as three sub-targets below:	Gateway Review of Feasibility Study and Resubmission for Cabinet approval.	Gateway Review Report of Feasibility Study submitted for Cabinet approval.	Target achieved	-
	FIDPM Feasibility	FIDPM feasibility study completed.				
	EIA Application	EIA application not submitted.				
	Overarching Licensing Strategy	Overarching licensing strategy not approved by National Nuclear Regulator (NNR).				
D&D Programme Execution (Stage 1)	Percentage execution of annual Plan of Action as approved by Necsa Board and submitted to DMRE.	59.6%	95%	97%	Target exceeded	-

* Reported over rolling preceding 12-month period.

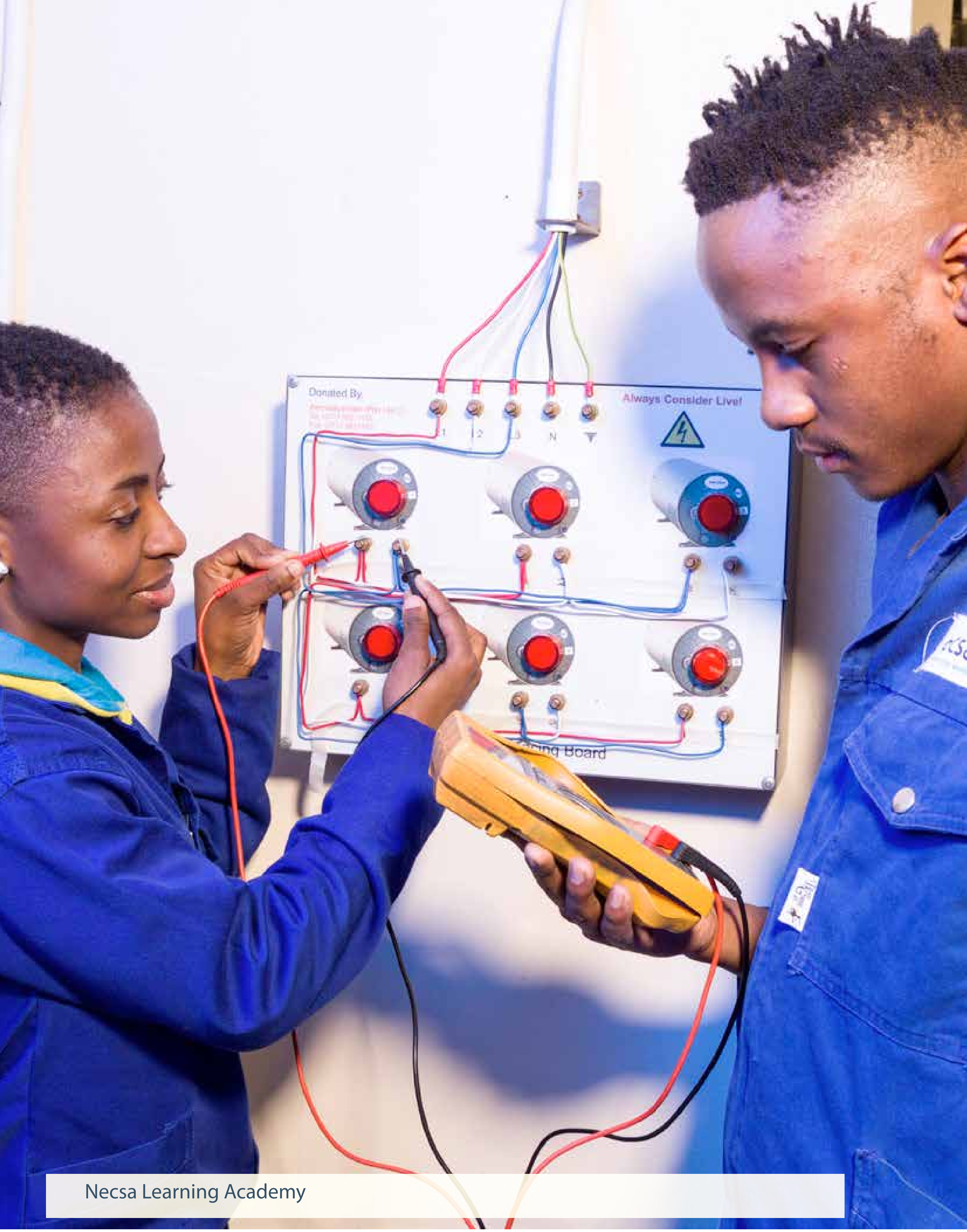
**Reported on a calendar year basis (January–December 2023).

7.3.5 Talent Excellence and High-Performance Culture

Performance and talent management as well as transformation at a professional level are the essential themes of this pillar. The Human Capital unit, with the support of management, takes responsibility for implementation.

A staff productivity percentage, measured as the ratio of basic salary cost to revenue, has been introduced as a measure of performance. Leadership development of the executive team as an indicator for talent management and improvement of core skills was successfully achieved in the 2022/23 FY. Consequently, a new indicator was introduced for the 2023/24 FY, i.e., improvement of performance culture and maintaining core skills.

Key Performance Area	Key Performance Indicator	Actual Achievement 2022/23	Target 2023/24	Actual 2023/24	Deviation 2023/24	Comment on Deviation
Performance Management	Staff productivity percentage (Group HR basic salary cost as a percentage of Group revenue).	43.5%	47%	41%	Target exceeded	-
Talent Management and Culture	Improvement of performance culture and maintaining core skills.	100% EXCO enrolled and completed – all results received.	Achieve a score of 3.5 on the Cranfield Culture Survey Index.	3.5	Target met	-
Transformation	Successfully implement the Employment Equity (EE) Plan.	New KPI	70% of EE representation targets met.	75%	Target exceeded	-



Necsa Learning Academy

PART B:

GOVERNANCE

8. Leadership and Governance

The Necsa Group operates with the main Board of Directors overseeing all the entities, with its chairperson and members appointed by the Minister of Mineral Resources and Energy as the Shareholder. The Board members of the two main subsidiaries are drawn from the main Board and chaired by the Group Chief Executive Officer.

8.1 Governance Structures

The Board has ultimate responsibility for the long-term success of the organisation and for delivering sustainable shareholder value as well as contributing to wider society. The Board is responsible for setting the company's purpose, values and strategy and ensuring alignment with its culture. This includes ensuring workforce policies and practices are consistent with the company's values and support its long-term, sustainable vision. This is achieved by approving the corporate strategy, monitoring performance towards strategic objectives, overseeing the implementation of the strategy by the executive leadership team, and approving matters reserved by the Articles of Association for decision by the Board.

Specific tasks are delegated by the Board to its committees. The Board is accountable for the overall formulation, monitoring and review of Necsa's corporate strategy and related affairs while delegating to management the responsibility for business performance and achievement of the organisation's objectives.

8.2 Group Company Secretary

The effective functioning of the Board is facilitated and supported by the Group Company Secretary, Ms Fakazile Nyembe. The Group Company Secretary provides a central source of guidance and support to the Board on matters of good governance and changes in legislation while maintaining an arm's length relationship with the Board and the Directors.

8.3 Details of Group Board Members

Directors Appointment effective 09 January 2023 to date

Surname, initials and age	Skills, knowledge and experience Qualification	Membership to board subcommittees and subsidiary boards within Necsa	Active membership in other organisations/companies/ entities boards
Prof Nicholls DR (70) White Male 09 January 2023 - 08 January 2026	• BSc (Hons) Mechanical Engineering (2-1) • Postgraduate Diploma in Nuclear Reactor Technology, Royal Naval College, Greenwich • Professional registered engineer, Engineering Council of South Africa • Chartered engineer in the UK	• Research, Development and Technology Committee • Business Development Committee • Structural Optimisation (Rationalisation) Committee	• Carlswald Estate Homeowners Association • Chairperson: Nuclear Research Chapter of the SAIEE • Co-Chairperson: the IAEA technical working group on nuclear power plant operations
Mr Shayi LJ (65) Black Male 09 January 2023 - 08 January 2026	• Master of Business Leadership, University of South Africa • MSc Chemistry, University of Pretoria • BSc (Hons) Physical and Inorganic Chemistry, University of Natal • BSc Chemistry and Physics, University of the North	• Chairperson of Nuclear Oversight and Regulatory Compliance Committee • Human Resources and Social and Ethics Committee • Research, Development and Technology Committee • Member of Pelchem Board of Directors	
Ms Masango SKN (37) Black Female 09 January 2023 - 08 January 2026	• MSc Nuclear Science (cum laude), University of the Western Cape • BSc (Hons) Nuclear Science, University of Zululand • BSc Physics and Electronics, University of Zululand • Project Management Diploma, Varsity College • Certificate in Detector and Instrumentation Technology, Fermilab, USA • Postgraduate Diploma in Energy Leadership, Wits Business School	• Chairperson Research, Development and Technology Committee • Nuclear Oversight and Regulatory Compliance Committee • Audit And Risk Committee • Human Resources and Social and Ethics Committee	• Senamile Masango Foundation
Adv. A Chowan (50) Indian Female 24 July 2023 - 16 January 2026	• Chartered Accountant (SA) Bachelor of Accountancy • Postgraduate Diploma in Accounting • LLB degree • Admitted Advocate • Certified Director (SA)	• Chairperson of Audit and Risk Committee • Human Resources and Social and Ethics Committee • Investment and Finance Committee • Business Development Committee • Member of NTP Board of Directors	• Council of GEO Science • CBRTA (Cross Boarder Road Transport Agency) • National Consumer Tribunal • Khula Sizwe (Pty) Ltd • Quantanite (Pty) Ltd

Surname, initials and age	Skills, knowledge and experience Qualification	Membership to board subcommittees and subsidiary boards within Necsa	Active membership in other organisations/companies/ entities boards
Ms Monale PE (59) Black Female 1 February 2020 - 01 September 2023	• MSc Applied Radiation • BSc Ed • Training course on Physical Protection of Nuclear Material and Facilities, IAEA	• Structural Optimisation (Rationalisation) Committee • Nuclear Oversight and Regulatory Compliance	
Dr P Magampa (48) Black Male 07 September 2023 - 15 January 2026	• PhD Chemistry • MSc Chemistry • BSc (Hons) Applied Chemistry • BSc Chemistry and Physics	• Board Member	
Ms Makgopa B (48) Alt. to Ms Monale Black Female 09 January 2023 - 15 January 2026	• MSc Nuclear Engineering • BSc (Hons) Environmental Management • BSc (Hons) Physics • BSc Physical Sciences • Programme in Project Management • Executive Leadership Development Programme	• Nuclear Oversight and Regulatory Compliance	• Tsebo Science and Technology Centre
Amb Ntshinga N N (67) Black Male 26 November 2021 - 31 July 2023	• Master of Laws	• Board Member	
Mr Van Schalkwyk (65) Alt. to Amb Ntshinga White Male 26 November 2021 - 31 July 2023	• BA (Hons) International Politics and Political Science • BAdmin Public Management and International Relations	• Board Member	
Amb X Mabhongo (52) Black Male 09 November 2023 - 16 January 2026	• Master of Public Administration • Postgraduate Certificate in Diplomatic Studies • BA	• Board Member	
Mr M Combrink (60) White Male 09 November 2023 - 16 January 2026	• Master of Diplomatic studies • BA Political Science	• Board Member	

<table>
<tr><th rowspan="2">Surname, initials and age</th><th>Skills, knowledge and experience</th><th rowspan="2">Membership to board subcommittees and subsidiary boards within Necsa</th><th rowspan="2">Active membership in other organisations/companies/ entities boards</th></tr>
<tr><th>Qualification</th></tr>
<tr><td>Dr Mosidi Makgae (50)
Black Female
09 January 2023 - 08 January 2026</td><td>o PhD Environmental Chemistry, Stellenbosch University
o MSc Chemistry, North West University
o BSc (Hons), North West University
o Management Advancement
o Technology Leadership Programme
o Environmental Management
o Project management (PMBOK)</td><td>o Human Resources and Social and Ethics Committee
o Audit & Risk Committee
o Nuclear Oversight & Regulatory Compliance
o Director: NTP Radioisotopes</td><td>o Strategic Fuel Fund
o Mhlathuze Water Board</td></tr>
<tr><td>Mr Suren Maharaj (52)
Indian Male
09 January 2023 - 08 January 2026</td><td>o MBA, Regenesys Business School
o Registered Government Auditor, South African Institute of Government Auditors
o Chartered Government Finance Officer, Chartered Institute of Government Finance, Audit & Risk Officers
o Municipal Executive Financial Management, Wits Business School
o Fellow Member of the Institute of Directors Southern Africa
o Green Belt Digital Six Sigma Certified
o Chartered Accountant CA (SA), South African Institute of Chartered Accountants
o BCompt (Hons), University of South Africa
o BCom, University of KwaZulu-Natal</td><td>o Chairperson of the Audit & Risk Committee
o Human Resources and Social and Ethics Committee</td><td>o South African Institute of Chartered Accounts
o Boxing South Africa: Audit Committee member
o Tshwane University of Technology Enterprise Holdings
o South African State Theatre
o South African Weather Services
o Road Traffic Infringement Authority
o Quality Council for Trades & Occupations
o Ntabankulu Local Municipality
o Buffalo City Metropolitan Municipality</td></tr>
<tr><td>Mr Leonard Mavuso (67)
Black Male
09 January 2023 - 08 January 2026</td><td>o MA, Labour Studies
o Executive Development Programme
o BA
o Board Leadership Programme
o Certificate in Essentials of Management Coaching</td><td>o Chairperson of the Human Resources and Social and Ethics Committee
o Investment and Funding Committee
o Research, Development and Technology Committee</td><td>o Johannesburg Municipal Pension Fund
o City of Johannesburg Pension Fund</td></tr>
</table>

Surname, initials and age	Skills, knowledge and experience Qualification	Membership to board subcommittees and subsidiary boards within Necsa	Active membership in other organisations/companies/ entities boards
Mr Hilton Lazarus (57) Coloured Male 09 January 2023 - 08 January 2026	• MBA, Henley Business School, Reading, UK • Global Executive Development Programme, Gordon Institute of Business Science • Management Development Programme, Gordon Institute of Business Science • Master's in Development Finance, Stellenbosch University • BSc Civil Engineering, University of Cape Town	• Chairperson of the Investment and Funding Committee • Audit & Risk Committee • Director: NTP Radio Isotopes	
Mr Ashley Latchu (43) Indian Male 09 January 2023 - 29 May 2023	• PhD (current) • MSc • BSc IT Management • Degree in Financial Accounting and Internal Auditing (on hold to pursue PhD) • Diploma in Networking • The National School of Government, Board Induction and Ethics in the Public Sector • Microsoft Certified Systems Engineer • Microsoft Certified Solutions Developer • Microsoft Certified Systems Administrator • Microsoft Certified Database Administrator • Mining and Minerals Business and Technology Certification, University of Johannesburg	• Audit and Risk Committee • Investment and Finance Committee • Research, Development and Technology Committee	• The Performing Arts Centre, Free State • The National Arts Council, Gauteng • Tertiary Education and Research Network of South Africa, Western Cape • William Humphreys Art Gallery, Kimberley • Social Housing Regulatory Authority, Gauteng • Ekurhuleni East TVET College • Gauteng Industrial Development Zone • Southern African Trust • Council for the Built Environment • Mpumalanga Community Education and Training College • Edenvale Hospital • Public Service Commission • eThekwini Municipality • Eastern Cape Department of Transport, Mayibuye Transport Corporation • The Commission for Conciliation, Mediation and Arbitration • Social Housing Regulatory Authority • Department of Justice and Constitutional Development • Quality Control for Trades and Occupations • South African State Theatre • National Regulator for Compulsory Specifications • Sol Plaatje University

Surname, initials and age	Skills, knowledge and experience Qualification	Membership to board subcommittees and subsidiary boards within Necsa	Active membership in other organisations/companies/ entities boards
Mr Tyabashe L (49) Black male 01 January 2023 - To date	- MSc Mechanical Engineering - BSc Mechanical Engineering - Executive Leadership Programme(ELP)	- Chairperson of Pelchem Board of Directors - Chairperson of NTP Board of Directors - Ex-Officio on Committee of the Board	- Consolidated Plant Solutions - Constellation Investment Corporation

8.3.1 Board Meetings

The Board Charter is founded on the Nuclear Energy Act and Board Protocol. The Board Charter and committees' terms of reference are reviewed as and when required, but at least every year, to ensure they remain relevant and aligned with the Companies Act and other relevant regulatory requirements, King IV and governance best practices. The Board uses its meetings to discharge its governance and regulatory responsibilities. Its work plan and those of its committees outline the matters that should be dealt with at meetings and are aligned with the responsibilities and requirements set out in the Board Charter and the committees' terms of reference.

Matters considered include operational and financial performance, strategy, risk and opportunity, compliance, and matters reserved for Board decision-making. Four Board meetings are scheduled each year. The Board also meets once a year to discuss strategy. For the reporting period, the Board held nine meetings for the financial year.

8.3.2 Board Effectiveness

Newly appointed directors are apprised of Necsa's business, duties, and responsibilities as directors and are allowed to visit Necsa's plants and operations. The development of industry and Group knowledge is a continuous process, and directors are briefed on risks and the general business environment on an ongoing basis.

The Board, its committees and directors are entitled to seek independent professional advice concerning the company's affairs and to gain access to any information they may require in discharging their duties as directors.

The Board formally evaluates its performance and effectiveness, and that of its committees, directors and the chairperson, on an annual basis. A formal evaluation was conducted by FluidRock Governance in 2023.

Necsa Board of Directors visiting NTP

Board meetings

Member Details	Meeting Date								
	30 May	15 August	31 August	29 September	03 November	13 December	21 January	29 February	28 March
Mr DR Nicholls	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr LJ Shayi	Present	Present	Present	Present	Present	Present	Present	Present	Present
Ms SKN Masango	Present	Present	Present	Present	Present	Present	Present	Present	Present
Ms PE Monale									
Ms B Makgopa	Present	Present	Present	Apology					
Dr P Magampa	Not appointed	Not appointed	Present	Present	Present	Present	Present	Present	Apology
Mr M Van Schalkwyk	Present	Present	Apology	Apology					
Amb X Mabhongo	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed	Present	Apology	Apology	Apology
Mr CJ Combrink	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed	Present	Present	Present	Present
Mr S Maharaj	Present	Present	Present	Present	Present	Present	Present	Present	Present
Dr M Makgae	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr L Mavuso	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr H Lazarus	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr A Latchu	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned
Adv. A Chowan	Not appointed	Not appointed	Not appointed	Present	Present	Present	Present	Present	Present
Mr L Tyabashe	Present	Present	Present	Present	Present	Present	Present	Present	Apology

- Member present at the meeting
- Member was not present but tendered an apology
- Member participated via telecon
- Member not appointed at this stage
- Member resigned

8.4 Board Committees

Section 19 of the Nuclear Energy Act establishes advisory committees to advise and assist the Board in carrying out its functions. These committees play an important role in enhancing high standards of governance and improving effectiveness within the Necsa Group. External advisors are invited to attend Board and/or committee meetings on an ad hoc basis, as or when the need arises.

The Board is advised and assisted by five Board committees, namely Audit and Risk; Human Resources, Social and Ethics; Research and Development; Investment and Finance, and Nuclear Oversight and Regulatory Compliance Committee. The Board committees met at least once per quarter, adopted formal terms of reference (TOR) and provided the required feedback to the Board through committee reports. The Board committees and TOR are reviewed annually to ensure continued relevance.

8.4.1 Audit and Risk Committee

The primary responsibility of the Audit and Risk Committee involves overseeing:

- The integrity of Necsa's financial statements, accounting and financial reporting processes and financial statement audits.
- Necsa's compliance with legal and regulatory requirements.
- The independent auditor's qualifications and independence.
- The performance of Necsa's independent auditor and internal audit function.

- Necsa's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by Necsa.
- The governance of information and technology in a way that supports the organisation's setting and achieving its strategic objectives.

Committee meetings

Member Details	26 April	25 May	27 July	14 Aug	26 Oct	14 Dec	29 Jan
Mr S Maharaj (Chairperson)	Present	Present	Present	Present	Present	Present	Present
Ms SKN Masango	Present	Present	Present	Present	Present	Present	Present
Mr A Latchu	Apology	Apology	Resigned	Resigned	Resigned	Resigned	Resigned
Dr M Makgae	Present	Present	Present	Present	Present	Present	Present
Mr H Lazarus	Apology	Apology	Present	Apology	Present	Present	Present
Adv. A Chowan	Not appointed	Not appointed	Not appointed	Present	Present	Present	Present

Member present at the meeting | Member was not present but tendered an apology | Member participated via telecon | Member not appointed at this stage | Member resigned

8.4.2 Human Resources, Social and Ethics Committee

The committee has an independent role, operating as an overseer and an individual who makes recommendations to the Board for its consideration and final approval. The committee does not assume the functions of management; these remain the responsibility of the executive directors, officers and other members of senior management.

The responsibilities of the committee include:

- Setting ethical objectives and milestones that are integrated into the company's other objectives in such a way that the strategic importance of ethics is communicated and understood as an integral part of the company's corporate identity and corporate culture.
- Overseeing the development and regular review of a remuneration policy that articulates and gives effect to the Board's direction on fair, responsible and transparent remuneration.
- Overseeing that the implementation and execution of the remuneration policy achieve the objectives of the policy.
- Annually reviewing the nature and adequacy of the performance measurement methodology applied throughout the Necsa Group.
- Ensuring that key performance measures of the GCEO and GCFO are agreed to and that the performance of the GCEO and GCFO is assessed every year.
- Ensuring that appropriate procedures are adopted and followed in the selection of executive directors and succession planning, with due regard in all cases to the benefits of diversity.
- Monitoring the company's good corporate citizenship, considering any relevant legislation, other legal requirements, or existing codes of best practice.
- Assuring the Board and, in turn, its Shareholder and/or stakeholders that the organisation maintains the highest levels of compliance with applied international and national legislation and standards and best management practices in terms of SHEQ and security, as well as related nuclear issues and regulatory framework matters in terms of the company and its projects.

Committee meetings

Human Resources, Social and Ethics Committee						
Member Details	Meeting Date					
	11 May	18 Aug	25 Aug	11 Nov	06 Feb	15 Feb
Mr CL Mavuso (Chairperson)	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Mr S Maharaj	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Ms SKN Masango	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Mr LJ Shayi	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Dr M Makgae	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Mr L Tyabashe	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting

Member present at the meeting | Member was not present but tendered an apology | Member participated via telecon | Member not appointed at this stage | Member resigned

8.4.3 Investment and Finance Committee

The roles and responsibilities of the Investment and Finance Committee are to:

- Recommend investment transactions outside the Group Executive and GCEO's delegation of authority to the Board for approval.
- Review the effectiveness of the investment policies and the achievement of the objectives of the Corporate Plan.
- Review and recommend the extension of existing investments to the Board for approval.
- Consider and recommend the disposal of existing investments to the Board for approval.
- Consider and make recommendations to the Board regarding investment decisions in general.
- Consider and recommend to the Necsa Board such other matters as may be delegated to the committee by the Board.
- Provide oversight on the implementation and monitoring of investment initiatives.

Committee meetings

		Investment and Finance Committee					
Member Details			Meeting Date				
	10 May	24 May	10 August	30 August	08 November	07 February	26 February
Mr H Lazarus (Chairperson)	Present	Present	Present	Present	Present	Present	Present
Mr A Latchu	Present	Resigned	Resigned	Present	Resigned	Present	Resigned
Adv. A Chowan	Not appointed	Not appointed	Present	Present	Apology	Present	Present
Ms B Makgopa	Present	Present	Present	Apology	Present	Apology	Apology
Mr L Mavuso	Present	Present	Present	Present	Present	Present	Present
Mr S Maharaj	Present	Present	Present	Present	Present	Present	Present
Mr D Nicholls (by invitation)	Present	Present	Apology	Present	Present	Present	Present
Mr L Tyabashe	Present	Present	Present	Present	Present	Present	Present

Member present at the meeting | Member was not present but tendered an apology | Member participated via telecon | Member not appointed at this stage | Member resigned

8.4.4 Research, Development and Technology Committee

The committee makes recommendations concerning the policy, strategies, processes, and implementation of research, development and technology, including related technology and development matters, as applicable to any aspect of the company's activities.

The roles and responsibilities of the committee include:

- Monitoring the implementation and management of research, development and nuclear-related technology issues.
- Monitoring compliance with the Nuclear Energy Act and other relevant legislation.
- Monitoring progress on collaboration with institutions and other relevant organisations.
- Reviewing and making recommendations to the Board on research and development initiatives as proposed by management to ensure innovation and strategic direction align with stakeholder requirements.
- Reviewing and making recommendations to the Board on the implementation of best practices and the latest trends from both national and international sources as applicable to the company.
- Reviewing and making recommendations to the Board on management's views on identified and potential opportunities in nuclear research and development as applicable to the company.
- Reviewing and making recommendations to the Board concerning capacity development relating to research activities.
- Making recommendations to the Board on external collaborations on nuclear-related research and development.

Committee meetings

	Research Development and Technology Committee			
Member Details	Meeting Date			
	12 May	16 August	09 November	12 February
Ms SKN Masango	Present	Present	Present	Present
Mr CL Mavuso	Present	Present	Present	Present
Mr A Latchu	Present	Resigned	Resigned	Resigned
Mr LJ Shayi	Present	Present	Present	Present
Mr DR Nicholls	Present	Present	Present	Present
Ms BM Makgopa	Present	Apology	Present	Present
Adv. A Chowan	Not appointed	Present	Present	Present
Mr L Tyabashe	Present	Present	Present	Present

Member present at the meeting

Member was not present but tendered an apology

Member participated via telecon

Member not appointed at this stage

Member resigned

8.4.5 Nuclear Oversight and Regulatory Compliance Committee

The committee supports the Board in complying with laws, regulations, and standards for nuclear safety, medical licences, and construction and operations as well as environmental and safety laws, regulations and standards applicable to the ownership, construction and operation of nuclear-generating facilities.

The role of the committee includes:

- Fulfilling the Board's oversight responsibilities relating to nuclear safety, regulatory compliance, environment, operational risks, oversight of construction, and operations activities in the nuclear-generating facilities.
- Providing oversight support in complying with laws, regulations, and standards for nuclear safety, medical licences, and construction and operations as well as environmental and safety laws, regulations and standards applicable to the ownership, construction and operation of nuclear-generating facilities.
- Overseeing environment, health, safety, legal, and public affairs issues of nuclear-generating facilities at Necsa.
- Receiving and reviewing the Nuclear Compliance and Services department's periodic reports on safety, security, quality and SHEQ matters.
- Reviewing results from major inspections and evaluations of nuclear operations.
- Reviewing nuclear development and operations tactics consistent with the Board's strategic objectives.

Committee meetings

Member Details	Meeting Date			
	15 May	17 Aug	14 Nov	09 Feb
Mr LJ Shayi	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Dr ME Makgae	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Ms SKN Masango	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Mr CL Mavuso	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting
Ms PE Monale	Member present at the meeting	Member was not present but tendered an apology	Member resigned	Member resigned
Mr L Tyabashe	Member present at the meeting	Member present at the meeting	Member present at the meeting	Member present at the meeting

Member present at the meeting
Member was not present but tendered an apology
Member participated via telecon
Member not appointed at this stage
Member resigned

8.5 Ethical and Effective Leadership

The Board sets the precedent for driving ethics and good governance within the organisation. The Board strives to provide ethical and effective leadership to ensure that Necsa acts in a responsible manner that will enhance stakeholder value and ensure sustainability. The Board of Directors is aware that they should exercise their fiduciary duties ethically and in good faith, both individually and collectively. Consistent with its commitment to embrace the principles of good corporate governance, the Board has established an ethics office to ensure that business is conducted with the highest standards of integrity in line with best governance practices.

The Board of Directors embraces the principles of good corporate governance and considers these to be the underlying philosophy for creating organisational excellence at all levels within Necsa. The Board is committed to efficient governance and to observing international trends in sound governance standards to attain best practices. A King IV compliance report has been developed and approved by the Board, which sets out the application of the King IV principles in the organisation.

Ms Vuyokazi Mkwaqa
Group Chief Integrated Assurance Officer

9. Integrated Assurance

Integrated Assurance oversees Necsa's risk and internal audit functions, providing independent assurance and consulting services in areas like internal control systems, risk management, ethics, corporate governance, performance, and IT-related matters.

9.1 Risk Management

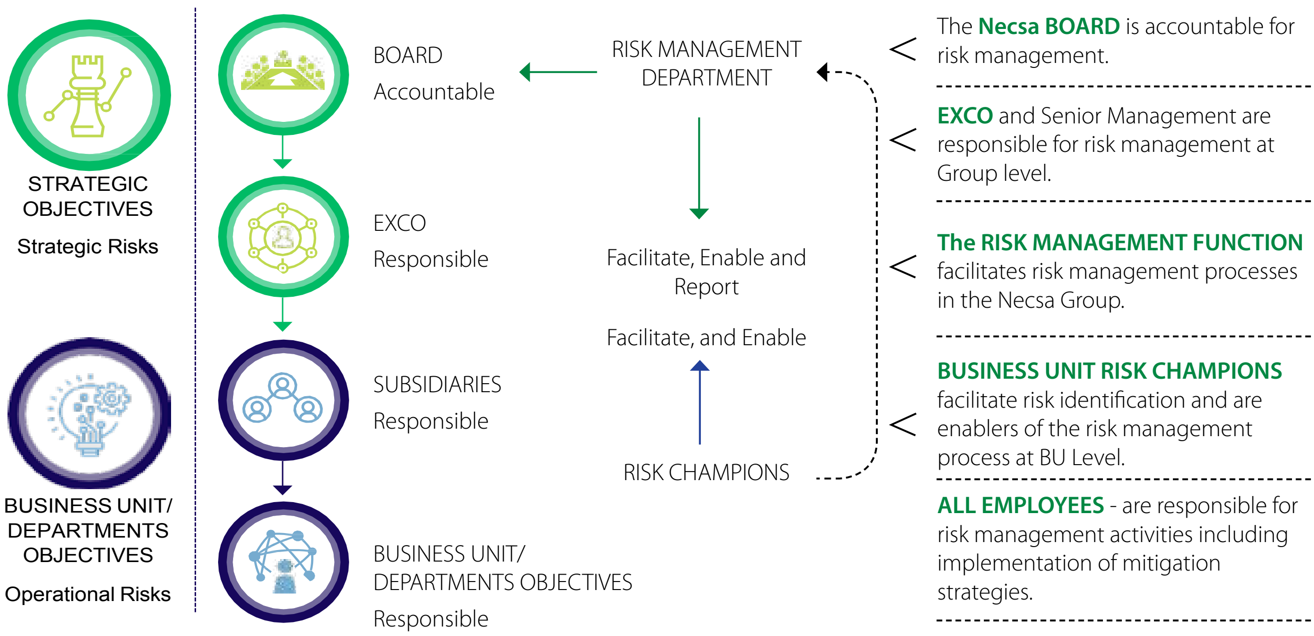
Risk management is an integral part and an essential element of good corporate governance. It is part of Necsa's business strategy to ensure that the organisation can identify and manage risks that impact business performance and the achievement of objectives. Risks are viewed and assessed holistically, since a single transaction or event may have a significant impact on other risks or be triggered by other risks.

Necsa manages risks according to the PFMA (Act 1 of 1999 as amended) and the King IV Report on Corporate Governance, through a Board-approved Enterprise Risk Management framework. The framework is reviewed regularly to ensure that it remains aligned with evolving business needs and governance responsibilities. The Board of Directors oversees the company's risk management activities, supported by dedicated risk committees responsible for specific risk domains. The Chief Integrated Assurance Officer leads the risk management function, coordinating with senior management and business units to ensure alignment with strategic objectives and risk appetite.

The Board reviews strategic risks every year and monitors the effectiveness of risk mitigation strategies quarterly through the Audit and Risk Committee. The residual rating of risk considers the efficacy of risk mitigation and control efforts.

The following figure provides a high-level view of risk management governance at Necsa followed by a table showing risk ratings and definitions:

Risk management governance



Risk ratings and definitions

Risk rating	Assessment	Rating definition
20 - 25	Critical	Catastrophic levels of risk exposure despite controls implemented – the remaining risk could still have a devastating impact on the organisation's strategic goals.
≥ 15 to < 20	High	Significant levels of risk exposure – although mitigation measures are in place, the remaining risk could seriously affect the organisation's strategic goals.
≥ 10 to < 15	Moderate	Cautionary levels of risk exposure – a manageable level of risk that could still have noticeable consequences but is less likely to severely disrupt business operations.
≥ 5 to < 10	Low	Risk within tolerance levels – these risks have minor consequences that can be easily managed or absorbed by the organisation.
< 5	Insignificant	Negligible risk within tolerance levels – these risks have minimal to no practical impact on the organisation's operations or objectives.

Necsa has identified 15 strategic risks that may affect the organisation in achieving its objectives. As part of risk monitoring, the organisation assessed the residual risks based on control effectiveness. The graph below depicts the status of strategic risks in the organisation:

Strategic risk register (inherent vs residual risks)

	INHERENT RISK	RESIDUAL RISK
Necsa Group failing to achieve Net profit after Tax	25	15
Negative audit opinion	25	12
Failure to comply with regulatory requirements	25	12
Ageing of common infrastructure (facilities)	25	12
Inadequate organisational resilience towards crisis, disaster and cyber threats	25	12
Cyber attacks	25	9
Inadequate management of waste	25	15
Unavailability of source of neutrons	25	15
Posible power outage at Necsa	16	16
Slow commercialisation of innovation	20	12
Delayed implementation of automation and robotics	20	16
Loss of personnel and critical skills (loss of institutional knowledge)	25	12
Employment equity target not achieved	20	9
Organisational culture not converging to the new desired high-performance culture	20	12
Security of supply LEU metal, for fabrication of fuel, control rod and target plate	25	20

9.2 Internal Audit

Necsa's Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. The Internal Audit function reports to the Audit and Risk Committee to preserve its independence. The role, authority and status of the function are documented in its charter and approved by the Audit and Risk Committee.

As prescribed by National Treasury Regulations 27.2.6, the Internal Audit function of the organisation is governed by the Institute of Internal Auditors' mandatory guidance, including the definition of internal auditing, the Code of Ethics, and the International Professional Practices Framework (IPPF) generally known as the IIA standards. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Internal Audit function's performance.

The role of the Internal Audit function is to review and report on the adequacy and effectiveness of the system of internal controls as designed and implemented to ensure that:

1. There is compliance with policies and applicable laws and regulations.
2. Strategic objectives of the organisation are achieved.
3. Financial and non-financial reports are accurate and reliable.
4. Business operates efficiently and effectively.
5. The assets of the organisation are safeguarded.

During the financial year, the risk-based Internal Audit coverage plan included inherently high-risk areas of the organisation as per the risk universe. The following assurance and consulting activities were conducted as per the approved one-year Internal Audit coverage plan:

1. Governance-related reviews
2. Performance information reviews
3. ICT-related reviews
4. Project assurance reviews
5. Financial audits
6. Procurement audits
7. Follow up on previous years' audit findings.

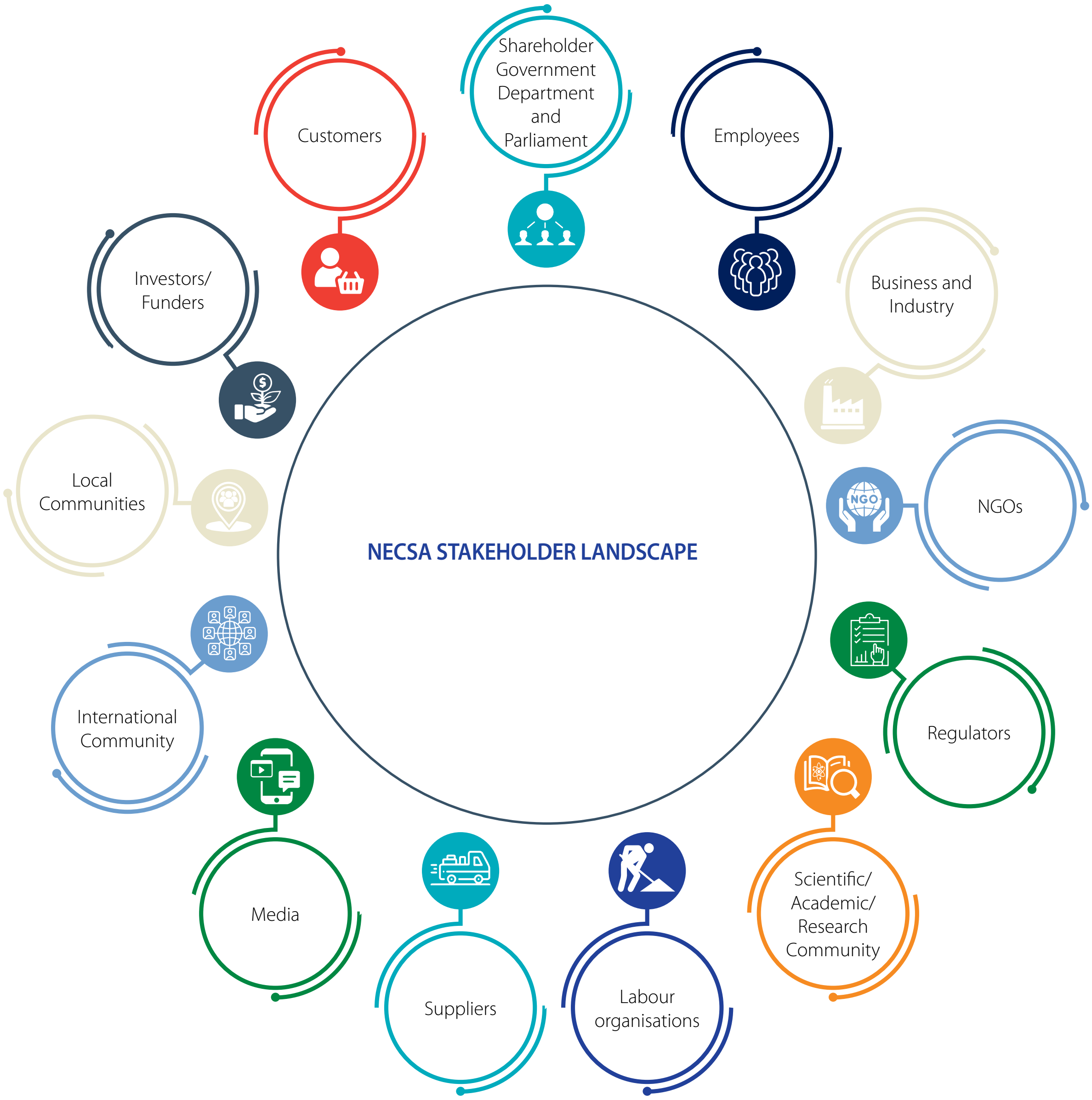
Based on the audits performed during the year, the system of internal controls in the organisation has been assessed as adequate and effective, with room for improvement in some areas.

Internal Audit is committed to working with all other Necsa assurance providers, as per the Combined Assurance Framework adopted by the Necsa Board, to avoid duplication of audit efforts, identify areas of under-assurance, prevent the omission of crucial business activities, and align as far as possible to create an opportunity for external auditors (AGSA) to place reliance on the work of Internal Audit.

10. Stakeholder Engagement

Necsa actively engages stakeholders on relevant issues important for the sustainability of its business and to the stakeholders themselves. This is guided by the stakeholder management map shown in the figure below. Internal and external stakeholders, local and international, all form an integral part of Necsa's value chain and enable the organisation to deliver on its mandate. Necsa strives to build trust and manage a positive reputation by nurturing these relationships through various engagement platforms and channels including meetings, workshops, and written and oral communication.

Stakeholder Engagement Wheel



10.1 Stakeholder Engagement Activities

Stakeholder engagement and relationships are crucial in executing the Necsa Group mandate and business strategy. These engagements build and maintain mutually beneficial relationships with internal and external stakeholders and identify business growth opportunities for expansion and additional business opportunities. The EXCO accounts to the DMRE on achievements that generate high-quality and impactful outcomes for the organisation.

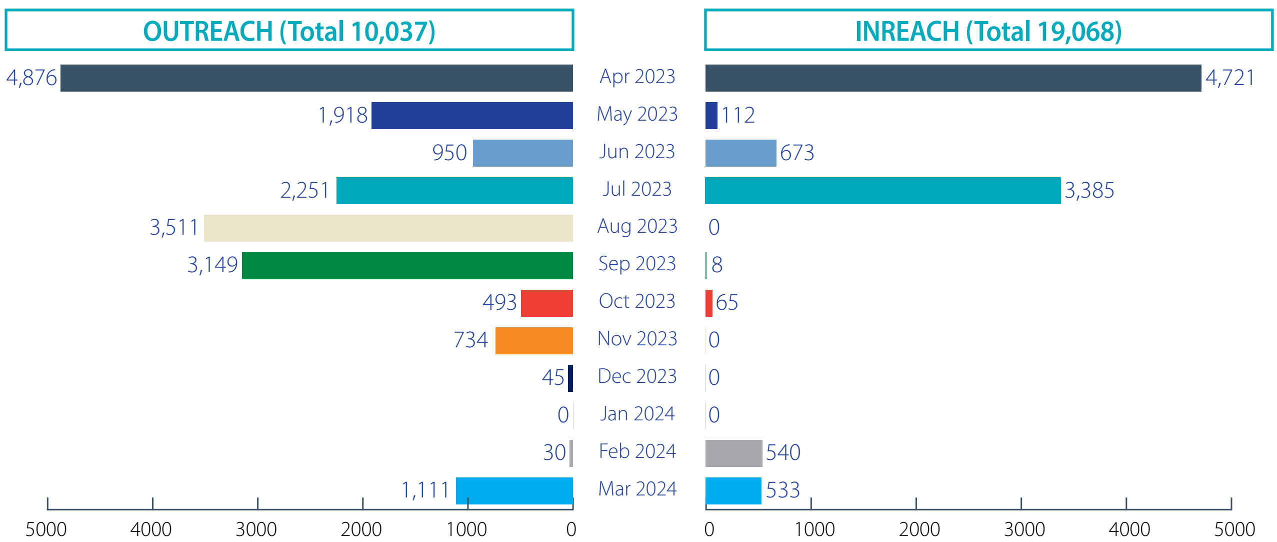
Stakeholder group	Stakeholder	Area of interest/ communication message	Key engagement issues	Outcomes	Stakeholder relationship strength
Shareholder/ Government/ Parliament	DMRE	Oversees governance and progress on predetermined objectives, strategic matters and accountability on finances.	Update on the rationalisation process.	Positive feedback from the Shareholder.	
	The Auditor-General (AGSA)	Conducts annual audits, gives an opinion on how the entity oversees its finances and evaluates the Necsa Group performance against set predetermined objectives.	A site visit to Necsa facilities to gain a deeper understanding of the business.	A better understanding of Necsa business by AGSA.	
	DMRE, DIRCO and National Treasury	A strategic session with Necsa Board and EXCO.	Review and planning for 2024/25.	Identifying revenue streams, growth and expansion priority programmes and avenues.	
	Bojanala Municipality Mayoral Committee	Discuss emergency plans in place to mitigate the severity of emergencies or disasters on and off-site.	Necsa's ethical and moral obligation is to protect its workers and the public from emergencies and disasters.	Aligned emergency preparedness.	
	The DTI Control Committee	To discuss nuclear science and technology's peaceful applications.	To assess, consider and recommend the import and export applications for the materials and equipment that are used in the nuclear industry to the South African Council for the Non-Proliferation of Weapons of Mass Destruction.	Improved alignment on peaceful Nuclear Science and Technology applications.	
Employees	All Necsa Group employees	Leadership and staff engagement sessions by the GCEO as well as monthly communiques.	Ongoing awareness such as safety and a code of ethics for the Necsa Group, other organisational projects and progress updates on the rationalisation process.	A better-informed workforce.	
Board of Directors	Annual General Meeting with DMRE Minister	To discuss organisational performance, financial outlook and the Annual Report of the entity.	For the Board to receive concurrence with the Shareholder on these matters.	Improvement of audit outcomes, profitability and performance needs to be continuous as a trend into the 2023/24 FY and beyond.	

Stakeholder group	Stakeholder	Area of interest/ communication message	Key engagement issues	Outcomes	Stakeholder relationship strength
Organised Labour	Union (Nehawu) and Pelindaba Workers Union	Update on the rationalisation process; the Study Assistance Policy; the Hybrid Policy; performance and pay progression; collective agreement implementation review (Clause 3.75); the disciplinary procedure; succession planning; talent management; performance management and training; and Pelchem organisational structure.	Conclusion of the last leg of the three-year collective agreement.	Organised labour and management were aligned, and an agreement was signed.	
Local Communities	Vaalputs and Pelindaba surrounding communities	Quarterly meetings on safety matters.	Necsa strengthening its relationship with the surrounding communities as members tend to feel safer as they are more informed about Necsa's safety records and safety systems in place.	Strengthened relations with the surrounding communities.	
International Community	AFCONE, IAEA	To collaborate in training initiatives to advance the African continent.	To exchange expertise to strengthen local capabilities in nuclear and promote technological advancements in the field.	Advancing South Africa's nuclear energy development.	
	MoU with TVEL (a Russian company within the Rosatom Group)	Potential cooperation on nuclear fuel and components supplies for the Koeberg Plant, Necsa provided a UF6 Transport Test Cylinder to Tenex for testing in Russia, aiming to qualify as a future supplier pending further tests.	Necsa, in partnership with Eskom and DTI, secured an order from Holtec, a US company, for eleven Dry Storage Casks to store spent nuclear fuel at the Eskom Koeberg Nuclear Power Station's interim storage facility.	Strengthened international partnerships.	
Investors/ Funders	Investors and funders who visit Necsa	To collaborate with industry partners and share developments and insights on business matters.	The financial performance and revenue growth for projected profitability in future years.	Working towards the organisation's stability.	
Industry	Eskom	A workshop on small modular reactors led by Necsa. SMR/ PBMR strategy developed to be taken forward and finalised.	To solicit inputs from the Board on the recommendation of the preferred direction or strategic option that Necsa should pursue.	Further engagements are underway regarding the PBMR handover and other collaborations with Eskom.	
Scientific/ Academic Research Community	Higher learning institutions	Human capital development in extending opportunities with local and international universities for formal training, education of staff and mentoring of students outside of Necsa.	In support of social and relationship investment, scientists attend and contribute to numerous conferences and workshops, locally and internationally.	Opportunities to connect with thought leaders from across the world and participate in discussions and relevant platforms to showcase solutions beneficial to Africa.	

Stakeholder group	Stakeholder	Area of interest/ communication message	Key engagement issues	Outcomes	Stakeholder relationship strength
Customers	Necsa Group customers	To ensure a better understanding of anticipating expectations and addressing emanating matters instantaneously.	Collaborating with industry partners and sharing developments and insights on business matters to strengthen customer and industry relationships.	Necsa maintains strong relationships and closely engages with customers.	
Regulators	National Nuclear Regulator	Necsa keeps NNR informed of critical developments around the reactor and the site.	Six scheduled emergency exercises and one unscheduled disaster management exercise. Madibeng Local Municipality, City of Tshwane, SAPS, NNR, EPSOC and DMRE are all role-players during these exercises.	The regulator plays a crucial role in assuring nuclear safety.	
	South African Health Products Regulatory Authority (SAHRPA)	Working closely with NTP on radiopharmaceuticals.	Ensuring compliance by NTP.	Regulating all the health products produced at Pelindaba.	
	Department of Water and Sanitation	Pre-application meeting for the Water Use Licence application.	To discuss the process of the online Water Use Licence Application as well as Necsa's water uses. DWS also conducted an on-site inspection of relevant facilities.	Forms submitted for various water usage. Discussion on the Necsa water balance.	
	Department of Forestry, Fisheries and the Environment (DFFE)	Environmental Impact Assessment for the MPR.	Discussion on the regulatory process to follow.	Guidance by DFFE was provided on compliance with the process.	
NGOs		Nelson Mandela Day 2023, cleaning the stream in Saulsville, near Atteridgeville.	Removing litter from the Saulsville stream for pollution-free and healthy water sources.	Improved quality of life for livestock and surrounding community members.	
Media	eNCA, Newzroom Afrika, SAfm, Engineering News	Profiling Necsa Group.	Positive publicity for Necsa Group.	Ongoing activity with a positive outcome.	
Suppliers	Open-day supplier workshop	To educate potential suppliers on how to register on the Necsa supplier database.	Step-by-step guidance on the documentation required for suppliers.	Informed suppliers.	

Stakeholder engagement 2023/24 FY in numbers

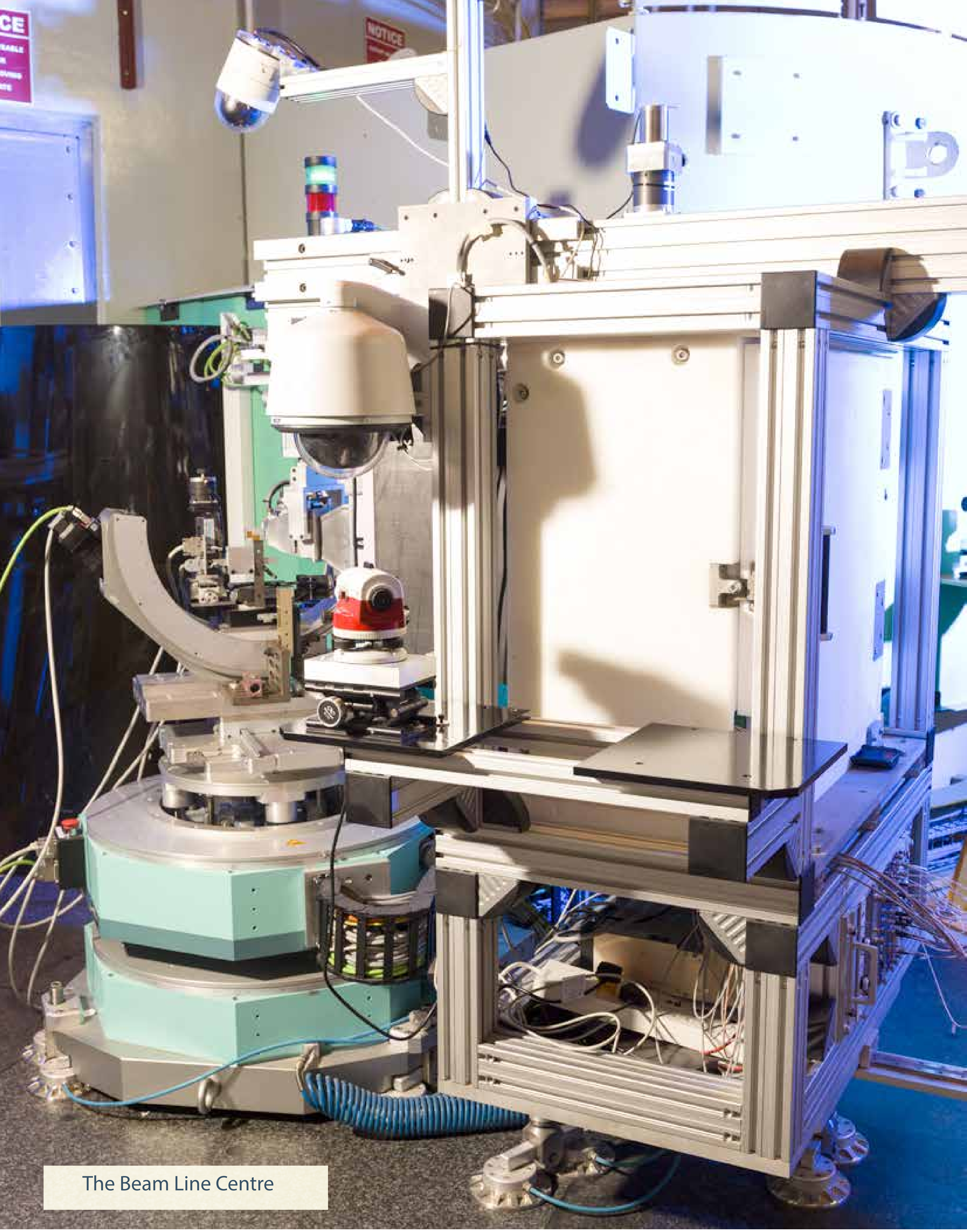
Outreach and Inreach numbers



10.2 Corporate Social Investment

Non-governmental organisations (NGOs) work independently to promote change in areas like health, education, human rights, and wildlife. Necsa supports NGOs near its nuclear facilities, such as Soulbent in Saulsville, which has become a key environmental partner in Gauteng. The project transforms illegal dumping sites into vegetable gardens, providing basic food to volunteers and selling excess vegetables to surrounding communities. Necsa collaborates with stakeholders to inspire individuals to act on environmental issues, ensuring lasting benefits and empowerment. Necsa has hosted the Walter Sisulu Environment Centre and Kgabisa Palesa Cares. Necsa also conducts outreach programmes with different schools across the country, educating and empowering the learners to take STEM (Science, Technology, Engineering and Mathematics) subjects to venture into mathematics and science-related careers.

Fire truck demonstration to learners of Re-e-Iwele Primary School in Hartbeespoort.


The Beam Line Centre

PART C:

PERFORMANCE INFORMATION

11. Performance Overview

Necsa, as a public entity, must find expression in the broader socio-economic and political realities of South Africa, the African continent, and the global outlook it operates in for its sustainability and contribution to society.

11.1 External Environment

Necsa's mandates relate to research and development and national nuclear obligations, and the company is not directly involved in service delivery to the public. Salient issues relevant to performance from the external environment include:

- Various scheduled and unscheduled extended reactor shutdowns in Europe allowed for increased revenue based on higher demand for NTP products.
- Failure to get investment funds for necessary infrastructure support for Pelchem fluorine and hydrogen fluoride plants.
- The approval by the Cabinet for the procurement of 2,500MW nuclear energy puts Necsa in a good position to provide support for making this project a success.

11.2 Organisational Environment

Internal factors that are notable about Necsa's performance in the past financial year include:

- The Cabinet approved the reappointment of the Necsa GCEO, Mr Loyiso Tyabashe for a three-year term from 2024 to 2026.
- As per the government's directive of restructuring the state-owned entities (SOEs), Necsa implemented the rationalisation process for improved efficiency and ease of strategy implementation.

Ms Precious Hawadi

Group Chief Financial Officer

12. Financial Capital

Financial recovery and sustainability spearhead one of the critical strategic pillars of the organisation. This pillar has been critical for Necsa as it implemented a turnaround strategy to redirect the organisation towards financial sustainability.

12.1 Overview

The Necsa Group receives most of its funding from the government as a principal research organisation, with the remainder coming from revenue generated by its market-facing divisions and subsidiaries. In the 2023/24 FY, the Group continued to show profits for the second time in six years, and this trend is expected to continue in the 2024/25 FY. Furthermore, the Group's audit outcomes continue to improve.

The long-term, medium-term, and short-term goals are aligned with the company's financial projections, which are produced by the Financial division in collaboration with the entire organisation. The Financial division is responsible for the stewardship and control of financial resources and accounts for physical resources (assets), to ensure that they are used best to create value within the Necsa Group. The objective is to balance the four key priorities: cost reduction, compliance, operational efficiency and growth. Finance plays a significant role in the decision-making process, the vision, mission, and strategy of the Necsa Group and provides the guiding principles that are essential to maintaining good corporate financial governance.

12.2 Financial Control

The Group derives a percentage of its funding from a grant that runs various elements of the business. The flow of this money into the financial capital (cost and profit centres) departments provides an effective and efficient financial accounting system to the Necsa Group through the development and institution of internal control policies and procedures, processes and financial control mechanisms in compliance with legislative, regulatory and business requirements.

12.3 Supply Chain Management

The Necsa Group's strategic plan is clear in articulating that supply chain management has a critical role to play in achieving potential efficiency and savings and ensuring that the organisation is fully prepared to embrace the ongoing changes in the supply market. The Group has effectively managed its procurement budget, aligned the needs of the business and available suppliers, and continued its full compliance with legislation. Spending on local suppliers in the year under review comprised 88.18% of the budget. As the Necsa Group's financial position improves, it provides an opportunity to focus on improving spending on black-owned businesses and thereby getting a better broad-based black economic empowerment (B-BBEE) rating.

Purchases for the Necsa Group in the 2023/24 FY amounted to R1,717bn, reflecting a 14.33% improved increase compared to the previous reporting periods. This resulted from statutory price increases for products, materials, and equipment, as well as non-routine purchases. The R1,717bn comprised R1,514bn (88.18%), spent on local suppliers, and R202,899m (11.82%), spent on foreign suppliers.

The top ten suppliers, who supplied products and/or services to the Necsa Group during the year under review, are tabled below, with the amounts spent on purchases expressed as a percentage of the Necsa Group's total purchases for the reporting period.

Top 10 suppliers for the Necsa Group

No	Supplier	Value	%
1	ESKOM	R110,351m	6.42%
2	Framatome SAS	R69,122m	4.02%

No	Supplier	Value	%
3	National Nuclear Regulator (NNR)	R63,415m	3.69%
4	Momentum with Profit	R34,653m	2.01%
5	Sasol Oil (Pty) Ltd	R22,613m	1.31%
6	Rand Water	R20,157m	1.17%
7	Oserix SA Ltd	R19,567m	1.13%
8	Novosibirsk Chemical Concentrates Plant (NCCP)	R18,696m	1.08%
9	Aon South Africa	R14,719m	0.85%
10	ITM Pharma Solutions GmbH	R14,598m	0.85%
Total		**R387,890m**	**22.53%**

12.4 Broad-Based Black Economic Empowerment

The Necsa Group recognises that the implementation of a B-BBEE strategy is an essential mechanism in its efforts to meet the objectives as set out in the B-BBEE Act to achieve sustainable and inclusive economic development, social stability and labour-absorbing economic growth. This is an area of focus in the years ahead as the business turns around.

A plan of action to move from non-compliance to achieving compliance in the next five years will be finalised in the 2024/25 FY. Areas that require attention are skills development, enterprise and supplier development as well as socio-economic development.

The Necsa Group purchases from B-BBEE suppliers accounted for 24% of its total spend, while spending on black women-owned businesses and small, medium, and micro-enterprises accounted for 18% and 14%, respectively. Necsa SOC Ltd performed better in the Group, spending 29% of its total procurement budget on black-owned businesses and 20%, together with Pelchem, on black women-owned businesses. The breakdown of purchases during the year under consideration is reflected below.

Total values for procurement on business done with enterprises that are at least 51% black-owned:

	The total values for procurement on business done with enterprises that are at least 51% black-owned for the 2023/24 FY are as follows:	The total values for procurement on business done with enterprises that are at least 30% black women-owned for the 2023/24 FY are as follows:	The total values for procurement with small, medium, and micro-enterprises for the 2023/24 FY are as follows:
	24% R270,2m	R203,996m 18%	14% R151,660m
necsa	29% R150,1m	R104,606m 20%	20% R102,863m
NTP	19% R90,95m	R78,282m 16%	8% R39,09m
pelchem	28% R29,2m	R21,108m 20%	9% R9,707m

Ms Qhamkile Boyede

Group Executive: Strategy and Business Enablement

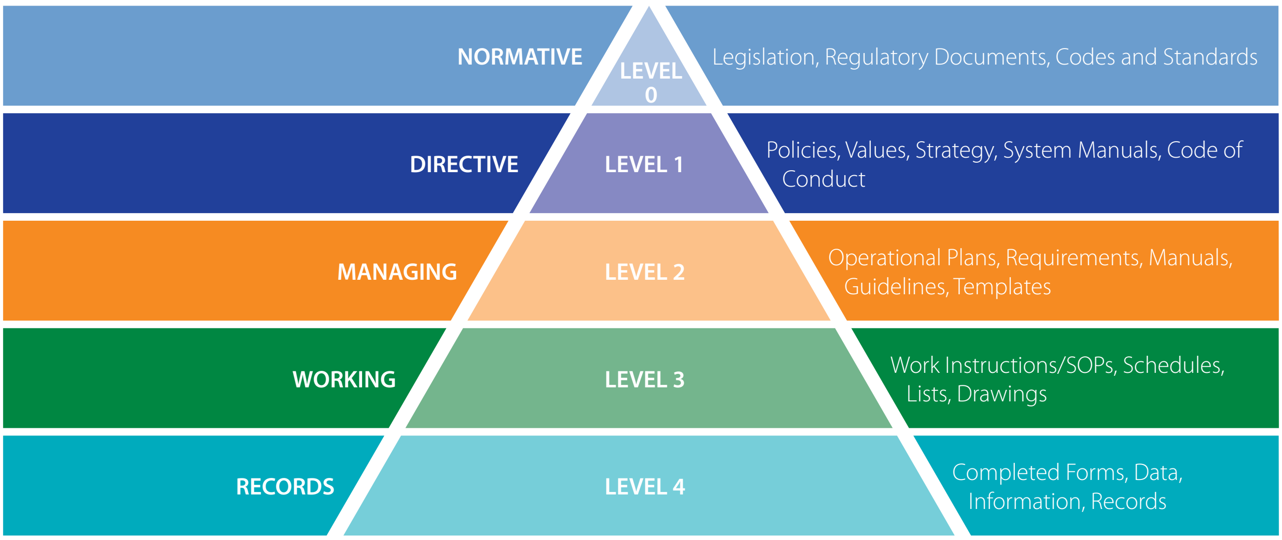
13. Strategy and Business Enablement

The Strategy and Business Enablement division formulates and implements the Group's strategy, focusing on compliance, legal, security, IT, business development, and stakeholder relations. The division focuses on the strategic pillar of Business Continuity and Efficiency, aiming for a strong Integrated Management System (IMS) with operational excellence, effectiveness, and efficiency.

Necsa is migrating its SHEQ system to an IMS, aligning with legislation, governance framework, and operational plans. This ensures sustainability and continuity in the company. The SHEQ system is crucial for Necsa's IMS system, aligning with ISO 9001, 14001, and 45001 standards, ensuring compliance with statutory requirements and best practices using its intellectual capital.

The Necsa Group implemented a hierarchical approach to review and integrate business processes, streamlining policies to improve compliance and employee value proposition and performance. Harmonisation of policies began after the Group Strategy's approval in 2021, aiming to eliminate duplication, improve process quality, and foster a compliance culture. Governance was maintained through decentralised functions and stakeholder engagement. The process resulted in streamlined policies, reducing risk and ensuring stakeholder ownership.

Integrated management system hierarchy



13.1 Environmental Impact

Necsa employs natural capital as part of its value creation while it ensures the protection of its environment in alignment with various environmental and waste management legislation and regulatory requirements. Necsa's environmental policy is combined with its safety and health policy in an integrated safety, health and environment (SHE) policy, which, amongst other things, includes the principle of sustainability.

Conservation

Necsa strives to prevent soil, water and air pollution by eliminating or minimising waste, effluent and emissions. Conservation of fauna and flora includes ensuring that provision is made for their sustenance such as the provision of salt licks, among other nutritional requirements, as well as veterinary services. Necsa strives for and adheres to nature conservation by controlling invasive and indigenous plants.

Zebra with foal

Impala with offspring

Blesbuck

Necsa has established a comprehensive system to monitor the workplace and the environmental impact of radiological, chemical, and other aspects of operations, ensuring that defined objectives and targets are met and reported. Waste (solid, gaseous and liquid effluent) is monitored to ensure that releases are within limits set by regulators such as the Department of Forestry, Fisheries and the Environment (DFFE), the Department of Water and Sanitation (DWS), the Department of Health (DoH) and the National Nuclear Regulator (NNR). The radiological dose impact is assessed to ensure that it remains as low as reasonably achievable (ALARA) and within limits. The Environmental Group has established strong institutional relationships with the stakeholders, as part of its social and relationship capital, to enable continuous operations that satisfy environmental requirements.

Streams, river water (both up and downstream), soil, air contamination, fish, invertebrates, etc. are monitored to obtain a comprehensive footprint of Necsa's impact on the environment. Results are reported to the relevant authorities according to agreed schedules. Necsa reports and manages any non-compliance following the compliance assurance process.

Collecting Crocodile River water

Collecting boundary stream water from an autosampler

Fallout pots and air sampler to sample airborne particulates

Borehole sampling at the Pelindaba site

Sampling vegetation and soil at Vaalputs

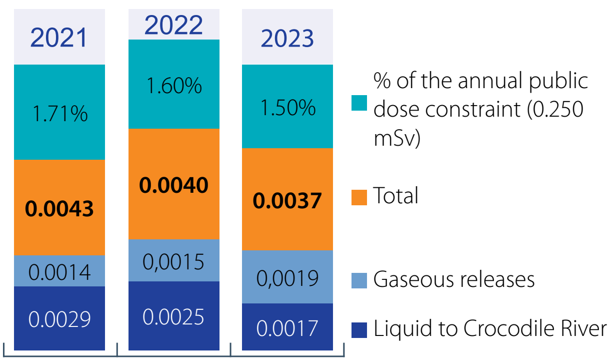
Radiological Emissions and Discharges

Necsa continually strives to improve the SHE management system and performance by keeping exposure to radiation ALARA. The public dose for the calendar year 2023 was 1.5% (0.0037 mSv) of the annual public dose constraint (0.250 mSv), which was consistent with previous years. The dose data shows there is no significant dose impact on the environment due to Necsa's activities.

Necsa is actively working to reduce the number of SHE-related incidents and public concerns. No environmental nuclear events occurred between 1 April 2023 and 31 March 2024.

The Environmental Monitoring Programme at Vaalputs was fully compliant with sample reporting levels, and no environmental nuclear events were recorded.

Pelindaba modelled dose to the public (mSv/a)



Chemical Emissions

Pelchem operates under the Atmospheric Emission Licence number: BPDM/AEL/OCTOBER2020. Quarterly and annual air emissions are reported to the Bojanala Platinum District Municipality. The total fluoride emissions for the period January 2023 to December 2023 amounted to 2,237 kg, which was higher by 930 kg compared to the previous year's (2022) of 1,307 kg. The monthly site limit was not exceeded during the year. Total fluoride emissions for the reporting period were 13% of the annual air emission licence constraint of 17,696 kg/year.

Compliance with Water Permit Requirements

Necsa complied with the current water permit (Permit No. 1874B) during the reporting period. The total water consumption was 58.9%, which is a decrease compared to 68.5% of our permit value in the previous reporting period. Necsa did not consume river water during the 2022/23 water year. This was due to the purification plant not being operational due to pump damage because of sludge from the river as well as the degraded water quality of the river water. Borehole water was not used due to the high maintenance cost of the borehole. All water leaks were addressed within reasonable periods, depending on their severity.

Water consumption from October 2022 to September 2023

	Rand Water	River Water	Borehole
Amount used (m^3)	736,318	0	0
		Total 736,318	
Permitted amount (m^3)	400,000	840,000	9,490
		Total 1,249,490	
Percentage of permitted amount	184.0	0.0	0.0
		Total 59	
% change on year on year	-14	0.0	0.0
		Total -14	

Liquid effluent disposed of between October 2022 and September 2023

Effluent Destination	Volume m^3	Water Permit Limit	Percentage of Permitted
Crocodile River	84,713	**250,000**	34%
PE Pans 1-5	0	**19,000**	0.0%
PE Pan 6	0	**8,500**	0.0%
PE Pan 9	1,491	**15,000**	9.94%
PE Pan 7	0	**4,500**	0.0%
PE Pan 8	0	**4,500**	0.0%
CaF_2	0	**941**	0.0%
Total	**86 ,204**	**302,441**	**28.50%**

The liquid effluent generated for the period October 2022 to September 2023 (water year) was 84,713 m^3 which was 34% of the permitted amount. This was a decrease of -15.7% year on year. The effluent released into the Crocodile River was well below the water permit limits.

Discharges of industrial effluent and low active effluent to the Crocodile River October 2022 – September 2023

	Q4 (2022) Oct-Dec LE-REP 0759	Q1 (2023) Jan-March LE-REP 0772	Q2 (2023) April-June LE-REP 0783	Q3 (2023) July-Sep LE-REP 0789	YTD Oct 2022 - Sept 2023
Dose Impact (mSV)*	0.00061	0.00040	0.00043	0.00043	0.00186*
Total effluent Discharged to Crocodile River (m^3)	25,469	23,947	17,768	17,529	84,713
Low Active Effluent (m^3)	1,064	680	635	632	3,011
Industrial Effluent (m^3)	24,405	23,267	17,133	16,897	81,702

*Dose impact is for the water year October 2022 to September 2023.

Natural capital indicators

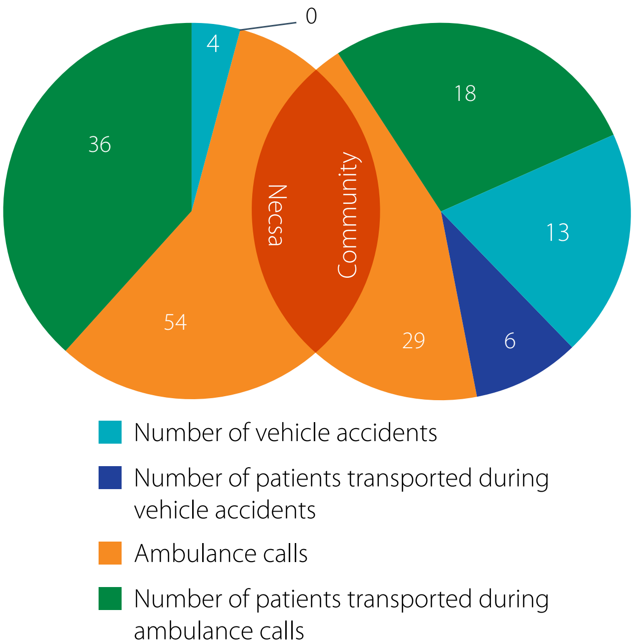
Annual electricity usage	56 GWh	April 2023 to March 2024 (FY)
Annual water usage	736,318 m^3	October 2022 to September 2023 (water year)

Necsa Emergency Services

Necsa is responsible for early nuclear emergency notification and assistance requests, participating in the International Atomic Energy Agency (IAEA) conventions and providing radiation protection specialist support. Necsa implements a comprehensive emergency preparedness process, conducts drills, identifies areas for improvement, and maintains engagements with stakeholders for continuous improvement.

The Necsa fire brigade and ambulance services serve the Pelindaba site and nearby communities.

Accidents and ambulance calls



Necsa has been designated as the competent authority for the IAEA convention for:

- Early notification of nuclear/radiological emergencies; and

Request for assistance in case of a fire or medical emergency.

Necsa participated in the 11th meeting of the Representatives of Competent Authorities hosted by the IAEA. Necsa also participated in the IAEA exercises on these conventions.

Necsa is a warning point and provides advice and radiation protection specialist support for incidents involving radioactive materials and has effectively responded and provided support for reported incidents.

13.2 Licencing

Necsa holds 41 nuclear installation licences (NIL) and one Certificate of Registration (CoR) issued by the NNR. New variations of the licences have been received for all 41 NILs over the previous and this financial year. Necsa also holds multiple authorisations from different regulators, including the South African Health Products Regulatory Authority (SAHPRA). These licences and permits are maintained and renewed where applicable and none of the authorisations have been revoked.

13.3 Compliance

Authorisations issued for all areas of the Necsa value chain are maintained and regular review of compliance to the SHEQ system and licence conditions are performed through audits and inspections. For the financial year, the inspection programme focused on assisting licenced facilities to address any historic deficiencies and ensure the effectiveness of corrective actions to prevent non-compliance in the future. In addition, a special focus has been on compliance verification to new licence conditions based on new variations of the nuclear installation licences issued by the NNR.

To monitor and assure SHEQ system compliance, all facilities were subjected to annual audits. The annual Necsa Inspection and Audit Plan for the 2023/24 financial year was approved for implementation while supporting facilities that went through significant organisational changes to revise facility-level management systems.

Necsa embarked on a major revision of the event/incident management system for improved categorisation, investigation and trending. The process was concluded in line with the implementation plan having conducted training and appointment of functions that form part of the incident management organisation to ensure the availability of suitably qualified and experienced persons for effective implementation of the new system.

13.4 Nuclear Safeguards and Non-Proliferation

Necsa implements systems and processes to ensure that there is no diversion of nuclear material from peaceful nuclear activities and to ensure the absence of undeclared nuclear material or activities in the state. Necsa continues to participate in national structures for the non-proliferation of weapons of mass destruction.

All inspections carried out during the reporting period met the IAEA safeguards requirements and were conclusive. Integrated safeguards as well as state-level safeguards have been in place in South Africa since 2015. The Safeguards Implementation Report provided in 2023 by the IAEA once again confirmed that South Africa's nuclear facilities and materials remain in peaceful use. The Agency has been able to do so since 2010, confirming South Africa's strong commitment towards non-proliferation as well as Necsa's ability to utilise nuclear energy and technology to contribute to the country's socio-economic development.

The annual additional protocol declarations were submitted to the IAEA as required by the Protocol Additional to the Comprehensive Safeguards Agreement in May 2023 and were accepted as satisfactory by the IAEA.

The remote monitoring systems installed at key facilities in the country by the IAEA have functioned well over the period, with minor reported downtime resolved with the IAEA.

South Africa was moved from the Safeguards Operations Division C (SGOC) to Safeguards Operations Division B (SGOB), which is responsible for the implementation of safeguards in Africa, and this was in line with the geographical location of South Africa.

The annual Safeguards Implementation Bilateral Meeting between the IAEA and the State was held in April 2023 at Necsa to discuss safeguards implementation matters in South Africa. The bilateral meeting was attended by officials from IAEA, DMRE, Necsa and DIRCO. The IAEA gave a presentation during the bilateral meeting on the newly updated State Level Approach (SLA) for South Africa, to explain the reasons leading to the SLA improvement project and the main features of the project.

African Commission on Nuclear Energy

The Republic of South Africa through the DMRE and Necsa has been designated by the African Commission on Nuclear Energy (AFCONE) as the AFCONE Regional Collaborating Centre for Nuclear Safeguards, in May 2021. AFCONE is the autonomous Pan-African organisation that is uniquely mandated under the African Nuclear Weapon Free Zone Treaty (The Treaty of Pelindaba) to serve as the Secretariat of the Treaty and to engender industrial and socio-economic development in Africa through the coordination and promotion of safe and secure peaceful applications of nuclear science and technology, as well as regional and inter-regional cooperation for that purpose.

In line with the provisions of the Pelindaba Treaty and to develop their knowledge and capabilities towards the safe and secure peaceful uses of nuclear technology on the continent, AFCONE has taken the initiative to establish the Regional Collaborating Centre (RCC) Scheme.

AFCONE and the European Commission have signed a cooperation agreement for Safeguards training for five years targeting ownership and sustainability through capacity building in Nuclear Safeguards. The European Commission training is managed through the Finish Government (STUK). In line with the cooperation agreement, three training courses as part of AFCONE's Programme for Strengthening the Nuclear Material Control Systems in Africa took place in South Africa during the reporting period.

13.5 Security Services Department

Necsa is mandated by the Nuclear Energy Act 46 of 1999 section 29 to provide for the security of the entity's installations, sites and premises. The Act prescribes specific responsibilities and provides certain authorisations for the proper protection of personnel, visitors and property.

Necsa is listed as a national key point and security provision is essential to the existence and licencing conditions for Necsa operations both as a national key point and nuclear installations facility.

The key objective of security operations is to counter any attempts of malicious acts targeted at Necsa's interests by adversaries to gain unauthorised removal of nuclear and radioactive material as well as prevent any possible sabotage of strategic facilities. This objective is very central to the Convention on the Physical Protection of Nuclear Material of which South Africa is a signatory.

Information Technology

Necsa's information technology (IT) function provides critical oversight over IT strategic and operational matters. It consolidated its functions into a centralised Group IT setting, resulting in cost savings, reduced duplication, improved coordination, and enhanced efficiency. The IT department maintained operational integrity in a new hybrid work/office environment, with no significant security incidents. Group IT has also implemented a new cyber security policy, educating employees on protective measures and conducting ongoing Cyber Awareness training sessions for all Necsa Group employees.

13.6 Strategy, Productivity and Performance

The Strategy, Productivity and Performance department ensures the formulation of the strategy for the Group while considering macro-environmental contexts and nuclear industry shifts as well as adjacent activities to Necsa's core business to ensure that Necsa has a medium- to long-term sustainable strategy. The department also ensures that the strategy is implementable and implemented while monitoring progress against strategic goals. In addition, it conducts strategic reviews from the Board to the divisional level. The department oversaw the attainment of performance targets and the Shareholder's Compact with the DMRE as well as the Corporate Plan. Measures are monitored and evaluated and the department accounts to the Board, DMRE, National Treasury and Parliament according to section 92 of the Constitution. Information is collated and reported monthly to the EXCO and quarterly to the Board, as well as to external stakeholders. These are internally assured by Integrated Assurance and by AGSA. As part of a process for improvements in the year under review, the department enhanced its methodology for measuring key performance indicators.

13.7 Business Development and Technology Commercialisation

The Business Development and Technology Commercialisation unit is mandated to promote sustainable revenue growth through (1) identification, screening, evaluation, prioritisation and development of new market pull and push opportunities, (2) forging of strategic partnerships to exploit complementary capabilities for market-oriented opportunities, and (3) facilitation of fundraising for technology development and commercial opportunities.

13.7.1 Technological Innovations with High Market Potential

Necsa continues to leverage its publicly co-funded technological innovation capabilities to pursue opportunities with high market potential. Various market-pull technologies have been advanced from proof-of-concept to higher levels of readiness for commercialisation. Some of these are summarised below:

Mining Shroud Detection Technology

This patented technology making use of a gamma source for the detection of broken or loose mining shovel shrouds, promises to reduce production downtime and safety risks which are associated with the shroud reaching and damaging an ore crusher.

Development work is well underway for this technology, funded by approximately R17m by NTP Radioisotopes (which has secured rights for the manufacturing of sealed radioactive sources) andTIA. The piloting of the technology is expected to be completed in 2025. A Commercialisation Agreement was signed between Necsa and GammaTec SOC, which is 55%-owned by NTP Radioisotopes, in which GammaTec is the strategic industry partner of Necsa, with exclusive rights to market and sell the technology to the mining industry.

Neodymium Difluoride Production

As part of South Africa's minerals beneficiation objective, Necsa has developed a cost-effective and environmentally friendly process for converting neodymium oxide to neodymium fluoride (NdF_3), which is part of Necsa's capability for conversion of metal oxides to metal fluorides. Neodymium fluoride is used mainly in the manufacture of permanent magnets for use in many commercial applications.

Necsa, in its efforts to strengthen local manufacturing capabilities, has partnered with a private entity, Rare Earth Refinery (RER), an SMME that has since secured funding from TIA and built a pilot plant. The plant has demonstrated the capability to produce NdF_3, and some optimisation work is to be undertaken to develop the product for market acceptance, before market entry at a minimum economically viable scale. Fundraising initiatives are underway to secure the required funding for the optimisation of the plant to reach 70 tons.

Gallium-68 PSMA 11 Diagnostic Kit for Prostate Cancer

Ga-68 PSMA-11 is one of just a few positron emission tomography (PET)-based, nuclear medicine diagnostic imaging agents approved by the United States Food and Drug Administration (FDA) for prostate cancer. Necsa has developed a more cost-effective diagnostic kit, which has been proven up to technology readiness level 6, requiring further validation and optimisation in a commercial environment before authorisation by the SAHPRA for use under Section 21. The project is funded by both Necsa and NTP Radioisotopes, with NTP earmarked as a strategic partner for the commercialisation of the technology.

Other Technologies

Necsa's Business Development and Technology Commercialisation unit is continuously engaging the industry and funding institutions to catalyse the progression of other technologies from their respective development stages towards proven technologies ready for commercialisation.

13.8 Corporate Communication, Branding and Stakeholder Relations

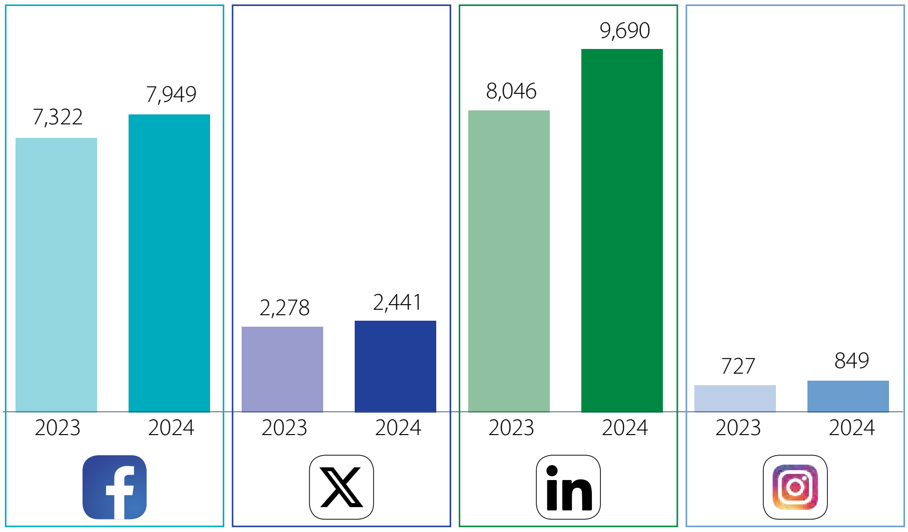
Necsa Group Corporate Communication, Branding and Stakeholder Relations (CCB&SR) is responsible for managing and facilitating effective internal and external communication to build and maintain a positive reputation, engage stakeholders, ensure brand consistency, and support Necsa Group's strategic objectives. This includes managing public interaction, internal communications, media relations, digital presence, crisis communication and corporate publications.

In the year under review, Corporate Communication achieved an increased number of stakeholder engagements including 10,037 outreach activities. The quarterly Public Safety Information Forum in the Vaalputs was revived and attendance by the community has been very good. Participating in different conferences and exhibitions in and outside the nuclear and research industry has also extended the stakeholder engagements.

To publicise, educate and create awareness about the work that Necsa is doing, a number of media engagement activities were undertaken during the year under review. Necsa also took the initiative of revamping the website of the organisation ensuring alignment following the rationalisation process. Necsa is an organisation that ordinarily serves a niche market, however our social media footprint has been steadily growing which allows us to educate more people about the different uses of nuclear energy, using this platform.

Media Engagement

Necsa uses various communication platforms to share information with the public, including social media. The graph below shows the growth in social media followers:



Necsa is a research and innovation organisation that does not offer direct services to the public, it provides services to a niche market, therefore it will not attract a huge following on social media especially locally. The current follower growth rate is therefore acceptable.

Media Statements and Interviews

- A joint media statement between AFCONE, STUKS, DMRE and Necsa.
- Media Statement on the 4th Nuclear Energy Management (NEM) School.
- Necsa GCEO on SAFM – Nuclear as part of the solution to the current blackouts.

- The Necsa Board Chairperson, the GM: Corporate Communication, and other Necsa Group colleagues attended as part engagement on the eNCA talk show called "We The Nation".
- Necsa GCEO Interview with the Engineering News on 2022/23 audit outcome.
- Necsa GCEO on Newzroom Afrika - Africa Energy Indaba.
- TVEL and Necsa Sign MoU to collaborate on nuclear technology for peaceful means.
- BMF energy committee and Necsa executive meet to discuss nuclear energy development and advocacy.

Dr Pradish Rampersadh

Group Executive: Research and Innovation

14. Research and Innovation

The mandate of the Research and Innovation (R&I) division is to grow and maintain core research capacity in line with the Necsa mandate on nuclear, radiation and related fields. The three research focus areas in R&I are Radiation and Reactor Theory (RRT), Applied Chemistry (AC) and Applied Radiation (AR). Through these focus areas, the R&I division contributes primarily to the intellectual capital of Necsa via the main research outputs in the form of innovation disclosures, peer-reviewed publications and technical and contract research reports.

The nuclear and radiation fields are highly competitive. The Necsa Group places a high value on intellectual capital, which is defined as the value of a company's employee knowledge, skills, business training, or any proprietary information that could provide the company with a competitive advantage. Based on the research done, there exists a positive and significant relationship between intellectual capital and the performance of a company.

Over the past few years, R&I has focused on commercial products and services with income-generating potential to grow the financial capital of Necsa. In line with this goal, R&I has a steadily growing number of clients that are served through contract research. Necsa subsidiaries receive targeted research support to preserve a competitive advantage and extend their existing product offering. Product development is carried out using a systems engineering methodology (based on technology readiness levels). Core science and technology activities are supported by project and programme management. To benchmark and strengthen our competencies, close collaboration with national and international collaborators is actively pursued.

The Necsa intellectual property (IP) portfolio consists of 15 patent families, two designs, 24 trademarks and two domain names, which were maintained in more than 105 countries worldwide during the last financial year. Four national patents were awarded and added to this list. Progress on all innovation disclosures as well as registered IP is submitted to the National Intellectual Property Management Office (NIPMO) on an annual basis. Necsa acknowledges the support from NIPMO's Intellectual Property Fund towards maintaining the Necsa IP Portfolio.

14.1 Contribution to the Shareholder's Compact

The R&I division achieved its defined external revenue target and further exceeded its targets for peer-reviewed publications and innovation disclosures for the financial year.

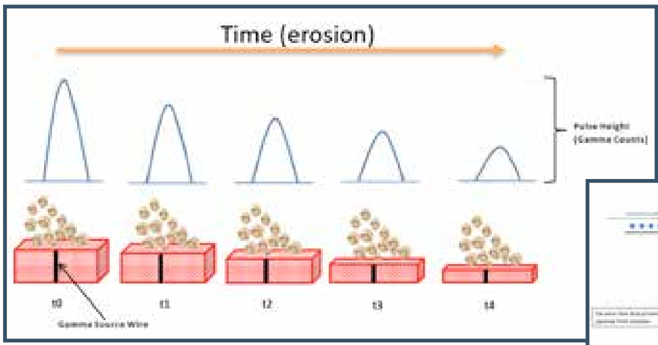
Type of output	Number
Innovation disclosures	7
Peer-reviewed publications	28

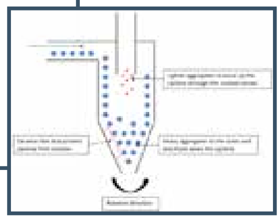
In addition to the mandated Shareholder's Compact targets, additional targets in operational performance are tracked, such as significant research reports, conference contributions and new collaboration agreements have also all exceeded the defined targets.

Type of output	Number
Significant research reports	58
Conference contributions	30
New collaboration agreements	10

14.2 Highlights

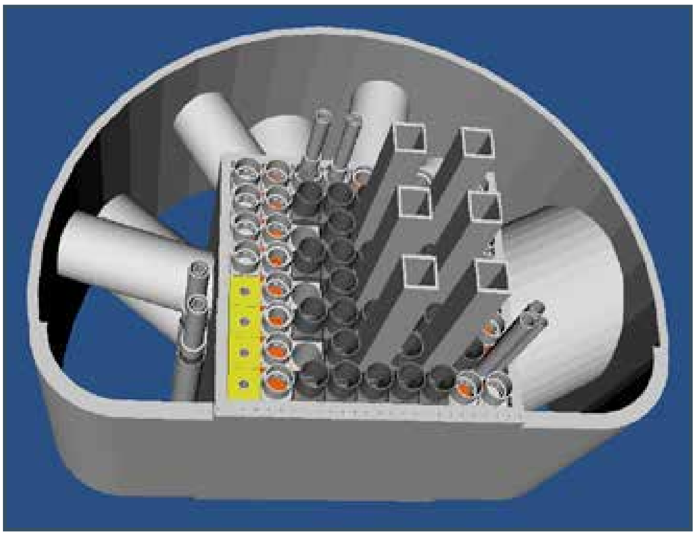
On average, ten targets per annum were produced, irradiated in SAFARI-1 and then shipped to the Paul Scherer Institute for processing and formulation of Tb-161 radiopharmaceuticals.



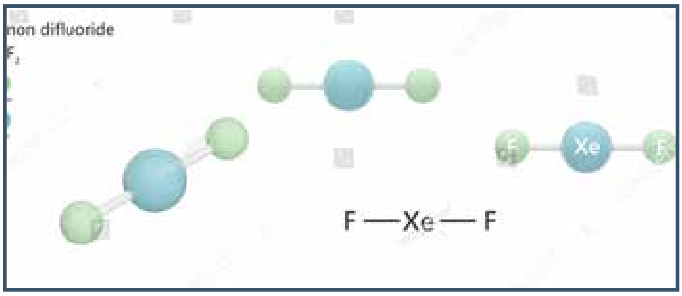


Wall abrasion monitoring used to determine the wearing of ceramic tiles that line the walls of a hydrocyclone used in mining operations.

The Overall System for the Calculation of Reactors (OSCAR) nuclear reactor calculation system is currently in its fifth generation and was notably expanded during the year.



A new method was developed to significantly improve the purity of the Pelchem product xenon difluoride (XeF_2).



The Beam Line Centre (BLC) is unique on the African continent with its availability and user access to neutron and X-ray radiation beams as non-destructive complementary probes to host investigation of materials and components for pure and applied research.

14.3 R&I Projects and Strategic Initiatives

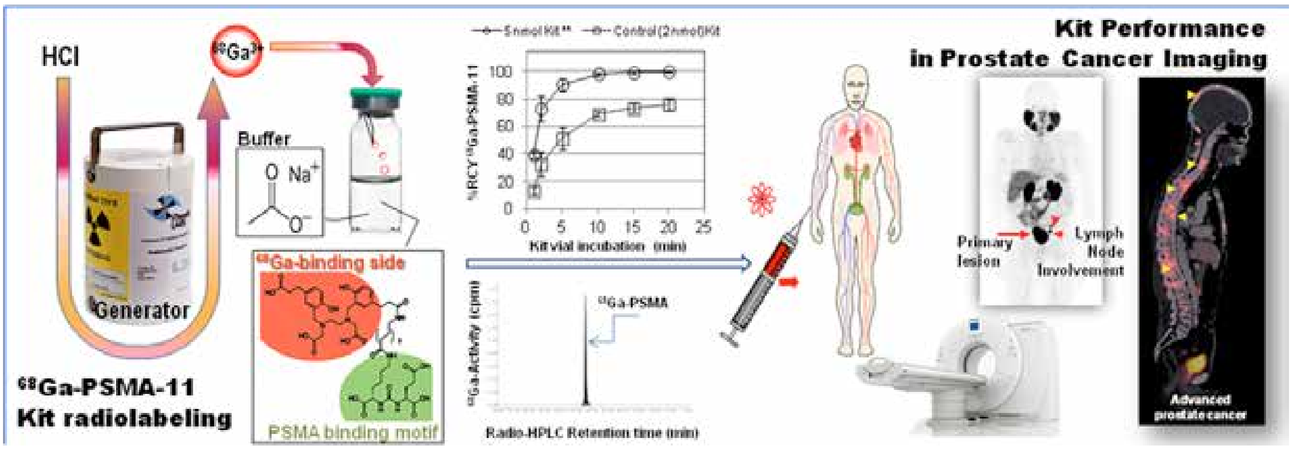
R&I projects and strategic initiatives are tracked through its three research departments. The following section provides a brief overview of the primary contributions of each department.

APPLIED RADIATION DEPARTMENT

The Applied Radiation Department contributes to the strategic thematic areas of Radioisotopes and Pharmaceutical Business Sustainability as well as Advanced Manufacturing, Nuclear and Related Technology Applications. It further focuses on the development of radiopharmaceuticals for oncology and infection and inflammation imaging by translating fundamental research performed to commercial outcomes. Over the past year, groups that are involved with product development continued to perform pipeline research to retain and enhance Necsa's status as an internationally competitive radiochemical isotope producer, thus contributing to enhancing quality of life. Besides the development of radiochemical (precursors for radiopharmaceuticals), the focus has also been further down the value chain to the development of new radiopharmaceuticals.

Technology from several product development programmes has matured to culminate in commercial outcomes. At early technology readiness levels, these are supported by funded technology platforms/ clusters to enable the required National System of Innovation (NSI) and industry partnerships. In addition to conducting commercially orientated research, fundamental research that is the foundation for future innovations and products continues.

The Applied Radiation Department develops technology and molecules that may lead to new products that fit into the NTP portfolio. The focus is on new radiation-based solutions which will require isotopes that will increase NTP's Industrial portfolio, radiopharmaceuticals and radiochemical products that are aimed at increasing NTP's market share locally and abroad. Examples are for technology the mining shroud solution to reduce the residual risk of the dislodged shrouds from excavators in opencast mines and for radiopharmaceuticals the PSMA prostate cancer kit. Apart from this work that focuses on the low TRL development (until proof of concept) of such innovative ideas, molecules and technologies which is performed for NTP on an annual contractual basis, plant support and process optimisation of NTP's existing production processes is also provided on an ad hoc basis.



In the radiopharmaceutical space, the GMP formulation unit in Necsa R&I has developed a single vial lyophilized PSMA-11 (Prostate-Specific Membrane Antigen selective for primary and secondary prostate cancer) kit formulation that can be radiolabeled with Gallium-68, an exciting short-lived PET imaging radioisotope. The kit has passed the technical feasibility study and has now been through the GMP (Good Manufacturing Practice) phase of production. The small-scale batch validation runs and quality control of the produced kits were completed with the produced kits meeting the acceptance criteria as set out in the kit specification. Accelerated stability studies have been completed and long-term stability studies are in progress. Scale-up batch validation runs can now proceed at the NTP's cold kit production facility while the latter studies are ongoing before routine production and distribution under a Section 21 authorisation from the SAHPRA.

RADIATION AND REACTOR THEORY DEPARTMENT

The Radiation and Reactor Theory (RRT) focus area provides calculation and analysis services in reactor neutronics, thermal-hydraulics, criticality, shielding, activation and isotope production, both to Necsa and to external clients. RRT develops hosts and manages the OSCAR reactor calculation platform that is used in-house and by various nuclear institutions around the world to model their respective reactors. Both activities leverage a strong technology platform in radiation transport and reactor modelling and simulation in RRT, maintained through an active research program. In general, these programs contribute to the strategic thematic areas of Neutron Source Generation Projects, Radioisotopes and Pharmaceutical Business Sustainability, Advanced Manufacturing, Nuclear and Related Technology Applications, Energy Projects as well as Waste Projects. In addition, the development of enhanced capabilities is aimed at supporting the updated Necsa strategic focus areas, in particular concerning front-end fuel cycle activities, as well as SMR technology development.

In line with these requirements during this past year, RRT managed to meet and mostly exceed all mandated key performance indicators. This includes the generation of external income, peer-reviewed publications, innovation disclosures, conference contributions and significant research reports.

The department performs computational modelling and simulation in support of nuclear operations on the Necsa site, and for external clients. In particular, a major focus is the modelling of the SAFARI-1 research reactor, in order to make sure that all safety parameters are met prior to start of a cycle, but further to support the optimal use of the facility. In this regard detailed modelling of isotope production in the reactor assists NTP to plan and design irradiations to meet client expectations. In addition to using off-the-shelf computational tools to support NTP and SAFARI-1.

APPLIED CHEMISTRY DEPARTMENT

The focus of the Applied Chemistry (AC) Department is the development of commercial processes, contract research and maintaining the basic chemistry technology platforms required by Necsa. These projects are aligned to the following strategic thematic areas as per the Necsa Corporate Plan: Advanced Manufacturing, Nuclear and Related Technology Applications; Fluorochemical Business Sustainability; Waste Projects and Energy Projects. The current mandate for the department is to develop processes up to technology readiness level (TRL) 4. This implies a laboratory-scale integrated proof of concept level. As in the past few years, most of the effort was focused on contract research for internal and external customers.

This department also assists Pelchem (Necsa subsidiary) with ad hoc technical issues. These can range from problems being experienced in their plants to an evaluation of a new opportunity. AC personnel is regularly involved with developing new processes for Pelchem to consider for commercialisation. During the last two years, the main focus was on improving and expanding the Xenon Difluoride production process.

Lithium Hexafluorophosphate

Lithium hexafluorophosphate (LiPF6) is a salt used for the formulation of the electrolyte for lithium-ion batteries. The market for lithium-ion batteries is growing rapidly, due to demand in fields like mobile computing, electric cars and stationary energy storage for solar and wind power plants. The Applied Chemistry department is developing a novel processing route for lithium hexafluorophosphate. Two patents have already been obtained and a third patent application is being prepared. This project enjoyed significant financial support from the Department of Science and Innovation (DSI), but this support has now ended, and new funding sources will have to be secured.

Lithium-ion Battery Cathode Material Fluorination

A project to fluorinate precursor materials for the manufacture of lithium-ion batteries is underway. The goal of this research is to improve the performance of the cathode materials, especially manganese-rich formulations that are important for South Africa as a major manganese producer. This research is being undertaken by Applied Chemistry as a participant in the National Energy Storage Consortium in a project funded by SANEDI on behalf of the DSI Energy Storage RDI Flagship Programme. The amount of R3,1 million was awarded to Necsa for the 2023/24 FY. A laboratory fluorination system was designed and constructed, and samples have been fluorinated for the consortium partners University of Limpopo and the CSIR. These samples are undergoing electrochemical performance testing to prove the benefit of cathode material fluorination.

Supporting the Decommissioning and Decontamination Programme

A significant amount of effort from the department was devoted to the support of the D&D programme. This involved the process development of five different plasma-based volume reduction systems as well as three different chemical process-based systems. The plasma systems are used to incinerate the waste materials at very high temperatures, mixing in reagent gases, such as oxygen and/or hydrocarbons, to form relatively harmless compounds such as carbon dioxide and water. In addition, chemical processes are under development to render waste streams safe for disposal. These processes involve the extraction of harmful radioactive materials from the bulk of the waste. The goal is to have the solid radioactive material separate from the remaining solids so that these can be disposed of in an environmentally responsible manner. All these developments are still in the laboratory phase.

Advanced Metals Initiative

The Advanced Metals Initiative (AMI) is a programme funded by the DSI with a focus on modernising the manufacturing sector through the development of advanced materials. Through these high-value materials, increased economic activity could be derived by localisation of the technology. The programme also promotes collaborative research and expansion of the country’s technical capacity through human resource development. The Nuclear Materials Development Network, based at Necsa, forms part of this programme in collaboration with the CSIR and Mintek.

Necsa Learning Academy

Mr Ayanda Myoli
Nuclear Operations & Advanced Manufacturing

15. Nuclear Operations and Advanced Manufacturing

The mandate of Nuclear Operations and Advanced Manufacturing is to operate nuclear facilities on the Necsa site related to irradiation services, waste management, laboratory services and advanced (nuclear) manufacturing as well as provide engineering, maintenance, facilities management and project management services in a financially sustainable manner.

15.1 Reactor Operations

The SAFARI-1 research reactor is one of Necsa's key nuclear facilities. Its main application is the commercial production of radioisotopes and the rendering of irradiation services. SAFARI-1 provides the basis for Necsa's radioisotope business through its subsidiary NTP Radioisotopes and other commercial products, as well as the neutron transmutation doping of silicon.

The SAFARI-1 research reactor performed and met the stated objectives in the reporting period. The facility proceeded to support the stakeholders, in particular, the radioisotope production facilities and continued with its record of continued safe and efficient operational service to users and the public since its first criticality in March 1965.

The reactor operational availability was 289 days against the target of 287 days, which represents 101.50% availability against the target of planned operation during the 2023/24 FY at an average reactor power of 19.61MW. The accumulated MWhs for SAFARI-1 operational history up to the end of March 2024 is 4,784,365MWh since the first operation started in 1965.

SAFARI-1 Operational Performance (2014-2024)

SAFARI-1 Operational Days Available

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
247	280	303	298	299	267	303	299	294	288	289

Reactor Maintenance and Refurbishment

The Ageing Management Programme (AMP) continues to progress well in identified critical high-priority project areas; in other areas, the progress is slow due to a lack of sufficient resources. The AMP of SAFARI-1 will continue as a programme until the end of life of SAFARI-1. It should be emphasised that SAFARI-1's safe and sustainable long-term availability will keep on with evaluations and in-service inspections of reactor vessels, core components and structures, systems and components (SSCs) that are important to safety.

The AMP's aim and objective is to ensure sustainable continuous safe operation of the reactor beyond 2030. The AMP will proceed to keep its focus on critical upgrades, modifications, refurbishment and maintenance as required. All maintenance programme requirements were completed at 100% execution, contributing to the excellent performance over the last 25 years for the safe continuous operation of SAFARI-1.

Reactor Technical Collaboration

Technical collaborations with the High Flux Reactor (HFR) and Pallas, the new medical isotopes reactor in the Netherlands, and the OPAL reactor in Australia are hosted on a rotational basis at these facilities to share technical information and operational experience. The technical assistance and knowledge base provided among the four reactor groups related to operational, safety and ageing management matters is an asset that will continue to benefit the planned multi-purpose reactor for South Africa. The SAFARI-1 Plant Health Assessment continues to benefit tremendously from the plant assessment methodology performed at the HFR Petten reactor.

Multi-purpose Reactor Project

Necsa has already started with the MPR project which will succeed the SAFARI-1 by 2032, in the meantime, Necsa is managing the 59-year-old SAFARI-1 closely to ensure that it continues being productive even as the new MPR comes on stream thus ensuring that Necsa continues to contribute to the economy for the next 100 years. The MPR will enable Necsa and South Africa to defend its position as one of the four top global suppliers of medical radioisotopes but also sustain an upward trajectory of a diversified radioisotopes business. Necsa has already completed the feasibility study following the independent gateway review.

15.2 Necsa Laboratory Services

Necsa Laboratory Services' (NLS) main function is to provide third-party quality assurance for products and services produced for markets of interest and verify compliance with regulatory requirements on behalf of its customers. NLS is running two state-of-the-art laboratories namely Radio-Analytical and Calibration (RAC) and Chemical, Biological and Forensic (CBF), using proven technologies and experienced scientists and technicians.

Laboratory services experienced a growth rate of 45.2%, namely 1,358 customers in the 2023/24 FY compared to 935 customers in the previous financial year. Even though the number of customers increased, the orders decreased by 2.5%.

Organic growth (number of customers per sector)

Industry classification		Number of customers per industry/ sector			Number of job orders per sector		
#	Industry sector	2022/23 FY	2023/24 FY	Growth rate (%)	2022/23 FY	2023/24 FY	Growth rate (%)
1.	Mining and Mineral Processing	236	322	36.44	528	803	52.08
2.	Manufacturing	243	193	-20.58	422	867	105.45
3.	Government	21	24	14.29	29	39	34.48
4.	Healthcare	34	57	67.65	719	549	-23.64
5.	Agriculture	177	200	12.99	3,506	788	-77.52
6.	Consulting	56	95	69.64	882	170	-80.73
7.	Other Labs	97	64	-34.02	188	146	-22.34
8.	Educational Institutions	35	4	-88.57	151	3	-98,01
9.	Energy sector	24	401	1,570.83	37	2911	7,767.57
10.	Transport	12	0	-100.00	12	6	-50.00
	Unallocated					18	0
TOTAL		935	1,358	45.24	6,462	6,300	-2.51

15.3 Waste Management

Decommissioning and Decontamination

Nuclear Liabilities Management (NLM) is a programme established to discharge nuclear liabilities of past strategic nuclear facilities. The D&D programme involves dismantling, decontamination, and decommissioning related nuclear facilities, managing historical nuclear waste, and disposing of certain long-lived and high-level waste. The 2004 Nuclear Liabilities Management Plan divided total nuclear liabilities into three major stages, with funding allocated to Necsa.

The NNR's comments on the Hazard Assessment Report and Decommissioning Strategy necessitated a revised project schedule and strategy. Decontamination services are currently in the process of constructing a smelter facility at Area-26 for radiological components. In the reporting period, 700 batches from the A-26 facility and quarantine storage facility were processed, 3,080 kilograms of degreased oil pipes were processed, 938 kilograms of stripped copper tubings were processed, and 4,230 litres of liquid evaporated from the facility.

Management of Nuclear Waste

Nuclear waste from various points of origin was collected and safely stored at Necsa during the review period as depicted in the following table:

Solid waste management

Type	Origin	Storage facility	Number received 2023/24	Total as of 31 March 2024
Drums	Facilities on the Necsa site and external clients.	Pelstore and Area-21	1,817 (received in storage facilities)	76,585 (received in storage facilities) 15 shipments were sent to Vaalputs. 206 Steel drums (MA) and 84 concrete drums for the reporting period.
Spent fuel elements	SAFARI-1 storage pool.	Thabana Pipe Store	0	(No shipment)
Spent sealed radioactive sources	Clients throughout South Africa, specifically the healthcare sector.	Area-24 Source Store	2,110	15,318
Smoke detectors	Clients throughout South Africa.	Area-24 Source Store	38	33,027

Necsa conducted a comprehensive re-assessment of its D&D Stage 1 past strategic historical facilities in 2023/24 to provide a reasonable estimate of the contingent liability to the DMRE Minister. Piet Bredell Consulting, experts in D&D liability assessments, independently reviewed the re-assessment, confirming its reasonableness.

Growth Initiatives Programme: Performance indicators, planned targets and actual achievements

Key performance area	Key performance indicator	Actual achievement 2023/2024	Planned target 2023/2024
Stage 1 D&D Programme execution	D&D Programme execution (Stage 1): Execution of Annual Plan of Action as approved by the DMRE.	97.0%	95%

The D&D project management structure was established for the last two financial years, focusing on performance progress and resource allocation to address challenges. In the 2023/2024 FY, the structure met both the APA execution target of 95% and the financial target of 100%.

15.4 Advanced Manufacturing

Advanced Manufacturing (AM) is one of the strategic Necsa business units and specialises in heavy engineering and manufacturing of industrial components, focusing primarily on the nuclear industry. It is one of the few organisations in Africa that has acquired the ASME III Nuclear Certification.

Support Activities

GROUP

- Warranty process, human resource management process, sales process

POWER AND INDUSTRY

Interface with customers | Generating sales | Value proposition

ENGINEERING AND DESIGN PROJECT MANAGEMENT

- Equipment and components design, specification data sheets. project management and engineering resources

PROCUREMENT

- Material demand planning, supplier management, contracts negotiation, SLAs, credit facilities.

Primary Activities

INBOUND LOGISTICS	OPERATIONS	OUTBOUND LOGISTICS	MARKETING SALES	SERVICE
Material supply/ demand	Production planning	Completed goods	Advertising	Non-destructive tests
Receiving area	Weld maps	Final inspection	Sales network	On-site repairs and project management
Inspection and acceptance	Forming	Shipping	Customer retention plans	Functionality testing
Consumables	Joining (Welding)			
Raw material	Quality Control			
Stores control				

External partners

CSIR
(Laser cutting, specialised welding, repairs, tooling design or manufacturing)

Integrated SOCs leverage SOEs to drive growth and improved revenue

ESKOM
(Technical support, etc.)

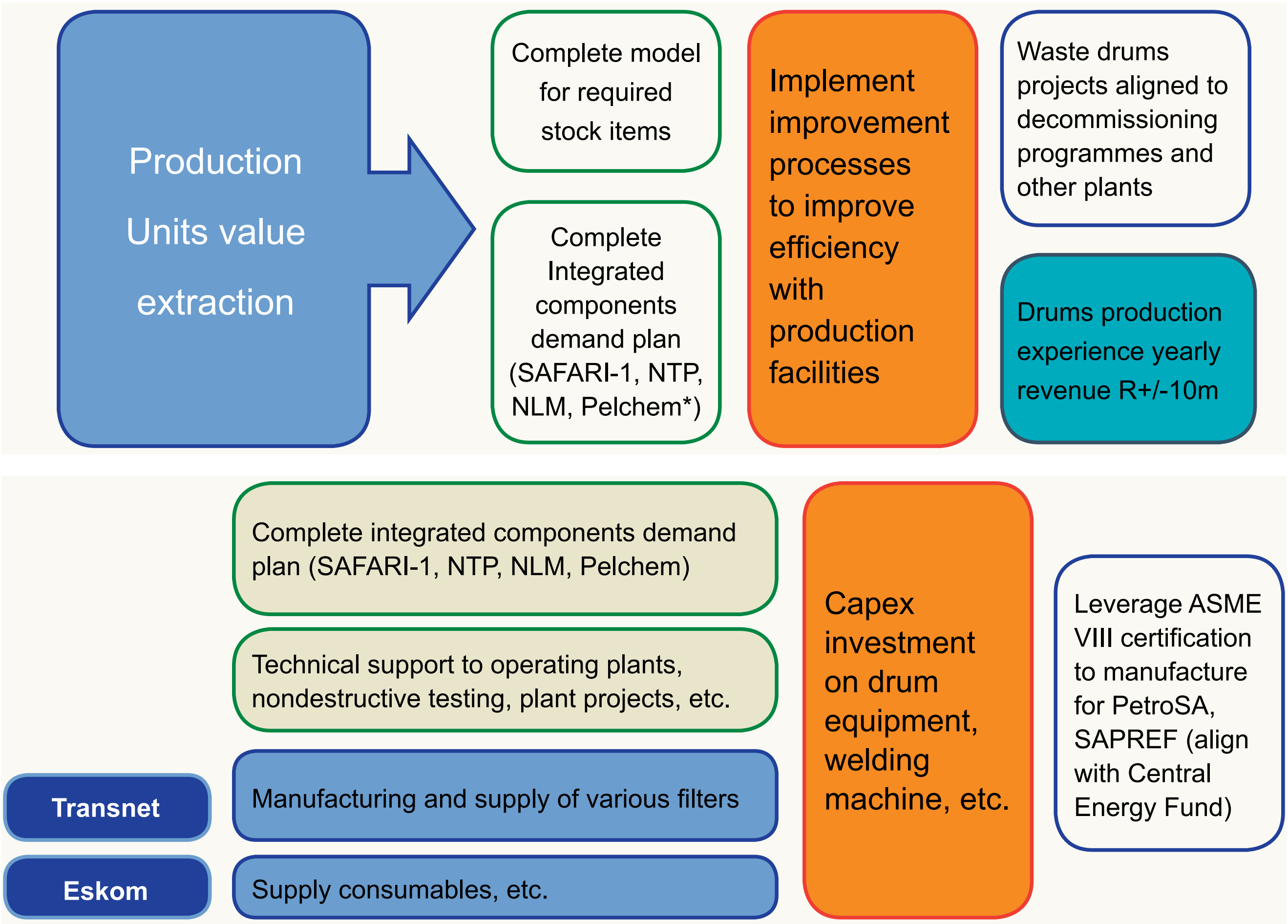
TRANSNET
(Specific focus on filters)

One of AM's CAPEX requirements was to obtain a laser cutter in order to improve efficiency and reduce waste

Strategic growth

The figure below highlights some of the key projects during the reporting period:

Key projects



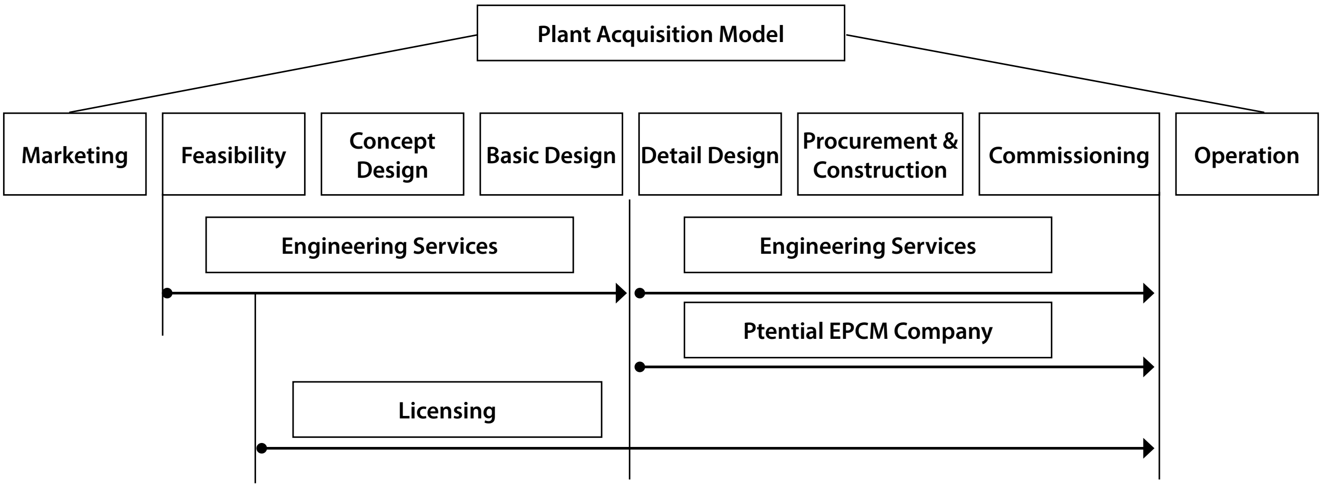
15.5 Engineering Services

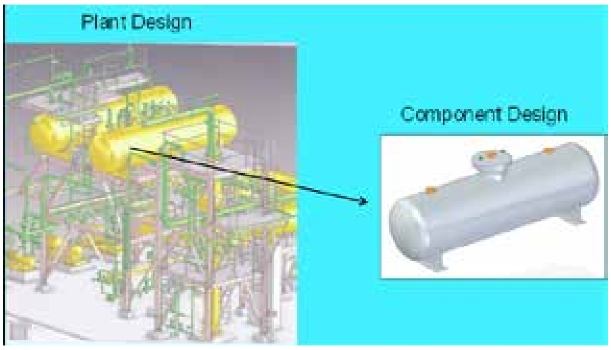
Engineering Services (ES) operates in a highly competitive environment with established local and international engineering consultation firms. ES provides its services to internal customers at a full cost recovery basis and on a profitable basis for external customers. Necsa accounts for over 95% of all the income to ES, while the remaining 5% comes from Eskom and mines. ES charges Necsa less than half the rates recommended by the South African Engineering Council (ECSA) and as such provides a very competitive service.

ES's objectives and mandates are to:

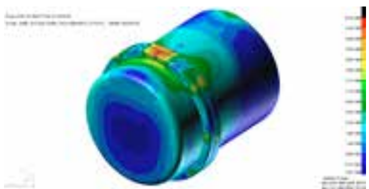
- Provide engineering services to Necsa's existing and new facilities.
- Ensure Necsa comply with the Occupational Health and Safety Act, the NNR requirements and other regulatory requirements as incorporated in Necsa's SHEQ system.
- Be the design authority for all engineering work within Necsa and its subsidiaries.
- Provide an architect engineering capability to Necsa and the industry.
- Provide strong technical governance to ensure the integrity of design, operating technical specifications and maintenance baselines for sustainable facility performance and adherence to the NNR licencing requirements.
- Manage the engineering function to comply with ISO 9001:2008.

The following figures illustrate the engineering services provided by the ES department to Necsa as well as external customers.





- Design of plants, facilities and infrastructure applying the plant acquisition model, thus Architect Engineer for Necsa's new facilities
- Design authority for Necsa's existing facilities regarding approval of design changes to these facilities
- Central configuration office maintaining Necsa's technical records
- Design of systems, structures and components of:
  - Chemical process
  - Civil structures
  - Mechanical systems
  - Electrical reticulation
  - Control systems
  - Verification systems
  - Waste systems



- Mechanical & Civil Engineering
  - 3D Plant design
  - Design of Systems, Structures and Components
  - Engineering analysis capability using MSC Software
  - 2D Manufacturing drawings
  - P&I Diagrams, Piping, ISO, plant layouts
  - Design of ventilation systems
  - Design of support structures and lifting equipment
  - Product reverse engineering
  - Civil & architectural drawings of buildings and infrastructure
  - Physical Test Laboratory - Material test facility

Smelter Project

Approximately 14,000 tonnes of ferrous and non-ferrous uranium contaminated, and potentially contaminated metals are stored at the Pelindaba site. These metals can neither be effectively decontaminated by conventional means nor can it be sufficiently proven that the contamination levels are within the clearance criteria. This project aims to construct and operate a smelting facility in Area-26 to decontaminate these metals and to reduce the volumes by clearing the metals for reuse and recycling purposes.

Polytetrafluoroethylene (PTFE) Filters: Volume Reduction

This project aims to demonstrate the volume reduction of nuclear waste contained in PTFE candle filters which were previously used in Necsa's pilot and semi-commercial uranium enrichment plants. Uranium recovery for re-use is not within the scope of the current project. Waste material from the process will be collected and stored for investigation of uranium recovery separately. The basic design package was completed, and detail engineering has started.

Process for Waste Oil

This project aims to establish a demonstration system for reducing the volume of contaminated oil waste through plasma gasification. Engineering design work in the project commenced in early 2023. Basic engineering has been completed.

PlasGas WMP

This project aims to establish a demonstration system for reducing the volume of compressible low-level nuclear waste (solid) through plasma gasification. Engineering design work in the project commenced in early 2020. The basic design package was completed, and the detailed design will commence in the 2024/5 FY.

15.6 Property Management and Development

The Pelindaba property includes immovable assets (office buildings, laboratories, workshop/warehouses, residential land) and movable assets (sedans, passenger vehicles, trucks, and trailers), located all over South Africa, including assets at the Pelindaba and Vaalputs sites and Springbok. The Property Management and Development (PMD) mandate focuses on improving the condition of properties, to provide safe and quality supporting facilities to the Necsa Group whilst growing the portfolio value through commercialisation.

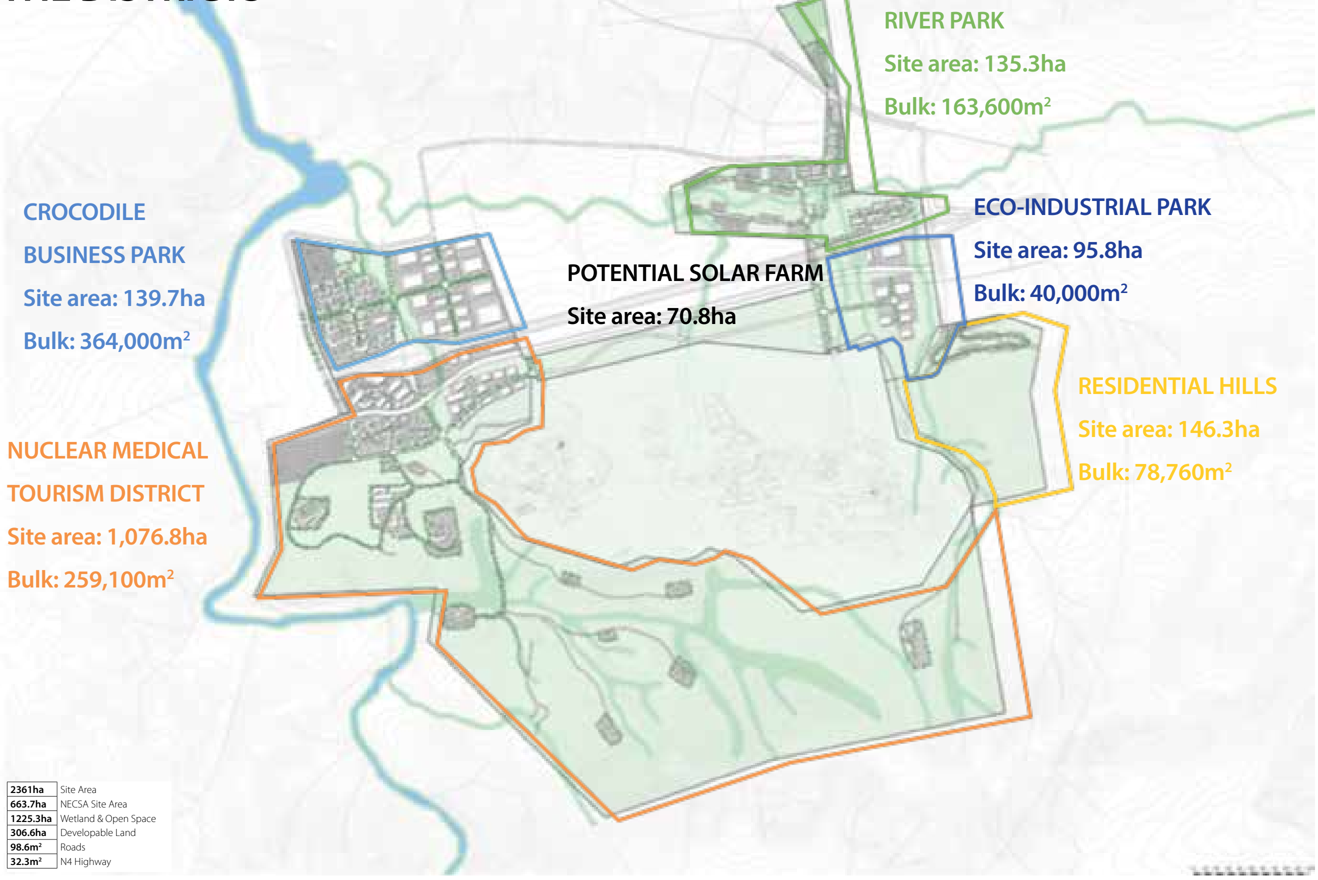
At the core of the PMD strategy is ensuring that the condition of the infrastructure is improved and continuously maintained to support business operations first whilst generating income through the exploitation of the assets and increasing revenue from immovable assets. This strategy supports and forms part of the Necsa Group's operational growth strategy.

Pelindaba conceptual masterplan

The total Pelindaba property is 2,361ha.
Necsa fenced area is 663.7ha (29%) of the total Necsa-owned property
Conceptual Masterplan area is 1,624ha (68%)
The remaining 783.4ha (3%) is made up of roads (N4 and R104), and undevelopable land [wetland and steep slopes]

Necsa has kept 68% of its land on the Pelindaba site vacant for several decades, to secure the formal Emergency Planning Zone, or buffer area, (an area within a radius of 5km from the SAFARI --1 reactor, with a capacity of 20MW. Some asset improvement and commercialisation initiation projects have been rolled over for execution.

THE DISTRICTS



15.7 Maintenance Services

- Maintenance Services turned around the high maintenance backlog to an acceptable level trending below target for the whole year.
- Despite the challenges that Maintenance Services face in terms of inadequate OPEX and CAPEX budgets, declining human capital, obsolete maintenance equipment, and ageing infrastructure; it keeps critical utility plants functional as far as reasonably practicable.
- Maintenance Services put together a Site Infrastructure Ageing Management Plan spanning from 2023 to 2025 and applied for an R60m Medium-term Expenditure Framework (MTEF) spread over three financial years with R20m allocated per financial year. In the 2023/24 FY, Necsa received the first R20m that was responsibly used to address ageing infrastructure.

The following table shows maintenance services performance from Q1 to Q4 in 2023/24:

Schedule adherence (%)

		2023 FY	2024 FY
All maintenance	Actual	100	91
	Target	≥85	≥85
Statutory maintenance	Actual	100	100
	Target	100	100
Preventative maintenance	Actual	90	91
	Target	≥85	≥85
Maintenance Backlog Job Cards	Actual	1043	1029
	Target	2500	2500

Necsa visitor centre

Mr Sengiphile Simelane

Group Executive: Power and Industry

16. Power and Industry

Necsa's Power and Industry (P&I) division is responsible for identifying and securing new business opportunities in the markets, including the development of potential new markets.

The mandate of P&I is to bolster Necsa's corporate business through two primary avenues:

a) **Organic growth:** marketing and selling both existing and new products and services to existing and new customers, with a focus on Necsa's nuclear capabilities and the local and international nuclear industry as key customers.

b) **Structural growth:** pursuing new initiatives or engaging in acquisitions, mergers, or takeovers of existing companies within the power sector, positioning Necsa to actively participate in the local energy market.

The objective of organic growth primarily falls within the Industry segment, while the pursuit of structural growth is mainly championed by the Power segment within P&I.

The P&I operational plan for the 2023/24 FY was approved in July 2023. This plan serves as a basis for developing divisional performance compacts and individual compacts. P&I is in the process of crafting a business model that will align with Necsa's future objectives and interests.

The P&I division is managing the transfer of the Pebble Bed Modular Reactor company from Eskom to Necsa, with funding requirements being a key issue until the asset generates income. Regular joint coordination meetings between Necsa, DMRE, and Eskom were held. Necsa has conducted its own internal due diligence process.

P&I developed a modular reactor strategy for Necsa, defining SMRs, industry perspectives, strategic options, and the preferred strategy.

P&I also participated in the Multi-purpose Reactor (MPR) project by reviewing the Human Resources, Localisation and Institutional Readiness chapters of the feasibility report and compiled the following three National Industrial Participation Programme (NIPP) business cases, to enhance localisation, namely:

- Research Reactor Component Manufacturing Localisation
- Architect Engineering Localisation
- Fuel & Target Plate Localisation.

Necsa through P&I and NOAM has secured work on the following external projects:

- The disposal of used reactor pressure vessel heads and control rod drive mechanisms (CRDMs) at Vaalputs as low-level nuclear waste. (Project to run over three years, with a potential income of R69.6m).
- Supply of radiation protection officer (RPO) services for a steam generator replacement for Eskom (R7m).
- Support Eskom's long-term operation (LTO) programme with the supply of special resources (R10m).
- Support with the supply of special resources for the review of two nuclear reactor pressure vessels (R2.2m).
- Manufacture and supply of two transfer chamber pressure boundary vessels for the marine industry (R4.2m).

P&I reviewed the draft Integrated Resource Plan 2023 and submitted Necsa's comments to the DMRE. P&I will strategically position Necsa for the 2,500MW roll-out, focusing on nuclear fuel supply and components through the ASME III-certified nuclear fabrication facility.

Mr Petrus Schutte
Pelchem Managing Director

17. Necsa Key Subsidiaries

17.1 Pelchem

Pelchem SOC Ltd is a world-class producer and supplier of fluorochemicals and competes with multinational companies from the United States, Europe, Japan and China. Pelchem products are used in the petroleum, pharmaceutical, glass, electricity transmission, metallurgical, mining, polymer, agrochemical, electronics, construction, aluminium and detergent industries.

Overview

Pelchem celebrates its 40th year of fluorochemical manufacture, a milestone in South Africa's industrial development involving the development of new manufacturing technologies and products.

Pelchem SOC Ltd is a fully owned subsidiary of Necsa SOC Ltd and comprises four operating facilities:

- The HF plant produces anhydrous hydrogen fluoride, various strengths of hydrofluoric acid solutions, and a calcium sulphate by-product. The plant also produces limited quantities of added-value salts.
- The fluorine plant produces pure fluorine gas and a limited range of fluorine-nitrogen gas mixtures.
- The xenon difluoride plant produceshigh-purity XeF_2.
- The surface fluorination plant provides surface fluorination to plastic manufacturers across South Africa.

Pelchem has implemented a turnaround strategy to improve its financial performance, focusing on cost containment and plant refurbishment. The restructuring of Necsa and establishing centrally shared and centre-led services have also improved expense management and reliability.

The xenon difluoride plant remains a beacon of hope. During the early production runs, safety and quality issues arose, necessitating revisions to the operating procedures, and reducing the plant's design capacity. However, once rectified, production performance continued to improve, and with the introduction of a spare reactor in February, new production records have been achieved.

The XeF_2 market remains highly profitable and has been the primary contributor to the marked improvement in Pelchem's year-on-year financial performance. There is scope for an expansion project to double capacity, but funding for the project remains a challenge and will be the primary focus moving ahead.

In terms of statutory requirements, we comply with all operating licences and have met the established health and safety targets.

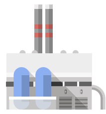
BUSINESS SUMMARY

Pelchem SOC Ltd established in 1984 is a wholly owned subsidiary of Necsa SOC Ltd and is the sole producer and supplier of fluorochemicals in the southern hemisphere. With over 40 years of fluorochemical excellence, Pelchem is positioned as a fluorochemical hub to add value to South African mined fluorspar of which the country has the largest reserves in the world. Pelchem has a portfolio of over 14 products exported to more than 25 countries globally.

HIGHLIGHTS

- Pelchem has reduced its financial losses in the year under review and obtained an unqualified audit opinion.
- Pelchem has increased the production of xenon difluoride market share from 55 kg to 225 kg per annum.
- Pelchem has started to import Anhydrous Hydrogen Fluoride (AHF), to supply the local market.
- Complete building and commissioning of a new fluorine cell to produce fluorine continuously.
- Pelchem has successfully commissioned the three fluorine cylinder filling cabinets to increase fluorine output capacity.

1976
The company designs, builds and commissions a fluorine plant



1984
It builds and commissions a plant of hydrogen fluoride

1988
Production commences on fluoride salts Na_2SiF_6 and NaF.HF

1991
Pelchem's surface fluorination technology is patented

1995
AHF dilution and drumming plant is established

1997
A commercial-scale fluorine plant is commissioned

2000
Pelchem's direct fluorination plant receives a patent for its processes

2002
A proprietary process is established to produce a fluorochemical monomer

2008
Pelchem celebrates a world first with the production of XeF_2

2016
Small-scale production of MoF_6 commences for the isotope market

2017
Pelchem launches small-scale production of perfluorodecalin for the cosmetics industry

Fluorination plant

Mr Thabo Tselane

NTP Group Managing Director

17.2 NTP Radioisotopes

NTP is a nuclear medicine manufacturing company with innovative technologies within the pharmaceutical industry. NTP was established in 2003 as a 100% subsidiary of Necsa with the mandate of commercial manufacturing and supply of radiation-based products for the radiochemical and radiopharmaceutical industries. NTP's vision is to be the world's leading producer and supplier of quality nuclear medicine and radiation-based products and services.

Overview

Everyone deserves the opportunity to be healthy. While the world around you affects your health, we at NTP Radioisotopes believe that we have the power to improve it. NTP Radioisotopes is more than just a nuclear medicine producer. We are driven by a desire to actively enhance the lives of our people and our customers. NTP delivers performance through a diverse, highly competent, and experienced workforce. We strive to create and maintain an inclusive and collaborative high-performance culture that enables business results, creates opportunities for all employees, and rewards the benefits of diverse thinking. Outside of delivering positive revenue growth, delivering stable operating profit, and maintaining a solid financial position, NTP focuses on making healthcare better for all.

Fundamentally, health and safety is our business and we cannot deliver on our cause if we do not provide safe, high-quality medicines. Operating under the governance of strict regulatory health authorities, NTP ensures compliance with all related statutes.

As a customer-centric company, NTP has by far increased customer satisfaction and loyalty for over two decades, which has resulted in a stronger relationship with customers, maintaining higher retention rates and an increase in customer referrals.

NTP has demonstrated remarkable leadership and strategic prowess through their diligent efforts in executing the Sustainable Return to Service (SRTS) programme. This programme ensured commitment to deliver an outstanding performance of the plants, which has brought forth exemplary results. The tangible outcome of NTP's refreshed growth strategy is evident in the accomplishment of the highest revenue ever recorded in this financial year. This remarkable milestone speaks volumes about NTP's ability to innovate, adapt, and thrive in challenging environments while ensuring sustainability remains at the forefront of its operations. It is a testament to the

unwavering commitment, excellence and relentless pursuit of operational efficiency. NTP's success in these endeavours underscores its position as a leader in the nuclear isotope manufacturing industry and sets a benchmark for sustainable growth and performance, taking full cognisance of a rapidly changing global society.

Safety is our highest priority and health is inextricably intertwined with it. I am extremely proud of what we delivered in the year under review, and we're focused on our opportunities to drive even greater impact and growth in the years ahead. With a steadfast commitment to innovation and quality, NTP is poised to meet the growing demand for radiopharmaceuticals, ultimately shaping the landscape of diagnostic and therapeutic medicine for many years to come.

This milestone underscores NTP's unwavering dedication to improving patient care and solidifies its reputation as a trailblazer in the healthcare industry, ultimately achieving benchmarks in terms of safety, service, quality, operational reliability and productivity.

Business Summary

NTP Radioisotopes is one of the top global producers of radioisotopes such as Molybdenum-99 (Mo-99) and Iodine-131 (I-131), which are used as lifesaving diagnostics and therapeutic procedures for patients with critical conditions including cancer and heart disease. NTP also manufactures a wide range of applications within the field of nuclear medicine such as Tc-99m generators, transport containers for radioactive substances, biologically active compounds and radioactive sealed sources including Cs-137, Ir-192 and Cobalt-60. It produces targeted radionuclide treatments for cancers and improves treatment outcomes and quality of life for cancer patients.

Through its logistics subsidiary NTP Logistics, they reach a broad range of clients based both locally and internationally and adhere to stringent regulations regarding the transportation of radioactive materials and time constraints. NTP has its footprint in almost 60 countries on six continents.

HIGHLIGHTS

- NTP Radioisotopes SOC Ltd Group (NTPG) achieved sales revenue of R1,603,5m exceeding the budget by R171,9m (+12%). The improved income is reflected in the NPAT of R136,1m compared with a budget of R70,5m. NTP's Pelindaba operation (NTPR) contributed R113,8m to the Group's NPAT, with a sales revenue of R1,300,1m, which was the highest annual revenue achieved in history.
- Annual revenue achieved for Mo-99 API, I-131 API, Lu-177nca API and radiopharmaceuticals sales were the highest ever. This excellent achievement is reflected in the highest average score in a customer satisfaction survey of 96.5% achieved for 2023, improving on the 2022 score of 81%, thereby delivering on NTP's core values to customers.
- NTP's recent achievement in securing R256m from the Industrial Development Corporation (IDC) marks a pivotal moment in its journey towards becoming a leading force in radiopharmaceutical manufacturing.
- GammaTec had a successful year against the financial performance objectives, meeting and exceeding the budget expectations. The annual turnover of R233,3m comfortably exceeded the budgeted objective of R204,5m. Gross profit improved in line with turnover, with a healthy margin of 24%, matching the budget, indicating enhanced profitability on sales and an unqualified audit report.
- Renovate and re-establish Cell 11 as an upgraded dissolver cell by 2024/25. Old Cell 11 waste removal and cleaning actions were approved by the NNR, and component manufacture commenced.
- Two mining shrouds and two more products (Acc-225 and Tb-161) were commercially introduced to the local market.

NTP fully complied with all 39 critical operational licences. (60 licences monitored).

GROUP SUBSIDIARIES AND ASSOCIATE COMPANIES

NTP Logistics SOC Ltd

NTP Logistics provides bespoke end-to-end supply chain logistics services, specialising in the global distribution of all classes of hazardous goods, time-sensitive, temperature-sensitive and high-value goods offering a full spectrum of land, air and sea solutions. The company is a market leader, with experience in national and international regulatory requirements. NTP Logistics holds permits and licences from the NNR, DMRE, the Department of Health and the Department of Transport. The company maintains ISO 9001 certification.

AEC Amersham

AEC-Amersham is the African and Indian Ocean Islands region distributor for NTP radiopharmaceutical products and a range of other imported life science products and service offerings. The company is ISO 9001 certified and complies with all the regulatory requirements that enable it to import and export its products.

GammaTec

GammaTec NDT Supplies SOC Ltd is a supplier, distributor, manufacturer and turnkey solution provider of non-destructive testing equipment, accessories and consumables. Technologies provided include acoustic emission, ultrasonic, phased array, visual inspection, dye penetrant, eddy current, magnetic particle, as well as radiography sources such as Iridium-192, Caesium and Selenium. The company is ISO 9001 accredited.

GammaTec exports to over 70 countries, with a focus on Africa, the Middle East, Southeast Asia and Australasia. GammaTec's equity associate, Oserix SA, based in Belgium, services the gamma radiation isotope market in Europe, North Africa, and the Americas.

Contribution to the National Development Plan

Although NTP contributes indirectly to most of the enabling milestones of the NDP, NTP contributes specifically to the following enabling milestones:

Milestone 1:

Increase employment from 13 million in 2010 to 24 million by 2030

- Direct contribution: NTP Group has grown its local workforce by 271 permanent staff from 211 permanent staff in 2010 to 478 permanent staff as of 31 December 2022. This contributes towards governments' incremental employment milestone from 2010 to the current period.
- Indirect contribution: NTP contributes towards the value chain (indirect employment) by working with many small and medium enterprises as service providers.

Milestone 2:

Per capita income from R50,000 in 2010 to R120,000 by 2030

- NTP contributes to this milestone by ensuring that all its local employees earn a minimum of R11,646 per month (R139,752 per annum), thus improving the minimum R50,000 per capita income target per individual.

Milestone 5:

Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup

- Development and implementation of an Employment Equity Plan
- Implementation of a Learner ship and Internship Programme
- Training and development of staff and stakeholders
- Continuous review of parity in the staff complement.

Milestone 8:

Provide affordable access to quality health care while promoting health and wellbeing

- Ensuring access and supply of medical radioisotopes for critical diagnostic imaging and therapeutic interventions of cancers to the South African and international markets when NTP is in full production.
- NTP also operates and manages a radiopharmacy which supplies various products to the South African market thus enhancing and promoting the health of patients.
- Renewing the value of the business and impacting the number of patients receiving healthcare.
- During the global shortages of active pharmaceutical ingredients (APIs) used in nuclear medicine, NTP ensured the supply of critical nuclides by tapping into international supplier networks to supply to local medical customers and patients.

PART D:

HUMAN RESOURCE MANAGEMENT

Mr Monde Mondi

Group Executive: Human Capital

18. Human Capital

The Human capital division is a strategic support function that comprises a combination of centre-led and centralised functions. The division is constituted of three departments, namely, Human Resources; the Necsa Learning Academy (NLA); and Organisational Development, Behaviour, Safety Culture and Knowledge Management. It is tasked with the primary mandate of being responsible for ensuring that Necsa Group has the required human resources capacity and capabilities to deliver on its mandate and to take advantage of the opportunities within the external environment.

As Necsa Group, we prioritise and consider our workforce an asset. Our organisation is anchored in a culture of respect, honesty and integrity.

18.1 Employee Wellness Programme

During 2023/24, the Necsa Group employee wellness programme actively supported the well-being needs of the organisation and its employees through a combination of reactive and proactive interventions. A total of 159 employees participated in the counselling services provided within the programme, indicating a growing recognition and utilisation of these services.

Proactive well-being interventions conducted during the reporting period included the following:

Financial Wellness Campaign

A financial wellness day and information awareness initiatives were conducted to equip employees with the knowledge and skills to handle their financial matters effectively.

Pre-Retirement Counselling Programme

Launched during the year under review, this programme provided group counselling and support to employees approaching retirement, ensuring well-informed and tailored retirement plans.

Executive Wellness Day

Necsa EXCO members participated in a wellness day that offered health screenings and access to a state-of-the-art gym.

Workplace Eye Care Wellness Awareness Week

This initiative aimed to promote good eye health practices through informative workshops, eye care tips, and necessary resources.

Breast Cancer and Prostate Screening Programme

This programme created awareness about early detection and prevention of breast and prostate cancer.

Corporate Health and Wellness Testing Week

Comprehensive health assessments, including screenings, health checks, and personalised health consultations.

A Corporate Wellness Day

Over 500 staff members participated in activities such as a fun walk/run, aerobics, dance classes, and eye testing.

Wellness Programme conducted a life skills program for newly recruited learners (students) at the Necsa Learning Academy and

Necsa emergency services

18.2 Health and Safety

Necsa is committed to maintaining a safe and healthy work environment, aligning with ISO 9001, 14001, and 45001 standards. It is committed to continuous improvement in its management system to enhance occupational health and safety, environmental performance, and sustainable development, ensuring compliance with national and international standards.

- The DIIR is still within the year-end target of less than 1.8.
- Maintained a culture of safety compliance and safety behaviours across the Necsa Group.

Medical Services

All Necsa Group employees are subjected to regular medical surveillance to ensure fitness for duty, confirm that employees are not adversely affected by their work or work environment and for maintenance of a health register. A total of 1,228 medical assessments and surveys were conducted during the financial year.

Occupationally exposed workers (chemical, noise, radiation and laser workers) are subjected to additional surveillance protocols based on their exposure risk profiles. This includes regular monitoring of exposure. A radiation dose register is maintained ensuring that doses are kept ALARA.

18.3 Talent Management and Succession Planning

Necsa aims to achieve nuclear technology excellence for sustainable social and economic development by having the right personnel with appropriate skills. To achieve competitiveness, inclusivity, and alignment with the economically active population, talent management serves as a strategic instrument.

Necsa's workforce is also ageing, thus presenting the opportunity to bring in a young talented workforce. Necsa is prioritising the development and implementation of a talent management framework to attract, retain, and develop a young, talented workforce. This framework includes workforce planning, talent pipeline identification, succession planning, and employee development, ensuring the organisation's capacity for current and future Human Resources requirements.

18.4 Employment Statistics

The Necsa Group staff composition has over the past number of years been steadily declining as part of the effort to contain salary bills while at the same time improving efficiencies. The total staff complement for the Group at the end of March 2024 was 1,614 as reflected in the following chart:

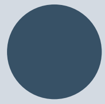
Staff compliment	♂				♀				Grand Total
	A	C	I	W	A	C	I	W	
Top Management	5	0	1	1	2	0	0	0	9
Senior Management	17	1		12	13	0	0	3	49
Middle-Management	102	3	10	49	49	2	8	28	251
Skilled	258	11	4	115	205	7	5	60	665
Semi-skilled	291	15	2	28	135	5	0	16	492
Unskilled	63	0	0	0	83	0	0	2	148
Grand Total	**736**	**30**	**20**	**205**	**487**	**14**	**1**	**109**	**1614**

The chart below reflects the number of appointments that were made during the reporting period broken down into race and gender per occupational level. In total, 65 appointments were made.

Appointments	♂			♀		Grand Total
	A	I	W	A	W	
Top Management	1	0	1	0	0	2
Senior Management	0	0	0	1	0	1
Middle-Management	2	0	0	0	0	2
Skilled	14	1	0	7	1	23
Semi-skilled	24	1	0	11	0	36
Unskilled	0	0	0	1	0	1
Grand Total	**41**	**2**	**1**	**20**	**1**	**65**

Necsa Group experienced 72 employee terminations, including voluntary and involuntary, including death, resulting in a staff turnover rate of 4.5%, consistent with the past five to ten years.

Terminations	♂			♀			Grand Total
	A	C	W	A	C	W	
Senior Management	0	0	2	1	0	0	3
Middle-Management	1	1	4	1	0	2	9
Skilled	6	1	15	6	0	6	34
Semi-skilled	18	0	2	2	1	1	24
Unskilled	1	0	0	1	0	0	2
Grand Total	**27**	**2**	**23**	**11**	**1**	**9**	**72**

Termination by reason	DC Deceased	DM Dismissal	MD Medical Disability	RD Retired	RS Resigned	Grand Total
Number of Employees	6	1	5	31	29	72
% of Total No						

18.5 Reward and Remuneration

Personnel Cost per Division

Personnel Cost per Division	FC	HC	Noam	NTP	OCEO	P&I	Pelchem	R&I	SBE	Grand Total
No. of Employees	58	78	614	344	28	5	119	87	281	1,614
Salary Cost	R33,356	R48,152	R31,763	R21,943	R39,099	R5,155	R51,746	R78,759	R15,786	R95,121

Personnel cost by salary band	Salary Cost	No. of Employees
Top Management	R25,448,200	9
Senior Management	R88,878,293	49
Middle Management	R274,275,234	251
Skilled	R386,881,785	665
Semi-skilled	R151,587,072	492
Unskilled	R24,139,462	148
Grand Total	**R951,210,047**	**1,614**

18.6 Employee Relations

A key priority for the Necsa Group is creating a harmonious working environment that promotes labour peace. Factors assessing this include high employee grievance levels, disciplinary proceedings, and disputes with external structures like the CCMA and Labour Court. The graph below reflects incidents in each category.

Necsa Group Grievance	Necsa Group			
	2020/21	2021/22	2022/23	2023/24
Unfair Discrimination	1	3	3	0
Unfair labour practice	2	30	11	9
Harassment	2	0	0	0
Total	**5**	**33**	**14**	**9**

The Necsa Group reported 30 grievances in the reviewed year, a low rate of just under 2% compared to the total staff complement of over 1,600.

Necsa Group Disciplinary	Necsa Group			
	2020/21	2021/22	2022/23	2023/24
Abscondment	0	0	3	1
Abuse of Sick Leave	0	0	0	0
Blunt refusal to obey a lawful instruction	2	3	1	0
Bridging COVID-19 protocols	0	2	0	1
Damage to Necsa Property	0	1	0	2
Dishonesty	3	3	2	1
Failure to ensure compliance with Nuclear Safety Provisions	0	4	0	1
Failure to report for duty	1	-	-	-
Fraud	1	0	1	4
Harassment & intimidation	1	2	2	0
Gross Negligence	2	8	4	3
Insubordination	1	18	1	0
Failure to declaration of business interest	0	0	1	1
Misappropriation	0	0	2	1
Reckless Driving inside Necsa premises	0	0	0	2
Reporting to duty under the influence of drugs	0	0	1	0
Total	**11**	**41**	**18**	**17**

The Group's disciplinary system, matured through internal controls, and a harmonious working environment was evident in only 13 reported cases for the year.

Necsa Group CCMA	Necsa Group		
	2021/22	2022/23	2023/24
Constructive Dismissal	0	0	0
Unfair Dismissal	12	9	2
Unfair Labour Practice	1	11	3
Unfair Discrimination	0	0	2
Interpretation of Collective Agreement	0	1	0
Total	**13**	**21**	**7**

CCMA Cases - (Historic comparison with the current financial year)	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24
Constructive Dismissal	1	0	0
Unfair Dismissal	8	4	2
Unfair Labour Practice	4	10	3
Contract Terminated	5	1	0
Unfair discrimination	0	0	2
TOTAL	**18**	**15**	**7**

A large number of cases referred to external dispute resolution structures indicates mistrust in the internal processes of an organisation, while a small number reflects trust. In the reviewed year, only seven cases were referred to the CCMA, demonstrating confidence in internal processes.

18.7 Skills Development

Technical Skills Training

The Necsa Learning Academy has trained 552 youth in technical skills workshops, including an apprenticeship programme that trained 95 candidates and a modular-based programme offered to 22 youth candidates. The academy received R3.5 million in donated equipment from the South Korean Embassy. The NLA and the South African Institute of Welding collaborated on an IAEA Technical Cooperation Project Strengthening Non-destructive Testing (SAF0008) for the 2024/25 cycle which was approved with a value of €372,345.

Trade Test Centre

The Trade Test Centre (TTC) continued to offer trade testing and associated services. Pre-assessments for Artisan Recognition of Prior Learning (ARPL) were offered to 75 candidates, Gap Training for 57 candidates, Trade Test Preparation for 142 candidates and Trade Testing for 161 candidates.

Human Capital Development

Programme in Leadership Development for Senior Managers: This programme aims to enhance leadership excellence and align with the strategic imperatives of the organisation and Human Resources systems. It was implemented during the reporting period with a cost of R517,000.

	A		C		I		W	
	♂	♀	♂	♀	♂	♀	♂	♀
	7	7	0	0	2	0	2	2
Total	14		0		2		4	

CHIETA-funded Work Integrated Learning (WIL): This has been finalised and the students are on-site at different divisions as outlined in the table below:

Discipline	Gender		Race					Total Amount
	♂	♀	A	C	I	W	Total	
Diploma in Chemical Engineering	3	11	14	0	0	0	14	R622,000
Diploma in Admin	0	1	1	0	0	0	1	R60,000
Diploma in HR	1	5	6	0	0	0	6	R174,000
Bachelor in HR	0	1	1	0	0	0	1	R30,000
Diploma in Analytical Chemistry	2	5	7	0	0	0	7	R319,000
Degree in Analytical Chemistry	2	2	4	0	0	0	4	R240,000
Diploma in Electrical Engineering	5	1	6	0	0	0	6	R200,000
Degree in Electrical Engineering	1	0	1	0	0	0	1	R60,000
Diploma in Safety Management	1	1	2	0	0	0	2	R120,000
Diploma in Mechanical Engineering	3	2	5	0	0	0	5	R175,000
Advanced Diploma in Metallurgical Engineering	1	0	1	0	0	0	1	R40,000
Diploma in Civil Engineering	2	0	2	0	0	0	2	R384,000
Diploma in Industrial Physics	6	4	10	0	0	0	10	R344,000

Discipline	Gender		Race					Total Amount
	♂	♀	A	C	I	W	Total	
Diploma in Supply Chain Management	1	3	4	0	0	0	4	R120,000
Diploma in Financial Management	1	4	5	0	0	0	5	R150,000
Diploma in Hospitality Management	0	4	4	0	0	0	4	R120,000
Diploma in Hospitality Management	0	1	1	0	0	0	1	R5,000
Total	**29**	**45**	**74**	**0**	**0**	**0**	**74**	**R2,893,000**

Services Seta-funded Internship Programme: The Services Seta-funded Pelchem for the following internship programmes which NLA implemented through a service level agreement:

Discipline	Gender		Race					Total Amount
	♂	♀	A	C	I	W	Total	
Degree in HRM	1	2	3	0	0	0	3	R162,000
Diploma in Supply Chain	1	0	1	0	0	0	1	R54,000
Degree in Supply Chain	0	1	1	0	0	0	1	R54,000
Diploma in Logistics	1	1	2	0	0	0	2	R133,200
Diploma in Sales and Marketing	1	1	2	0	0	0	2	R133,200
Diploma in Finance	1	1	2	0	0	0	2	R115,050
Degree in Finance	2	1	3	0	0	0	3	R162,000
Diploma in IT	1	1	2	0	0	0	2	R108,000
Diploma in Safety Management	0	1	1	0	0	0	1	R66,600
Diploma in Office Admin	3	4	7	0	0	0	7	R390,600
Degree in Chemical Engineering	0	1	1	0	0	0	1	R54,000
Diploma in Industrial Physics	3	0	3	0	0	0	3	R108,000
Honours in Industrial Physics	0	1	1	0	0	0	1	R54,000
Diploma in Mechanical Engineering	2	0	2	0	0	0	2	R133,200
Diploma in Analytical Chemistry	2	1	3	0	0	0	3	R174,600
Certificate in Basic Ambulance Assistant	5	0	5	0	0	0	5	R720,000
Total	**23**	**16**	**39**	**0**	**0**	**0**	**39**	**R2,622,450**

Adult Education and Training (AET): The training commenced in April 2023 with levels 2, 3 and 4. A total of 18 Group Necsa employees attended the AET Learnership as per the table below:

AET Training								Amount
Discipline	Gender		Race				Total	
	♂	♀	A	C	I	W		
AET Training	7	11	18	0	0	0	18	R149,000
Total	**7**	**11**	**18**	**0**	**0**	**0**	**18**	**R149,000**

Recognition of Prior Learning (RPL) in Chemical Operators NQF Level 3: A total number 12 Necsa's Group employees attended RPL training as detailed in the table below:

Recognition of Prior Learning								Total Amount
Discipline	Gender		Race				Total	
	♂	♀	A	C	I	W		
Recognition of Prior Learning Training	8	4	10	0	0	2	12	R192,000
Total	**8**	**4**	**10**	**0**	**0**	**2**	**12**	**R192,000**

Learnerships

Learnerships for the Necsa Group employees were implemented for the National Diploma in Public Administration NQF Level 6. The Learnership programme for the National Certificate in Generic Management NQF Level 5 was further extended to unemployed youth. The table below details the number of beneficiaries.

Learnership Programmes for Generic Management NQF level 5 and ND Public Administration NQF level 6									Total Amount
Discipline		Gender		Race				Total	
		♂	♀	A	C	I	W		
NC Generic Management Learnership – NQF Level 5	Employed	9	11	19	1	0	0	20	R359,950.00
NC Generic Management Learnership – NQF Level 5	Unemployed	0	20	20	0	0	0	20	R359,950.00
ND Public Administration NQF Level 6	Employed	4	6	10	0	0	0	10	R366,677.50
Total		**13**	**37**	**49**	**1**	**0**	**0**	**50**	**R1,086,577.50**

Study Assistance Scheme

A total amount of R2,407,357.26 was spent on the Study Assistance Scheme (SAS) for the reporting period to assist 77 Necsa employees in obtaining qualifications at various institutions of higher learning throughout South Africa as detailed in the table below.

STUDY ASSISTANCE SCHEME									
Discipline	A		C		I		W		Amount
	♂	♀	♂	♀	♂	♀	♂	♀	
BA	2	1	0	0	0	0	0	0	R99,781.70
BCom	2	4	0	0	0	0	0	0	R257,011.08
BSc	3	1	0	0	0	0	0	0	R53,230.00
Diploma	20	24	0	0	1	0	0	1	R1,121,442.58
Honours	2	2	0	0	0	0	0	0	R122,155.42
LLB	0	2	0	0	0	0	0	0	R43,405.00
Master's	0	1	0	0	0	0	0	0	R96,549.97
MBA	2	1	0	0	0	0	0	0	R362,748.01
MSc	0	1	0	0	0	0	0	0	R26,360.00
PhD	4	2	0	0	0	0	0	1	R224,673.50
Total	**35**	**39**	**0**	**0**	**1**	**0**	**0**	**2**	**R2,407,357.26**

Training Interventions

For the period April 2023 until March 2024, a total amount of R1,016,637.18 was spent on training interventions.

Number of training interventions

	A ♂	A ♀	C ♂	C ♀	I ♂	I ♀	W ♂	W ♀
Number	41	56	0	1	6	1	6	2
Total	97		1		7		8	

Skills Programmes Training

Credit-bearing occupational-based programmes as per the National Qualification Framework were offered towards a qualification in various courses to the Necsa Group employees. A total number of 168 employees attended the skills programme training as per the table below:

Discipline	Gender		Race				Total	Total Amount
	♂	♀	A	C	I	W		
Assessor Training	10	8	17	0	0	1	18	R122,000.00
Customer service and hygiene	7	6	13	1	0	0	13	R60,000.00
Moderator Training	10	6	16	0	0	0	16	R131,304.35
Supervisory	19	10	28	1	0	0	29	R92,000.00
Facilitator course	14	10	23	0	1	0	24	R126,304.35
Professional Report Writing	2	7	9	0	0	0	9	R31,660.00
Emotional Intelligence Training	10	12	20	1	0	1	22	R112,000.00
Train The Trainer Training Course	6	4	10	0	0	0	10	R40,869.00
Learning and Design Training	7	2	8	0	0	1	9	R72,173.90
Technical Report Writing Training	7	11	18	0	0	0	18	R60,000.00
Total	**92**	**76**	**162**	**3**	**1**	**3**	**168**	**R919 615.95**

Radiation Protection Training

There were 18 unemployed RPO2 learners trained and another 18 unemployed RPO2 learners currently on the programme. RPTC also trained 67 delegates for short courses from different companies as outlined in the table below:

Radiation Protection Training Centre April 2023- March 2024								
Training Area	Gender		Race				Total	Amount
	♂	♀	A	C	I	W		
Radiation Protection Officer 2 (B-BBEE)	0	18	18	0	0	0	18	R600,000.00
Radiation Protection Officer 2 (B-BBEE)	0	18	18	0	0	0	18	R600,000.00
Radiation Protection in Industry	5	0	2	1	1	1	5	R79,262.77
Radiation in Industry (CSIR)	15	2	1	14	0	2	17	R304,920.83
Radiation in Industry (Private)	1	0	1	0	0	0	1	R17,699.45
Radiation in Industry (Transglobal)	1	1	1	0	0	1	2	R35,399.22
Radiation in Industry (NTPL)	2	0	1	0	0	1	2	R36,019.91

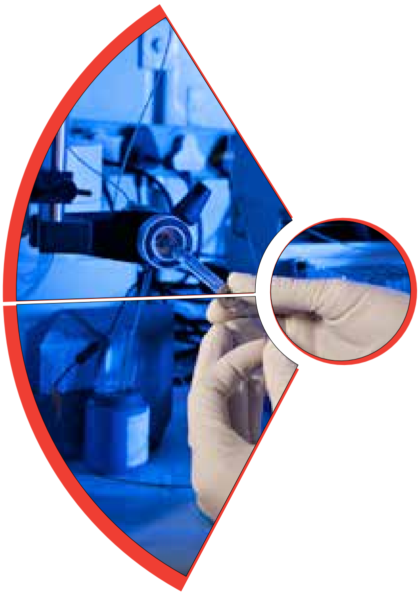
Radiation Protection Training Centre April 2023- March 2024

Training Area	Gender		Race				Total	Amount
	♂	♀	A	C	I	W		
Radiation in Industry (TRANSGLOBAL)	1	0	1	0	0	0	1	R17,699.45
Radiation in Industry (MEATCO)	24	11	32	2	1	0	35	R112,024.24
Radiation in Industry (NTPL)	1	1	2	0	0	0	2	R36,019.91
Radiation Protection in Industry (ELEKTA & MARULA MINE)	2	0	1	0	0	1	2	R35,398.90
Total	**52**	**51**	**78**	**17**	**2**	**6**	**103**	**R1,874,444.68**

Statutory Training

Statutory training was offered to employees during the reporting year as illustrated in the table below:

Course	A		C		I		W		Amount
	♂	♀	♂	♀	♂	♀	♂	♀	
Chemical Worker Full Course	85	92	0	1	1	0	4	1	R214,705.92
Chemical Worker Exam	220	105	19	5	0	0	71	11	R200,664.98
Confined Spaces Full Course	15	2	0	0	0	0	1	0	R14,320.98
Confined Spaces Exam	10	0	0	0	0	0	1	0	R5,121.38
Decontamination Worker Full Course	6	12	0	0	0	0	0	0	R14,320.98
Decontamination Worker Exam	30	10	1	0	0	0	4	2	R21,882.26
Ergonomics Full Course	3	0	0	0	0	0	0	0	R2,386.83
Ergonomics Exam	4	0	0	0	0	0	0	0	R1,862.32
Lock out Tag out Full Course	4	0	0	0	1	0	0	0	R3,978.05
Lock out Tag out Exam	15	0	0	0	0	0	1	0	R7,449.28
Noise Worker Full Course	66	56	0	0	1	0	0	0	R97,860.03
Noise Worker Exam	260	75	20	6	1	0	107	10	R223,012.82
Orientation	258	166	12	5	6	0	50	9	R402,578.66
Radiation Worker Full Course	99	101	0	1	3	0	1	1	R240,377.28
Radiation Worker Exam	278	124	13	3	6	2	102	16	R253,275.52
Work Permit Full Course	24	9	0	0	0	0	4	2	R31,028.79
Work Permit Exam	16	1	0	0	0	0	12	5	R15,829.72
TOTAL	**1,393**	**753**	**65**	**21**	**19**	**2**	**358**	**57**	**R1,750,655.80**



ANNEXURES

Annexure A: Peer-Reviewed Scientific Publications for the Year

Banerjee, R., Nelwamondo, M., Raje, N., Parab, H., Chaudhary, N., Mathi, P., Badenhorst, J.J., Goede, A. & Sengupta, P. (2023). Radiation stability testing of hydrated and heat-treated magnesium potassium phosphates for back end nuclear fuel cycle applications. Ceramics International: https://authors.elsevier.com/c/1i2Nu~2-FBSJ9

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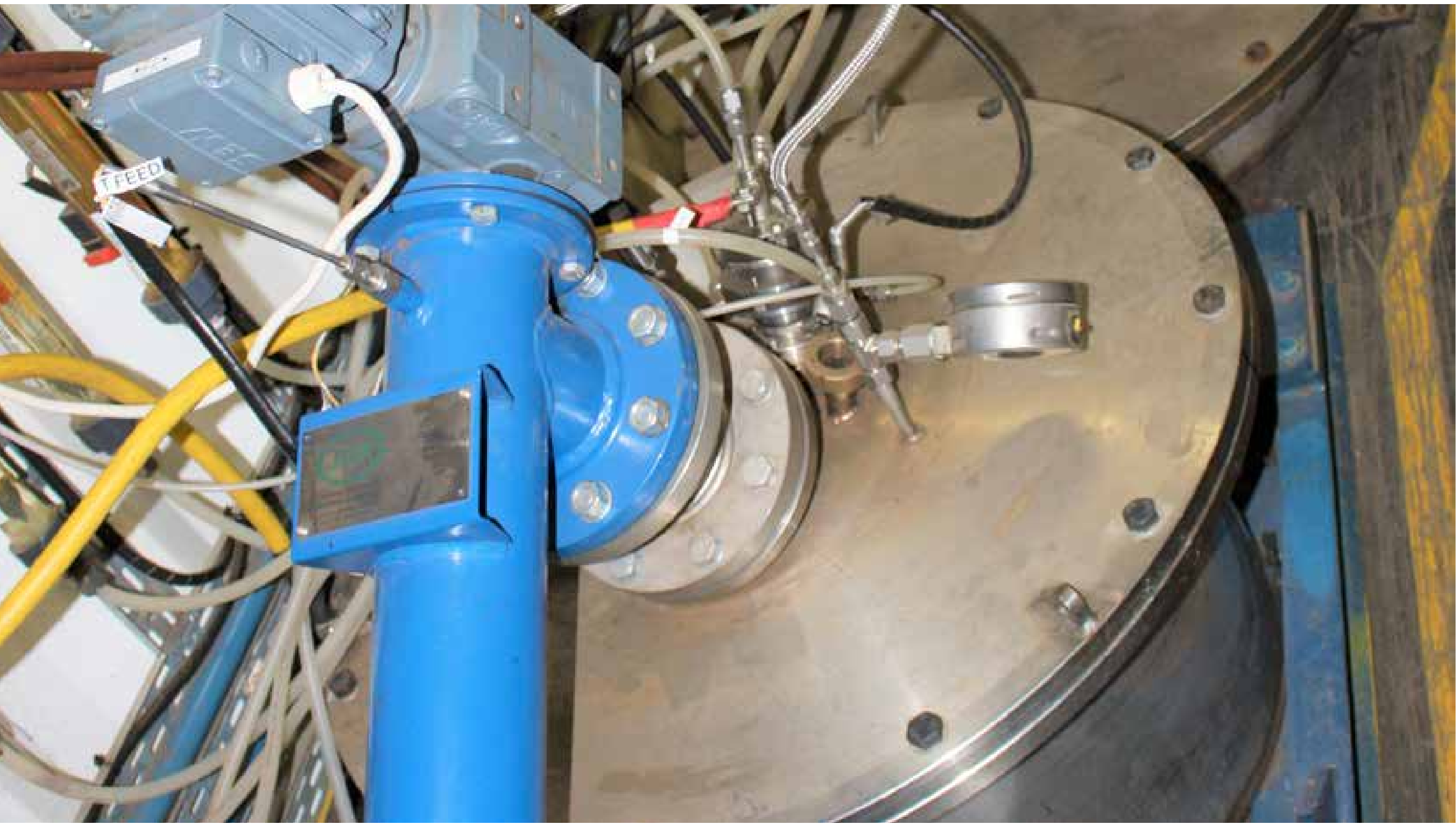
Abbreviations and acronyms

Ac-225	Actinium-225 A radioactive isotope of actinium
AEC	Atomic Energy Corporation
AET	Adult Education and Training
AFCONE	African Commission on Nuclear Energy
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AHF	Unhydrous hydrogen Fluoride
ALARA	As Low as Reasonably Achievable
AMI	Advanced Metals Initiative
AMP	Ageing Management Programme
API	aActive pPharmaceutical iIngredient
ARC	Audit and Risk Committee
ARPL	Artisan Recognition of Prior Learning
ASME	American Society for Mechanical Engineers
B-BBEE	Broad-Based Black Economic Empowerment
BLC	Beam Line Centre
CHIETA	Chemical Industries Education and Training Authority
Co-60	A radioactive isotope of cobalt
D&D	Decommissioning and Decontamination
D&D Stage 1	Decontamination, Decommissioning and Waste Management of Disused Historical Nuclear Facilities
D&D Stage 2	Decontamination, Decommissioning and Waste Management of Operating Nuclear Facilities
DFFE	Department of Forestry, Fisheries and the Environment
DIIR	Disabling Injury Incidence Rate
DIRCO	Department of International Relations and Cooperation
DMRE	Department of Mineral Resources and Energy
DSI	Department of Science and Innovation
DTI	Department of Trade and Industry
DWS	Department of Water and Sanitation
EASII	Excellence, Accountability, Safety First, Innovation and Integrity
EE	Employment Equity
EIA	Environmental Impact Assessment
EXCO	Executive Management Committee
FIDPM	Framework for Infrastructure Delivery and Procurement Management
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
HF	Hydrogen fluoride
HR	Human Resources
I-131	A radioactive isotope of iodine
IAEA	International Atomic Energy Agency
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IMS	Integrated Management System
IP	Intellectual Property
Ir-192	A radioactive isotope of iridium
ISO 9001	Quality Management Systems - Requirements
IT	Information Technology
KPI	Key Performance Indicator
LEU	Low-Enriched Uranium
LLW	Low-Level Waste
Lu-177	Lutetium-177 A radioactive isotope of lutetium
MWh	Megawatt Hours
Molybdenum-99	A radioactive isotope of molybdenum
MPR	Multi-Purpose Reactor
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
Necsa	South African Nuclear Energy Corporation SOC Limited
NEHAWU	National Education, Health and Allied Workers Union
Nersa	National Energy Regulator of South Africa
NIL	Nuclear Installation Licence
NIPMO	National Intellectual Property Management Office

NLA	Necsa Learning Academy
NLM	Nuclear Liabilities Management
NLS	Necsa Laboratory Services
NNR	National Nuclear Regulator
NPAT	Net Profit After Tax
NQF	National Qualifications Framework
NSI	National System of Innovation
NTP	NTP Radioisotopes SOC Ltd
NuMeRI	Nuclear Medicine Research Infrastructure
OHSA	Occupational Health and Safety Act
OSCAR	Overall System for the Calculation of Reactors
PBMR	Pebble Bed Modular Reactor
PDO	Predetermined Objective
PET	Positron Emission Tomography
PFMA	Public Finance Management Act
PMD	Property Management and Development
PSMA	Prostate-specific membrane antigen
PWR	Pressurised Water Reactor
R&D	Research and Development
R&I	Research and Innovation
RRT	Radiation and Reactor Theory
SABS	South African Bureau of Standards
SAFARI-1	South African Fundamental Atomic Research Installation
SAHPRA	South African Health Products Regulatory Authority
SDG	Sustainable Development Goal
SEA	Separation Element Assembly
SHE	Safety, Health and Environment
SHEQ	Safety, Health, Environment and Quality
SMR	Small Modular Reactor
SOC	State-Owned Company
SOE	State-Owned Entity
STEM	Science, Technology, Engineering and Mathematics
Tb-161	Terbium-161 A radioactive isotope of terbium
TIA	Technology Innovation Agency
TRL	Technology Readiness Level
USA	United States of America
WIL	Work Integrated Learning
WSRF	Waste Segregation and Repacking Facility



PART E:

FINANCIAL INFORMATION

Annual Report Fruitless and wasteful expenditure

Description	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

Reconciliation of fruitless and wasteful expenditure

Opening balance	7,661	6,900	661	77
Add: Fruitless and wasteful expenditure confirmed	0	975		639
Less: Fruitless and wasteful expenditure condoned	-803	-122	-589	
Less: Fruitless and wasteful expenditure recoverable		-55		-55
Less: Fruitless and wasteful expenditure written off	-7	-37	-7	
Closing balance	**6,851**	**7,661**	**65**	**661**
Reconciling notes to the annual financial statements disclosure				
Fruitless and wasteful expenditure that was under assessment in 2021/22		6 900		77
Fruitless and wasteful expenditure that was under assessment in 2022/23		214		
Fruitless and wasteful expenditure for the current year	214	761		639
Total	**214**	**7 875**	**-**	**716**
Details of current and previous year fruitless and wasteful expenditure condoned				
Fruitless and wasteful expenditure condoned	-803	-122	-589	
Total	**-803**	**-122**	**-589**	**-**
Details of current and previous year fruitless and wasteful expenditure recovered				
Fruitless and wasteful expenditure recovered		-55		-55
Total	**-**	**-55**	**-**	**-55**
Details of current and previous year fruitless and wasteful expenditure written off				
Fruitless and wasteful expenditure written off	-7	-37	-7	
Total	**-7**	**-37**	**-7**	**-**

Annual Report Irregular Expenditure

Description	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

Reconciliation of irregular expenditure

Opening balance	168,394	246,196	17,389	95,191
Add: Irregular expenditure confirmed	3,629		1,521	
Less: Irregular expenditure condoned		-58,167		-58,167
Less: Irregular expenditure not condoned and removed		-19,635		-19,635
Less: Irregular expenditure recoverable				
Less: Irregular expenditure written off	-361			
Closing balance	**171,662**	**168,394**	**18,910**	**17,389**
Reconciling notes to the annual financial statements disclosure				
Irregular expenditure that relates to 2021/22 (1)		246,196		95,191
Irregular expenditure for the current year (2)	3,629		1,521	
Total	**3,629**	**246,196**	**1,521**	**95,191**
(1) Irregular expenditure relating to the 2021/22FY				
(2) The current year irregular expenditure relates to the procurement of burner fuel from Sasol. Although the contract expired, Pelchem continued to procure through an open purchase order. During 2024 a tender was issued to the market and from 31 July 2024 a new contract was signed with Sasol. The R2,107,893 relates to burner oil procured up until the commencement of the new contract.				
Necsa Company: Irregular expenditure of R1,520,834 relates to non-adherence to procurement processes.				
Details of current and previous year irregular expenditure condoned				
Irregular expenditure condoned		-58,167		-58,167
Total	**-**	**-58,167**	**-**	**-58,167**
Irregular expenditure that was condoned by the Board during the 2022/23FY				
Details of current and previous year irregular expenditure not condoned and removed				
Irregular expenditure NOT condoned and removed		-19,635		-19,635
Total	**-**	**-19,635**	**-**	**-19,635**
Irregular expenditure NOT condoned and removed after assessment				
Details of current and previous year irregular expenditure written off				
Irregular expenditure written off	-	361		
Total	**-**	**361**	**-**	**-**

Procurement of goods and services where the procurement process was not followed. It was approved for write off in the current financial year.

South African Nuclear Energy Corporation SOC Limited

The South African Nuclear Energy Corporation SOC Limited and its Group Companies

(Registration number 2000/003735/06)

Trading as Necsa

Annual Financial Statements

for the year ended 31 March 2024

Issued 31 July 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The South African Nuclear Energy Corporation SOC Limited is responsible for managing certain institutional obligations defined in the Nuclear Energy Act, No. 46 of 1999
Directors	Mr DR Nicholls (Necsa Chairperson) Ms SKN Masango Adv A Chowan Mr LJ Shayi Ms BM Makgopa Mr L Mavuso Dr ME Makgae Mr S Maharaj Mr HD Lazarus Dr PP Magampa Amb X Mabhongo Mr MJ Combrink Mr L Tyabashe (Group Chief Executive Officer)
Registered office	Elias Motsoaledi Street Extension (Church Street West) R104 Pelindaba Brits Magisterial District, Madibeng Municipality North West Province 0240
Business address	Elias Motsoaledi Street Extension (Church Street West) R104 Pelindaba Brits Magisterial District, Madibeng Municipality North West Province 0240
Postal address	PO Box 582 Pretoria 0001
Holding company	Department of Mineral Resources and Energy
Auditor	Auditor-General of South Africa
Secretary	Ms Fakazile Nyembe
Company registration number	2000/003735/06
Preparer	The annual financial statements were compiled under the supervision of: Ms Precious Hawadi CA (SA) Group Executive: Financial Capital (GCFO)

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Published

31 July 2024

Report of the Audit and Risk Committee

We herewith present our report for the financial year ended 31 March 2024.

AUDIT AND RISK COMMITTEE REPORT

The Necsa Audit and Risk Committee (ARC) is a formal statutory committee in terms of Section 51(1)(a)(ii), Section 77 of the Public Finance and Management Act read together with Treasury Regulations 27.1, the Companies Act and functions as a governance structure of the entity. The committee functions within documented terms of reference and complies with relevant legislation, regulation and governance codes. This report of ARC is presented to the stakeholders in compliance with the requirements of the Companies Act 71, of 2008 and the King Code of Governance Principles.

COMPOSITION OF THE AUDIT COMMITTEE

The committee is comprised of five independent non-executive directors. The committee is elected by the Necsa Board subsequent to the Board appointment by the Minister. The committee remains fully capacitated since the appointment of the new Board in January 2023.

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The ARC has adopted a formal terms of reference that have been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request.

Audit and Risk Committee Members, Meeting Attendance and Qualifications

Meeting attendance	Mr S Maharaj	Dr ME Makgae	Ms SKN Masango	Mr A Latchu	Mr HD Lazarus	AdvA Chowan
26 April 2023	✓	✓	✓	✗	✗	N/a
25 May 2023	✓	✓	✓	✗	✓	N/a
27 July 2023	✓	✓	✓	N/a	✓	N/a
14 August 2023	✓	✓	✓	N/a	✗	✓
17 September 2023	✓	✓	✓	N/a	✓	✓
26 October 2023	✓	✓	✓	N/a	✓	✓
14 December 2023	✓	✓	✓	N/a	✓	✓
29 January 2024	✓	✓	✓	N/a	✓	✓

MR S MAHARAJ

Appointment date: 17 January 2023

Qualification

Masters in Business Administration,

Chartered Government Finance Officer,

Municipal Executive Financial Management,

Chartered Accountant CA(SA),

Honours BCompt Degree,

BCom Degree

MS SKN MASANGO

Appointment date: 24 February 2020

Qualification

MSc Nuclear Science (cum laude)

BSc (Hons) Nuclear Science

BSc Physics & Electronics (major in electronics),

Project Management Diploma, Certificate in Detector and

Instrumentation Technology,

Post Graduate Diplomain Energy Leadership

DR ME MAKGAE

Appointment date: 17 January 2023

Qualification

PhD Environmental Chemistry,

Hons in Nuclear Physics,

MSc Chemistry in Membrane Technology,

BSc Honours, Certificate in Management Advancement,

Programme Technology Leadership Program,

Certificate in Environmental Management,

Certficate in Project Management (PMBOK)

Report of the Audit and Risk Committee

MR HD LAZARUS

Appointment date: 17 January 2023

Qualification

Masters in Business Administration,
Global Executive Development Programme,
Management Development Programme,
Masters in Development Finance, Bachelor of Engineering (Civil)

ADV A CHOWAN

Appointment date: 24 July 2023

Qualification

CA (SA), Registered Auditor,
Bachelor of Accountancy,
Postgraduate Diploma in Accounting,
LLB Degree

The Committee meets at least four times per year as per its terms of reference. Attendance of meetings, dates of appointments as well as qualifications of the members are included in the governance report.

ROLES AND RESPONSIBILITIES

Statutory Duties

The Committee's role and responsibilities include statutory duties as per the Companies Act No. 71 of 2008, Public Finance Management Act No.1 of 1999, Treasury Regulations and further responsibilities as assigned to it by the Board of Directors.

External Auditor Appointments and Independence

The Committee has satisfied itself that the external auditor was independent of the Group, as set out in the Companies Act, which includes consideration of conflicts of interest as prescribed by the Public Audit Act (PAA).

Requisite assurance was sought and provided by the external auditor that internal governance processes within the audit firm, support and demonstrate its claims to independence. The committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted fee for the 2024 year.

Financial Statements and Accounting Practices

The Committee has evaluated the Annual Financial Statements of the company and the Group for the year ended 31 March 2024 and based on the information provided to the Committee, considers that they comply in all material respects with the requirements for the preparation of the Annual Financial Statements, with the requirements of the Companies Act No. 71 of 2008 and the Public Finance Management Act No.1 of 1999, and International Financial Reporting Standards. The Committee concurs that the adoption of the going concern premise in the preparation of the Annual Financial Statements is appropriate. The Committee has recommended the approval and adoption of the Annual Financial Statements and the Integrated Annual Report by the Board of Directors. The Audit and Risk Committee has:

- Reviewed and approved the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;
- Reviewed and discussed with the Auditor-General and Accounting Authority the Annual Financial Statements;
- Reviewed the Auditor-General's management letter and management responses;
- Reviewed changes in accounting policies and practices; and
- Reviewed and discussed with the Accounting Authority, Performance Information submitted to the Auditor-General.

Internal Financial Controls

While the Board is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The systems of internal control are based on established organizational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability.

As a result of the improved external audit opinions for the two previous years, there is noted improvement in the internal financial function and various

Report of the Audit and Risk Committee

recommendations have been made to management towards further improving the control environment. The Committee has overseen a process by which Internal Audit has performed audits according to a risk based audit plan where the effectiveness of the risk management and internal controls were evaluated.

Combined Assurance

Ensure the combined assurance model addresses all significant risks facing the group; and by monitoring of the relationship between external and internal assurance providers and the group.

Going Concern

Notwithstanding the liquidity issues at Necsa and its subsidiary Pelchem SOC Ltd, the Committee has reviewed management's assessment of the going concern status of the Group and has recommended to the Board of Directors that the Group is a going concern.

Necsa has made a positive trajectory with profits recorded in the current and the previous financial year, the company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of going concern. Furthermore, Necsa has the ability to pay its short term obligations, which it will do through the initiatives documented including through working capital management, austerity measures implemented, increasing revenue streams and prioritisation of cash generating projects to name a few. Refer to note 45 for additional details.

Internal Audit

The Committee is responsible for ensuring that the Group's Internal Audit is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between the internal and external auditors and serves as a link between the Board of Directors and these functions. The Committee considered and approved the Internal Audit Charter. The Internal Audit function's annual audit plan and three year strategic plan were approved by the Committee.

The Internal Audit function reports administratively to the Chief Executive Officer and functionally to this Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's operations.

The Chief Audit Executive has direct access to the Committee, primarily through its Chairperson. From the various reports of the internal auditors, the findings were noted and recommendation made to management to implement the corrective actions.

Governance of Risk

The committee oversees the implementation of the policy and plan for risk management taking place by means of risk management systems and processes. The committee is satisfied that appropriate and effective systems are in place for risk management.

Auditor's Report

To confirm the independence of the external auditors, the Committee is satisfied that the audit was conducted without influence from Management. To this end, the Committee remains open to discussing any other issues that the auditors may have, without the presence of Management.

The Committee accepts the audit opinion of the Auditor-General on the Annual Financial Statements and recommends that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

The Committee expresses its appreciation to the accounting authority, the senior management team, internal audit and the Auditor- General for their continued support and dedication during the year under review.

On behalf of the Audit and Risk Committee:

Mr S Maharaj CA(SA)

CHAIRMAN - AUDIT AND RISK COMMITTEE

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2008(Act No 71 of 2008) and the Public Finance Management Act No.1 of 1999 (PFMA) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards as well as the PFMA and the requirements of the Companies Act of South Africa; and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, they 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 directors are 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and company's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the Group and company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 125 to 240, which have been prepared on the going concern basis, were approved by the directors on 31 July 2024 and were signed on their behalf by:

Mr DR Nicholls
(NECSA CHAIRPERSON)

Mr L Tyabashe
(GROUP CHIEF EXECUTIVE OFFICER)

Pelindaba

31 July 2024

Group Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act, 2008(Act No 71 of 2008), as amended, I certify that the group has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

In my opinion as Group Company Secretary, I hereby confirm, in terms of the Companies Act, 2008(Act No 71 of 2008), for the year ended 31 March 2024, that the group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ms F Nyembe

COMPANY SECRETARY

31 July 2024

Director's Report

The directors have pleasure in submitting their report on the annual financial statements of The South African Nuclear Energy Corporation SOC Limited and its Group Companies for the year ended 31 March 2024.

NATURE OF BUSINESS

Incorporated in the year 2000. The South African Nuclear Energy Corporation SOC Limited (Necsa) is mandated to undertake and promote research and development (R&D) in the field of nuclear energy and radiation sciences and technology. The company is also responsible for processing source material, special nuclear material and restricted material and to reprocess and enrich these. Apart from its main activities at Pelindaba, which include operation and utilisation of the SAFARI-1 research reactor, Necsa also manages and operates the Vaalputs National Radioactive Waste Disposal Facility in the Northern Cape on behalf of the National Radioactive Waste Disposal Institute (NRWDI).

Necsa engages in commercial business mainly through its wholly-owned commercial subsidiaries NTP Radioisotopes SOC Ltd (NTP),which is responsible for a range of radiation-based products and services for healthcare, life sciences and industry, and Pelchem SOC Ltd (Pelchem), which supplies fluorine and fluorine-based products. Both subsidiaries, together with their subsidiaries, supply local and foreign markets, earning valuable foreign exchange for South Africa.

Pharmatopes was deregistered during 2023.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Necsa derives its mandate from the Nuclear Energy Act, No. 46 of 1999 and the Minister of Mineral Resources and Energy (the Minister) to manage and operate certain of the Republic's nuclear related functions and facilities.

Necsa has been assigned the responsibility for managing certain institutional obligations of the Republic as defined in the Act. The main functions of the Company are:

- To undertake and promote research and development in the field of nuclear energy and radiation sciences and technology and subject to the Safeguards agreement, to make these generally available;
- To process source material, special nuclear material and restricted material and to process and enrich source material and nuclear material; and
- To co-operate with any person or institution in matters falling within these functions subject to the approval of the Minister.

Ancillary powers and functions may be granted to the Group

- In connection with its main functions;
- In order to create and utilise viable business opportunities in commerce and industry; and
- In order to undertake the development and/or exploitation of nuclear technology or nuclear related technology. With regard to its nuclear related activities Necsa is governed by Nuclear Installations Licences (NIL's) issued by the National Nuclear Regulator (NNR) in terms of the Nuclear Regulator Act 47 of 1999.

The subsidiary companies in turn, have a mandate from Necsa to operate in a self-sustainable manner and to remain competitive in the industries within which they operate.

The Group made a profit after tax of R108.696mil (2023: R125.452mil). The company made a profit after tax of R39.874mil (2023: R9.182mil). The Group total comprehensive income was R149.294mil (2023: R145.251mil) and the company total comprehensive income was R77.042mil (2023: R26.740mil).

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

Director's Report

SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

DIVIDENDS

Refer to the Statement of Changes in Equity for dividends declared and paid to shareholders during the year.

DIRECTORATE

Details of the Directors in office during the year and to the date of this report are as follows:

Directors	Designation	Changes
Mr DR Nicholls (Necsa Chairperson)	Chairperson of the Board	
Ms SKN Masango	Non-executive	
Ms PE Monale	Non-executive	Resigned Friday, 01 September 2023
Adv A Chowan	Non-executive	Appointed Monday, 24 July 2023
Mr LJ Shayi	Non-executive	
Ms BM Makgopa	Non-executive	
Amb NN Ntshinga	Non-executive	Resigned Saturday, 14 October 2023
Mr M Van Schalkwyk	Non-executive	Resigned Saturday, 14 October 2023
Mr L Mavuso	Non-executive	
Dr ME Makgae	Non-executive	
Mr A Latchu	Non-executive	Resigned Monday, 29 May 2023
Mr S Maharaj	Non-executive	
Mr HD Lazarus	Non-executive	
Dr PP Magampa	Non-executive	Appointed Thursday, 07 September 2023
Amb X Mabhongo	Non-executive	Appointed Thursday, 09 November 2023
Mr MJ Combrink	Non-executive	Appointed Thursday, 09 November 2023
Mr L Tyabashe	(Group Chief Executive Executive Officer)	

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated annual financial statements in notes 6 and 7.

The interest of the group in the profits and losses of its subsidiaries, associates and joint arrangements for the year ended 31 March 2024 are as follows:

Name of Company	Nature of Business	Place of Incorporation	Issued Share Capital		Effective percentage		Number of Shares		Profit/(Loss) after taxation	
			2024	2023	2024	2023	2024	2023	2024	2023
			R	R	%	%			R'000	R'000
ARECSA Human Capital SOC Ltd (5 and 6)	Training in nuclear & related industries	South Africa	1,000	1,000	51	51	510	510	173	112
Cyclofil SOC Ltd (5)	Dormant	South Africa	1	1	100	100	1	1	-	-
NTP Radioisotopes SOC Ltd (5)	Marketing and distribution of radio pharmaceuticals	South Africa	220	220	100	100	220	220	113,801	113,043
NTP Logistics SOC Ltd (1)	Logistics	South Africa	100	100	51	51	51	51	10,734	11,923
NTP Radioisotopes Europe SA (1)	Control lost in 2018	Belgium	726,137	726,137	100	100	4,734	4,734	-	-
AEC Amersham SOC Ltd (1)	Marketing of radio pharmaceutical products	South Africa	4,000	4,000	100	100	4,000	4,000	8,142	(11,802)
Pharmatopes SOC Ltd (3)	Deregistered	South Africa	1,000	1,000	100	100	1,000	1,000		(1)
Gammatec NDT Supplies SOC Ltd(1)	Non-destructive testing equipment and accessories	South Africa	300	300	55	55	165	165	18,463	8,538
Pelchem SOC Ltd (5)	Fluorochemical products	South Africa	770,310	770,310	100	100	770,310	770,310	(41,289)	(61,675)
Ketlaphela Pharmaceutical SOC Ltd (2)	Dormant	South Africa	4,000	4,000	100	100	4,000	4,000	-	-
Fluoro Pack SOC Ltd (2)	Dormant	South Africa	100	100	100	100	100	100	-	-
Fluorochem SOC Ltd (2)	Dormant	South Africa	100	100	100	100	100	100	-	-
Fluoropharm SOC Ltd (2)	Dormant	South Africa	4,000	4,000	100	100	4,000	4,000	-	-
Limited Electronics South Africa SOC Ltd (2)	Manufacturing and distribution of Nitrogen Tri-Fluoride	South Africa	1,000	1,000	100	100	1,000	1,000	-	-

Subsidiary of

The profit/(loss) after tax relates to interest earned on ARECSA's bank account. ARECSA is almost wholly impaired.

Director's Report

Details of the company investment in subsidiaries are set out in note 6.

There were no significant acquisitions or divestitures during the year ended 31 March 2024.

INTEREST IN ASSOCIATES

Name of Company	Nature of Business	Place of Incorporation	Issued Share Capital		Effective Percentage		Number of Shares	
			2024	2023	2024	2023	2024	2023
			R	R	%	%		
Gamwave (Pty) Ltd (formerly Cyclotope) (2)	Radiation of food sources	South Africa	100	100	40	40	40	40
Oserix (1)	Supply of isotopes and accessories for the radiographic non-destructive testing market	South Africa	582	582	13,75	13,75	80	80
Element 42 (2)	Dormant	South Africa	-	-	50	50	-	-

Associate of Gammatec NDT Supplies SOC Ltd. Gammatec NDT Supplies SOC Ltd holds 25% of Oserix's issued share capital.

NTP Radioisotopes SOC Ltd holds 55% of Gammatec NDT Supplies SOC Ltd therefore resulting in the group having significant influence over the associate.

Associate of NTP Radioisotopes SOC Ltd

HOLDING SHAREHOLDER ENTITY DEPARTMENT

The Group's Shareholder entity department is the Department of Mineral Resources and Energy which holds 100% (2023:100%) of the Group's equity. The Department of Mineral Resources and Energy is incorporated in South Africa.

SHAREHOLDER

The Company's sole shareholder is the State, represented by the Minister of Mineral Resources and Energy.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The 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.

We draw attention to the fact that at 31 March 2024, the group had a profit of R108.696 mil and that the group's total assets exceed it's liabilities by R783.511 mil.

Necsa made a profit in the prior year and continued to reflect profits and a positive trajectory going forward. The company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of going concern. Furthermore, Necsa has the ability to pay its short-term obligations, which it will do through the initiatives documented including through working capital management, austerity measure implementation, increasing revenue streams and prioritization of cash generating projects to name a few.

Refer to note 45 for additional details around the going concern consideration of the company.

Director's Report

AUDITORS

Auditor-General of South Africa continued in office as auditors for the company and its subsidiaries for 2024.

GROUP COMPANY SECRETARY

The company secretary is Ms Fakazile Nyembe.

Postal address:	PO Box 582
	Pretoria
	0001
Business address:	Elias Motsoaledi Street Extension (Church Street West) R104 Pelindaba
	Brits Magisterial District, Madibeng Municipality North West Province
	0240

COMPLIANCE WITH LEGISLATION

The Directors believe the Group has complied, in all material respects, with the provisions of the Companies Act No. 71 of 2008, Public Finance Management Act No.1 of 1999 and the Nuclear Energy Act No. 46 of 1999 and other applicable legislation during the year under review.

Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

1. I have audited the consolidated and separate financial statements of the South African Nuclear Energy Corporation SOC Limited (Necsa) and its subsidiaries (the group) set out on pages 125 to 240, which comprise the consolidated and separate statement of financial position as at 31 March 2024, 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 material accounting policy information.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2024, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor General for the audit of the consolidated and separate financial statements section of my report.

4. 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 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 42 to the consolidated and separate financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the consolidated and separate financial statements of the public entity at, and for the year ended, 31 March 2024.

Responsibilities of the board of directors, which constitutes the accounting authority for the consolidated and separate financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS, the requirements of the PFMA and Companies Act of South Africa; and for such internal control as the board of

directors, which constitutes 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.

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

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

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

11. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 122, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. 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 the selected strategic pillars presented in the annual performance report. The board of directors, which constitutes the accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following strategic pillars presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected strategic pillars that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic pillar	Page numbers	Purpose
Research and Innovation	28	To increasingly deliver new technologies that will enable growth in existing commercial areas while creating new technologies that leads to future commercial enterprises through which Necsa group will directly impact on people's lives.
Business Continuity and Efficiency	28	A strong Integrated Management System (IMS) with excellence, effectiveness and efficiency of operations as central pillars. In addition, a strong safety culture with good adherence to the SHEQ system, strong conformance to all nuclear facility licensing conditions, a well-entrenched Governance system, and good strategic support for core commercial areas by all support services.

Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

14. I evaluated the reported performance information for the selected strategic pillars against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected strategic pillars.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The board of directors, which constitutes the accounting authority is responsible for the public entity's compliance with legislation.

19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow

consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

22. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

23. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

Revenue management

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

OTHER INFORMATION IN THE ANNUAL REPORT

25. The board of directors, which constitutes the accounting authority, is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the group company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected strategic pillars presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected strategic pillars presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Report of the auditor-general to Parliament on the South African Nuclear Energy Corporation SOC Limited

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

31. Management's internal controls and processes over the preparation and presentation of financial statements were not adequate to ensure that the financial statements were free from material misstatements and that all IFRS recognition and disclosure requirements were met.

32. The accounting authority and senior management did not exercise adequate oversight over the review and monitoring of compliance with applicable laws and regulations which resulted in repeat non-compliance findings.

AUDITOR - GENERAL

Pretoria

31 July 2024

AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic pillars and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the board of directors, which constitutes the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the board of directors, which constitutes the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); Section 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); Section 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); Section 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); Section 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); Section 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); Section 86(4); 88(2)(d); 112(2)(a); 129(7)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4

Annexure to the auditor's report

National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Consolidated and Separate Statement of Financial Position as at 31 March 2024

	Note(s)	Group 2024 R 000	Group 2023 R 000	Company 2024 R 000	Company 2023 R 000
Assets					
Non-Current Assets					
Property, plant and equipment	4	1 510 929	1 427 335	1 183 320	1 107 932
Right-of-use assets	15	16 147	8 250	15 733	7 307
Goodwill	21	16 585	16 585	-	-
Intangible assets	5	12 958	14 525	968	-
Investments in subsidiaries	6	-	-	220 701	220 701
Investment in associate	7	10 384	7 594	-	2
Financial assets at fair value	9	414 676	354 084	414 642	354 057
Retirement benefit asset	16	29 666	21 810	29 666	21 810
Deferred tax	10	69 447	70 672	-	-
Decommissioning and Decontamination of Stage 1 and Stage 2	23	3 045 799	2 496 119	3 045 799	2 496 119
Decommissioning and Decontamination of Stage 2	23	287 913	243 931	287 913	243 931
Vaalputs After Care	24	21 371	22 108	21 371	22 108
		5 435 875	**4 683 013**	**5 220 113**	**4 473 967**
Current Assets					
Inventories	11	424 269	368 684	61 478	48 739
Trade and other receivables	12	379 239	352 429	129 940	116 661
Derivatives	22	-	3372	-	3372
Prepayments		29 608	131 261	21 954	66 444
Current tax receivable		23 256	20 655	-	-
Cash and cash equivalents	13	1 126 906	981 450	668 565	662 219
		1 983 278	**1 857 851**	**881 937**	**897 435**
Total Assets		**7 419 153**	**6 540 864**	**6 102 050**	**5 371 402**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	14	2 205	2 205	2 205	2 205
Reserves		811 760	787 361	784 159	764 899
Accumulated loss		(114 589)	(225 674)	(859 239)	(917 022)
		699 376	563 892	(72 875)	(149 918)
Non-controlling interest		84 135	75 526	-	-
		783 511	**639 418**	**(72 875)**	**(149 918)**

Consolidated and Separate Statement of Financial Position as at 31 March 2024

	Note(s)	Group		Company	
		2024	2023	2024	2023
		R 000	R 000	R 000	R 000
Liabilities					
Non-Current Liabilities					
Vaalputs After Care Liability	24	59 836	56 178	59 836	56 178
Lease liabilities	15	7 523	3 557	7 378	3 232
Retirement benefit obligation	16	264 045	282 786	237 625	255 074
Deferred income	17	767 189	674 526	767 189	674 526
Deferred tax	10	1 032	756	-	-
Provisions	18	904 814	818 681	753 870	671 354
Investments contributions for future liabilities	26	93 747	67 212	93 747	67 212
Decommissioning and Decontamination of Stage 1	23	3 045 799	2 496 119	3 045 799	2 496 119
Decommissioning and Decontamination of Stage 2	23	287 913	243 931	287 913	243 931
		5 431 898	**4 643 746**	**5 253 357**	**4 467 626**
Current Liabilities					
Trade and other payables	19	369 289	301 699	142 336	171 060
Loans from group companies	8	-	-	-	16354
Derivatives	22	1 280	1 997	523	-
Lease liabilities	15	4 432	2 094	4 251	1 642
Retirement benefit obligation	16	27 480	27 889	25 635	26 095
Deferred income	17	504 668	497 438	504 668	497 438
Current tax payable		-	251	-	-
Provisions	18	129 685	133 636	66 993	69 522
Payment received in advance		156 262	271 506	176 872	271 506
Bank overdraft	13	10 648	21 190	290	77
		1 203 744	**1 257 700**	**921 568**	**1 053 694**
Total Liabilities		**6 635 642**	**5 901 446**	**6 174 925**	**5 521 320**
Total Equity and Liabilities		**7 419 153**	**6 540 864**	**6 102 050**	**5 371 402**

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
		2024	2023	2024	2023
	Note(s)	R 000	R 000	R 000	R 000
Revenue	27	2 661 765	2 416 523	925 677	880 332
Cost of sales	28	(1 215 323)	(1 076 870)	(131 641)	(162 988)
Gross profit		**1 446 442**	**1 339 653**	**794 036**	**717 344**
Fair value adjustments	34	15 492	5 906	14 644	6 754
Other operating income	29	143 913	96 335	431 861	330 797
Other operating losses	30	14 241	(10 998)	(131)	(2 275)
Expected credit reversals/ (losses)	12	5 885	(14 899)	(48 703)	(82 162)
Other operating expenses		(1 271 342)	(1 058 534)	(1 138 528)	(943 622)
Government Grant expense (Decommissioning & Decontamination Stage 1)	23	(560 731)	(966 691)	(560 731)	(966 691)
Acceptance of Decommission and Decontamination Stage 1	23	560 731	966 691	560 731	966 691
Administration and fees		(259 563)	(240 280)	(113 238)	(104 659)
Operating profit (loss)	**31**	**95 068**	**117 183**	**(60 059)**	**(77 823)**
Investment income	32	109 145	361 039	134 954	379 822
Finance costs	33	(49 277)	(308 596)	(35 021)	(292 817)
Income from equity accounted investments		3 002	1 126	-	-
Profit (loss) before taxation		**157 938**	**170 752**	**39 874**	**9 182**
Taxation	35	(49 242)	(45 300)	-	-
Profit (loss) for the year		**108 696**	**125 452**	**39 874**	**9 182**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	16	17 909	(231)	17 909	(231)
Gains on property revaluation	4	20 201	21 433	19 180	17 984
Share of comprehensive income of equity accounted investments		2 409	(1 208)	-	-
Total items that will not be reclassified to profit or loss		**40 519**	**19 994**	**37 089**	**17 753**
Items that maybe reclassified to profit or loss:					
Fair value through other comprehensive income adjustments	20	79	(195)	79	(195)
Other comprehensive income for the year net of taxation	**36**	**40 598**	**19 799**	**37 168**	**17 558**
Total comprehensive income (loss) for the year		**149 294**	**145 251**	**77 042**	**26 740**
Profit (loss) attributable to:					
Owners of the parent		99 661	117 950	39 874	9 182
Non-controllinginterest		9035	7502	-	-
		108 696	**125 452**	**39 874**	**9 182**
Profit (loss) attributable to:					
Owners of the parent:					
From continuing operations		94 886	115 877	39 874	9 182

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2024	2023	2024	2023
		R 000	R 000	R 000	R 000
Total comprehensive income (loss) attributable to:					
Owners of the parent		135 484	135 675	77 042	26 740
Non-controlling interest		13 810	12 397	-	-
		149 294	**148 073**	**77 042**	**26 740**

Consolidated and Separate Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Revaluation reserve	Reserve for valuation of investments	Reserve for valuation of liabilities	Total reserves	Accumulated loss	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Group										
Balance at 01 April 2022	**2 205**	**(1 710)**	**757 737**	**496**	**10 808**	**767 331**	**(341 319)**	**428 217**	**68 483**	**496 700**
Profit for the year	-	-	-	-	-	-	115 876	115 876	9 574	125 450
Other comprehensive income	-	-	21 433	(195)	(1 208)	20 030	(231)	19 799	2 823	22 622
Total comprehensive income for the year	**-**	**-**	**21 433**	**(195)**	**(1 208)**	**20 030**	**115 645**	**135 675**	**12 397**	**148 072**
Dividends	-	-	-	-	-	-	-	-	(5 355)	(5 355)
Balance at 01 April 2023	**2 205**	**(1 710)**	**779 170**	**301**	**9 600**	**787 361**	**(225 674)**	**563 892**	**75 526**	**639 418**
Profit for the year	-	-	-	-	-	-	94 886	94 886	13 809	108 695
Other comprehensive income	-	-	20 201	79	2 409	22 689	17 909	40 598	-	40 598
Total comprehensive income for the year	**-**	**-**	**20 201**	**79**	**2 409**	**22 689**	**112 795**	**135 484**	**13 809**	**149 293**
Transfer between reserves	-	1 710	-	-	-	1710	(1 710)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(5 200)	(5 200)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**1 710**	**-**	**-**	**-**	**1710**	**(1 710)**	**-**	**(5 200)**	**(5 200)**
Balance at 31 March 2024	**2 205**	**-**	**799 371**	**380**	**12 009**	**811 760**	**(114 589)**	**699 376**	**84 135**	**783 511**
Note(s)	14	36	20&36	25	25		36			

Consolidated and Separate Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Revaluation reserve	Reserve for valuation of investments	Reserve for valuation of liabilities	Total reserves	Accumulated loss	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Company										
Balance at 01 April 2022	**2 205**	**-**	**746 614**	**496**	**-**	**747 110**	**(925 973)**	**(176 658)**	**-**	**(176 658)**
Profit for the year	-	-	-	-	-	-	9 182	9 182	-	9 182
Other comprehensive income	-	-	17 984	(195)	-	17 789	(231)	17 558	-	17 558
Total comprehensive income for the year	**-**	**-**	**17 984**	**(195)**	**-**	**17 789**	**8 951**	**26 740**	**-**	**26 740**
Balance at 01 April 2023	**2 205**	**-**	**764 598**	**301**	**-**	**764 899**	**(917 022)**	**(149 918)**	**-**	**(149 918)**
Profit for the year	-	-	-	-	-	-	39 874	39 874	-	39 874
Other comprehensive income/ (loss)	-	-	19 181	79	-	19 260	17 909	37 169	-	37 169
Total comprehensive income for the year	**-**	**-**	**19 181**	**79**	**-**	**19 260**	**57 783**	**77 043**	**-**	**77 043**
Balance at 31 March 2024	**2 205**	**-**	**783 779**	**380**	**-**	**784 159**	**(859 239)**	**(72 875)**	**-**	**(72 875)**
Note(s)	14	36	20&36	25			36			

The accounting policies on pages 132 to 159 and the notes on pages 160 to 240 form an integral part of the annual financial statements.

Consolidated and Separate Statement of Cash Flows

		Group		Company	
	Note(s)	2024 R 000	2023 R 000	2024 R 000	2023 R 000
Cash flows from operating activities					
Cash receipts from customers		2 753 911	2 663 441	1 295 578	1 295 344
Cash paid to suppliers and employees		(2 451 928)	(2 399 904)	(1 209 591)	(1 189 764)
Cash generated from operations and others	37	301 983	263 537	85 987	105 580
Interest income	33	74 386	65 470	37 290	44 028
Finance costs	33	(14 539)	(9 623)	(335)	(1 699)
Dividends		1 828	1 589	51 100	13 368
Net cash generated from/(used in) operating activities		**363 658**	**320 973**	**174 042**	**161 277**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(150 538)	(93 879)	(113 856)	(66 291)
Sale of property, plant and equipment	4	-	179	-	-
Intangible assets additions	5	(1 458)	(407)	(529)	-
Net cash from financial assets	9	(45 021)	(48 571)	(45 862)	(47 731)
Net cash used in investing activities		**(197 017)**	**(142 678)**	**(160 247)**	**(114 022)**
Cash flows from financing activities					
Repayment of lease liabilities (Capital)	15	(3 636)	(1 922)	(3 186)	(1 330)
Repayment of lease liabilities (Interest)		(1 807)	(6 134)	(1 755)	(583)
Proceeds from investment contributions for future liabilities	17	-	4 905	-	4 905
Movement in borrowings and loans due to group companies		-	-	(2 721)	2 022
Dividends paid		(5 200)	(5 354)	-	-
		-	-	-	-
Net cash generated from financing activities		**(10 643)**	**(8 505)**	**(7 662)**	**5 014**
Total cash movement for the year		**155 998**	**169 790**	**6 133**	**52 269**
Cash at the beginning of the year	13	960 260	790 470	662 142	609 873
Total cash at end of the year	**13**	**1 116 258**	**960 260**	**668 275**	**662 142**

Accounting Policies

1. Significant accounting policies

The material principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 2008(Act No 71 of 2008) of South Africa, as amended.

These consolidated and separate annual financial statements comply with the requirements of and the SAICA Financial Reporting Guidesas issued by the accounting practices committee and the financial reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate Annual Financial Statements have been prepared on the historic cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. They are presented in Rands, which is the group and company's functional currency.

Unless otherwise stated all financial figures are rounded off to the nearest one thousand Rands (R'000). These accounting policies are consistent with the previous period.

Accordingly, the Group has prepared Annual Financial Statements, which comply with IFRS applicable for periods ending on or after 31 March 2024, together with the comparative period data as at and for the year ended 31 March 2023, as described in the accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS2 or value in use in IAS36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair values measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are observable inputs for the asset or liability.

The principal accounting policies are set out below.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated and separate annual financial statements of Necsa and its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

Accounting Policies

1.2 Consolidation (continued)

Control is achieved when Necsa or its Subsidiaries:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When Necsa or its Subsidiaries has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Necsa considers all relevant facts and circumstances in assessing whether or not Necsa or its Subsidiaries' voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when Necsa or its Subsidiaries obtains control over the subsidiary and ceases when Necsa or its Subsidiaries loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date Necsa or its Subsidiaries gains control until the date when Necsa or its Subsidiaries ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of Necsa and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Necsa and to the non-controlling interests.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.3 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. The results of assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are classified as liabilities when recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

1.3 Investment in associate (continued)

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

1.4 Investment property

Investment properties are properties held to earn rentals.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Assets under construction include expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property plant and equipment.

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses.

Land and buildings is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued.

1.5 Property, plant and equipment (continued)

Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item every three to five years.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	10-50 years
Land	indefinite
Plant	2-80 years
Furniture and fixtures	2-26 years
Motor vehicles and transport containers	2-30 years
Office equipment	2-22 years
IT equipment	2-22 years
Research facilities	2-50 years
Lease hold improvements	2-15 years
Machinery and equipment	2-30 years
Component spares	2-10 years
Small capital items (less than R7000)	Not applicable- Depreciated immediately

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use.

The gain or loss arising from the derecognition of an item of property, plant and equipment, is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

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.

Accounting Policies

1.6 Intangible assets (continued)

Intangible assets are initially recognised at cost.

Internally generated intangible assets- research and development expenditure.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- it will generate probable future economic benefits.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period.

Re-assessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Amortisation is provided to write down the intangible assets, on a straightline basis, to the irresidual values as follows:

Item	Useful lives
Patents, trademarks and other rights	20 years
Computer software	3 years

1.7 Investments in subsidiaries

Company financial statements

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.8 Goodwill

Goodwill relates to the acquisition of a AEC Amersham business division from Pharmatopes.

1.8 Goodwill (continued)

- Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination the company elects whether the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.
- When the company acquires a business it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.
- Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition goodwill is measured at cost less any accumulated impairment losses.
- Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1.9 Investments in associates

Company

An investment in an associate is carried at cost less any accumulated impairment.

1.10 Financial instruments

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows: Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise,on specified dates, to cashflows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

1.10 Financial instruments (continued)

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 43 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

1.10 Financial instruments (continued)

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counter party, or if internal or external information indicates that the counter party is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan when there is information indicating that the counter party is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter party has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

1.10 Financial instruments (continued)

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counter party etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 43).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss.

Debt instruments at fair value through other comprehensive income

Classification

The group holds certain investments in bonds and debentures which are classified as subsequently measured at fair value through other comprehensive income (note 36).

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding, and the objectives of the group's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

Recognition and measurement

These debt instruments are recognised when the group becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at fair value.

Even though they are measured at fair value, the group determines the amortised cost of each instrument as if they were measured at amortised cost. The difference, at reporting date, between the amortised cost and the fair value of the debt instruments, is recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

1.10 Financial instruments (continued)

The application of the effective interest method to calculate interest income on debt instruments at fair value through other comprehensive income is dependent on the credit risk of the instrument as follows:

- The effective interest rate is applied to the gross carrying amount of the instrument, provided the instrument is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a debt instrument was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the instrument in the determination of interest. If, in subsequent periods, the instrument is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Debt instruments denominated in foreign currencies

When a debt instrument measured at fair value through other comprehensive income is denominated in a foreign currency, the amortised cost and the fair value (carrying amount) of the investment is determined in the foreign currency. The amortised cost and fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any foreign exchange gains or losses arising on the amortised cost of the instrument are recognised in profit or loss in the other operating gains (losses). The remaining foreign exchange gains or losses relate to the valuation adjustment and are included in other comprehensive income and are accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management note (note 43).

Impairment

The group recognises a loss allowance for expected credit losses on all debt instruments measured at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt instrument has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a debt instrument being credit impaired at the reporting date or of an actual default occurring.

Credit risk

Details of credit risk related to debt instruments at fair value through other comprehensive income are included in the specific notes and the financial instruments and risk management (note 43).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

1.10 Financial instruments (continued)

On derecognition of a debt instrument at fair value through other comprehensive income, the cumulative gain or loss on that instrument which was previously accumulated in equity in the reserve for valuation of investments is reclassified to profit or loss.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses 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 (lifetime ECL),which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.10 Financial instruments (continued)

Credit risk

Details of credit risk are included in the trade and other receivables note (note 12) and the financial instruments and risk management note (note 43).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 9. They are classified as at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) depending on their classification. Details of the valuation policies and processes are presented in note 44.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).

Dividends received on equity investments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 32).

Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

1.10 Financial instruments (continued)

The gains or losses which are accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding or the objectives of the group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The group hold investments in debentures and corporate bonds (note 9) which are subsequently carried at fair value through profit or loss.

The group has designated certain investments in debt instruments at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such. Refer to note 9 for details.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in other operating gains (losses). Details of the valuation policies and processes are presented in note 44.

Interest received on debt instruments at fair value through profit or loss are included in investment income(note 32).

Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through profit or loss is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Non-hedging derivatives

Classification

Non-hedging derivatives are classified as mandatorily at fair value through profit or loss.

The group enters into a variety of derivative financial instruments in order to manage its exposure to foreign exchange risk and cash flow interest rate risk. Derivatives held by the group which are not in designated hedging relationships, include forward exchange contracts and interests rate swaps. (Note 22)

1.10 Financial instruments (continued)

Recognition and measurement

Derivatives are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are included in other operating gains (losses). Details of the valuation policies and processes are presented in note 44.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Borrowings and loans from related parties

Classification

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note33.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 43).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade payables are classified as current liabilities if payments fall within one year or less. If not, they are presented as non-current liabilities

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables are classified as current liabilities if payments fall within one year or less, if not, they are presented as non-current liabilites.

1.10 Financial instruments (continued)

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 33).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 43).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities which are held for trading are classified as financial liabilities at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss.

The group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).

1.10 Financial instruments (continued)

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 33).

Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The changes in fair value attributable to changes in own credit risk which accumulated in equity for financial liabilities which were designated at fair value through profit or loss are not reclassified to profit or loss. Instead, they are transferred directly to retained earnings on derecognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the group are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised inaccordance with the revenue recognition policies.

Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Cash and cash equivalents

Cash and cash equivalent is subsequently measured at amortised cost which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand and demand deposit, 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 recognised at cost subsequently measured at amortised cost.

1.10 Financial instruments (continued)

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non- cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following a change in the business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.11 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item,along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Accounting Policies

1.11 Hedge accounting (continued)

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.12 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess 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 tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 an asset or liability in a transaction which 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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Tax expenses

Current and deferred taxes are 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,to other comprehensive income,or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Accounting Policies

1.13 Leases

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 15 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (note 33).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option,in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

1.13 Leases (continued)

- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease classification is made at inception and is only reassessed if there is a lease modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short- term lease to which the company applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the company net investment in the lease.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

1.13 Leases (continued)

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the company from the lessee, a party related to the lessee or a third party unrelated to the company under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The company recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 32).

The company applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Short-term and low value lease payments are recognised as an expense on a straight-line basis over the lease term except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The difference between the amounts recognised as an expense and the contractual payments is recognised as a short-term and low value lease asset.

This liability is not discounted.

In the event that lease incentives are received to enter into short-term and low value leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Any contingent rents are expensed in the period they are incurred.

1.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

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.

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

1.14 Inventories (continued)

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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. 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.

1.15 Impairment of tangible and intangible non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Irrespective of whether there is any indication of impairment, the group also:

- tests goodwill acquired in a business combination for impairment annually.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash- generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if there coverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any good will allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The carrying amount of an asset included in a cash generating unit may not be reduced below the highest of (1) Its fair value less cost to sell; (2) Its value in use or (3) zero.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.15 Impairment of tangible and intangible non-financial assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 Share capital and equity

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

Ordinary shares are classified as equity and measured at cost.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The companies operate a provident fund on behalf of its employees. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

1.17 Employee benefits (continued)

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the group is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.18 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation 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 obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Provisions are not recognised for future operating.

Onerous contracts

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Rental income relating to Pelchem has resulted in an onerous contract.

Contingent assets and liabilities

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Accounting Policies

1.19 Government grants and deferred grant income

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attached to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

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

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position 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 a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded 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 to date as an expense in the absence of the grant is recognised immediately as an expense.

1.20 Revenue

NECSA derives revenue from the following major sources:

- Sale of goods to customer
- Services rendered to customers

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

Sale of Goods to customers

The Group sells goods directly to customers. Revenue is recognised at a point in time for sales of goods. For sales of goods to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods. A receivable is recognised for account holding customers. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods the transaction price received by the company is recognised as a contract liability until the goods have been delivered to the customer.

Services Rendered

The Group renders services for its customers. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

1.20 Revenue (continued)

Contract Revenue

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
- to the extent that it is probable that they will result in revenue; and
- they are capable of being reliably measured.

1.21 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non- monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Necsa is exposed to foreign currency translation risks relating to Euro, Malaysian Ringgit and Dirham currencies.

Necsa, NTP and Pelchem enter into FEC's for all procurement transactions over R300 000 and they enter into FEC contracts for exposure to income receivable.

1.21 Translation of foreign currencies (continued)

Investments in subsidiaries, joint ventures and associates

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Rands using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period.

Exchange differences arising are recognised in equity.

1.22 Payment received in advance

Payment received in advance refers to revenue received in advance but which has not yet been earned. The Group will recognise the revenue as and when performance obligations have been met.

1.23 Related Parties

The Group operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of Chief Executive Officer up to the Board of Directors are regarded as key management.

Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals or other parties related to the entity.

1.24 Fruitless, wasteful and irregular expenditure

Fruitless and wasteful expenditure in terms of the Public Finance Management Act means expenditure which was made in vain and would have been avoided had reasonable care been exercised are recorded in the notes to the financial statements.

Irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes are equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof.

Accounting Policies

1.25 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Prepayments

Prepayments relates to the purchases of inventories and goods and expected to realize within 12 months of the reporting date. The Group therefore classifies prepayments as current assets. The Group applies IAS 1 in determining whether to classify prepayments as current or non-current.

2. Significant judgements and sources of estimation uncertainty

Significant judgement and estimates in assessing the impairment of Financial assets

Financial assets, other than those at Fair Value through Profit or Loss, are assessed for indicators of impairment at the end of each reporting period. The Group uses significant judgement in determining whether financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Annual Financial Statements equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. This determination requires significant judgement by Group.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Classification of Buildings Rented out

The buildings are all located on the Necsa premises and due to the security requirements related to the nuclear activities of Necsa, these buildings cannot be sold separately and has to be kept by Necsa as part of fulfilling its nuclear responsibilities. The purpose with which the buildings are held is therefore solely connected to Necsa's main nuclear business and the buildings are not held for the purpose of capital appreciation, nor is it held to earn rentals. When buildings are vacant and when there is a tenant to which a vacant building can be leased, vacant buildings are leased out. The leasing activity is incidental to the purpose for which the buildings are held and the buildings are not held for the purpose of leasing them out.

Allowance for slow moving, damaged and obsolete inventory

An allowance is made to write inventory down to the lower of cost or net realisable value.

Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note 30 and 31.

Fair value estimation

Some of the Group assets and liabilities are measured at fair value for financial reporting purposes. The Chief Financial Officer's determines appropriate valuation techniques based on the accounting standards.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period. In estimating the fair value of an asset or liability, the Group uses market observable data to the extent that it is available. Where level 1 inputs are not available, the Group engages valuers to establish the appropriate valuation techniques and inputs into the model.

2. Significant judgements and sources of estimation uncertainty (continued)

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The assumption is based on the management expectation that outstanding balances will be collected or paid within twelve months, therefore the time value of money will not have an impact as it is considered to be immaterial.

Information about valuation techniques, inputs used in determining fair values of various assets and liabilities are disclosed in notes.

Impairment testing of Goodwill and tangible assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that an assumption may change which may then impact estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions are estimated by management based on the available information. Additional disclosure of these estimates are included in note 18 Provisions.

Taxation

Necsa is not a tax paying entity however subsidiaries are income tax paying entities

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

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual values of property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the following factors to determine the optimum useful life expectation for each of the individual items of property, plant and equipment.

2. Significant judgements and sources of estimation uncertainty (continued)

- Expected usage of the asset. Usage is assessed by reference to the assets expected capacity or physical output.
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance programme, and the care and maintenance of the asset while idle.
- Technical or commercial obsolescence arising from changes or improvement in production or from a change in the market demand for the product or service output of the asset.
- Exit policy of the Company.

The estimation of residual value of assets is also based on management's judgement that the assets will be sold and what its condition will be at the end of its useful life. For assets that incorporate both a tangible and intangible portion, management uses judgement to assess which element is more significant to determine whether it should be treated as property, plant and equipment or intangible assets.

Post retirement benefit obligation

Judgement is required when recognizing and measuring the retirement benefit obligation of the Group and the Company. The obligation is valued by an independent actuary at each reporting date. The actuarial valuation method is used to value the obligation and the projected unit credit method is used. Future benefit values are projected using specific actuarial assumptions and the liability to in-service members is accrued over the expected working lifetime. The most significant of which are subsidy inflation, longevity, cash flow risk, changes in bond yields and CPI as well as further changes in legislation.

Lease classification

Lessors

The company is party to leasing arrangements, as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment,management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Significant judgement was applied by management in concluding the correct lease classification. Management therefore determines whether or not the lease should be classified as an operating or finance lease.

Lessees

IFRS 16 estimation and uncertainty:

- calculating discount rate
- estimating lease term
- estimating variable lease payments dependent on index or rate

Other IFRS 16 judgements:

- judgement in identifying whether a contract includes a lease
- establishing whether or not it is reasonably certain that an extension option will be exercised
- considering whether or not it is reasonably certain that a termination option will not be exercised
- determining whether or not variable lease payments are truly variable or insubstance fixed

Critical judgements in determining the lease term.

2. Significant judgements and sources of estimation uncertainty (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended(or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of R94million.

Impairment of financial assets

The Group assesses impairment of financial assets by calculating the expected credit loss allowance on trade and other receivables.

Forward-looking information included by adjusting the credit risk of receivables for macro-economic conditions that impact credit risk. As the Group operates in a niche market with a reliable customer base, the impact was not significant to warrant any significant adjustments to financial assets.

Inventory obsolescence

The Group's inventory is continuously considered for obsolescence due to the nature of the group's business. The amount of any write-down of inventories to net realisable value and losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Cash flows and liquidity

The Group assessed the impact of the lockdown on the cash resources on hand and available from committed facilities together with the possibility of default by customers. The Group is prioritising its spending with a focus on reducing non-essential costs and making operations more efficient. The Group is further committed to minimising the impact on salaries and job losses.

The Group's liquidity and access to facilities is continuously monitored to ensure that sufficient funds are available to meet the Group's commitments. The Group has overdraft facilities with local banks and other funding institutions. In addition, the company can rely on financial support from its shareholder should the need arise.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year,the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IAS8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023	Disclosure impact The amendments provided clearer guidance on distinguishing between accounting policies and accounting estimates and require additional disclosure. Entities must provide information on the nature and amount of the change as well as the reason
IFRS17 Insurance Contracts: IFRS Taxonomy 2020 extension of the temporary exemption from applying IFRS 9 and Property, Plant and Equipment–Proceeds before intended use Amendment to IFRS 17 in respect of initial application of IFRS17 and IFRS9– Comparative information	01 January 2023	No impact
IFRS Accounting Taxonomy 2021–Update3 Initial Application of -IFRS17andIFRS9–Comparative Information	01 January 2023	No impact
IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from applying IFRS 9	01 January 2023	No impact
IFRS8 Operating Segments: Disclosure of Accounting Policies	01 January 2023	No impact
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction	01 January 2023	No impact The amendments require a mandatory exemption from recognising deferred tax relating to OECD Pillar 2 income taxes. The Group does not trade in different tax jurisdiction

Notes to the Annual Financial Statements

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IAS 1 Practice statement 2 Making Material Judgments: Disclosure of Accounting Policies	01 January 2024	Possible changes to the wording of accounting policies and notes to align to the new definition.
Lease Liability in a Sale and Leaseback Amendments to IFRS 16	01 January 2024	No material impact expected.
IFRS7 Financial Instruments: Disclosure of Accounting Policies	01 January 2024	Possible changes to the wording of accounting policies and notes to align to the new definition.
Classification of Liabilities as Current or Non current – Amendment to IAS 1	01 January 2024	No material impact expected.
IAS 21 The effect of changes in foreign exchange rates-Lack of Exchangeability	01 January 2024	Possible changes to the wording of accounting policies and notes to align to the new definition
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2024	The company is busy assessing the impact

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment

Group	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Used within the group						
Research facilities	36 633	(10 948)	25 685	36 633	(10 410)	26 223
Component spares	21 112	(20 931)	181	24 681	(24 455)	226
Furniture and fixtures	12 932	(9 893)	3 039	12 785	(9 327)	3 458
IT equipment	112 101	(80 099)	32 002	93 328	(72 842)	20 486
Land and buildings	927 701	(49 300)	878 401	941 624	(47 459)	894 165
Leasehold improvements	17 711	(8 335)	9 376	17 711	(5 125)	12 586
Machinery and equipment	493 205	(380 835)	112 370	453 985	(360 343)	93 642
Motor vehicles and transport containers	68 050	(58 122)	9 928	67 422	(56 321)	11 101
Office equipment	18 139	(16 318)	1 821	17 913	(15 817)	2 096
Plant	782 290	(344 164)	438 126	700 471	(337 119)	363 352
Total	**2 489 874**	**(978 945)**	**1 510 929**	**2 366 553**	**(939 218)**	**1 427 335**

Company	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Used with in the company						
Furniture and fixtures	5 957	(4 763)	1 194	5 888	(4 533)	1 355
IT equipment	72 907	(51 609)	21 298	61 159	(47 871)	13 288
Land and buildings	874 665	(49 300)	825 365	890 824	(47 459)	843 365
Machinery and equipment	340 984	(269 371)	71 613	315 859	(259 435)	56 424
Motor vehicles and transport containers	29 847	(26 165)	3 682	29 401	(24 791)	4 610
Office equipment	16 206	(14 730)	1 476	16 209	(14 319)	1 890
Plant	358 805	(125 798)	233 007	285 346	(124 569)	160 777
Research facilities	36 633	(10 948)	25 685	36 633	(10 410)	26 223
Total	**1 736 004**	**(552 684)**	**1 183 320**	**1 641 319**	**(533 387)**	**1 107 932**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment- Group- 2024

Used within the group	Opening balance	Additions	Disposals/ Consumed	Transfer from right of use asset	Revaluations	Reallocations	Depreciation	Impairment (loss)/ reversal	Total
Land and buildings	894 165	13 056	-	-	20 480	-	(49 300)	-	878 401
Plant	363 352	85 061	-	-	-	-	(7 044)	(3 243)	438 126
Furniture and fixtures	3 458	226	-	-	-	-	(641)	(4)	3 039
Motor vehicles	11 101	1 944	(585)	160	-	(19)	(2 673)	-	9 928
Office equipment	2 096	242	-	-	-	-	(510)	(7)	1 821
IT equipment	20 486	19 267	(13)	-	-	-	(7 443)	(295)	32 002
Research facilities	26 223	-	-	-	-	-	(538)	-	25 685
Leasehold improvements	12 586	-	-	-	-	-	(3 210)	-	9 376
Machinery and equipment	93 642	40 319	(183)	-	-	19	(19 192)	(2 235)	112 370
Component spares	226	-	(3 568)	-	-	-	(45)	3568	181
	1 427 335	**160 115**	**(4 349)**	**160**	**20 480**	**-**	**(90 596)**	**(2 216)**	**1 510 929**

Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment- Group- 2023

Used within the group	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land and buildings	905 459	10 185	(4)	-	25 984	(47 459)	-	894 165
Plant	317 352	52 753	-	-	-	(8 866)	2 113	363 352
Furniture and fixtures	3 896	314	(66)	-	-	(685)	(1)	3 458
Motor vehicles	13 051	1 375	(461)	109	-	(2 973)	-	11 101
Office equipment	1 714	240	(4 659)	10 603	-	(5 802)	-	2 096
IT equipment	18 792	8 264	(387)	-	-	(5 951)	(232)	20 486
Research facilities	31 083	(4 300)	(4)	-	-	(556)	-	26 223
Leasehold improvements	15 744	6 886	-	-	-	(3 170)	(6 874)	12 586
Machinery and equipment	99 240	17 881	(1 569)	(5)	-	(21 039)	(866)	93 642
Component spares	293	-	(2 903)	-	-	(67)	2 903	226
	1 406 624	**93 598**	**(10 053)**	**10 707**	**25 984**	**(96 568)**	**(2 957)**	**1 427 335**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment- Company- 2024

Used within the group	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land and buildings	843 365	12 120	-	19 180	(49 300)	-	825 365
Plant	160 777	73 459	-	-	(1 229)	-	233 007
Furniture and fixtures	1 355	69	-	-	(229)	(1)	1 194
Motor vehicles	4 610	446	-	-	(1 374)	-	3 682
Office equipment	1 890	4	-	-	(411)	(7)	1 476
IT equipment	13 288	12 165	(13)	-	(4 063)	(79)	21 298
Research facilities	26 223	-	-	-	(538)	-	25 685
Machinery and equipment	56 424	25 169	-	-	(9 935)	(45)	71 613
	1 107 932	**123 432**	**(13)**	**19 180**	**(67 079)**	**(132)**	**1 183 320**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment- Company- 2023

Used within the group	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Buildings	862 659	10 185	(4)	-	17 984	(47 459)	-	843 365
Plant and machinery	114 754	45 929	-	-	-	(2 056)	2 150	160 777
Furniture and fixtures	1 633	140	(44)	-	-	(374)	-	1 355
Motor vehicles	6 686	85	(221)	-	-	(1 940)	-	4 610
Office equipment	1 533	153	(4 659)	10 603	-	(5 740)	-	1 890
IT equipment	11 945	4 934	(295)	-	-	(3 296)	-	13 288
Research facilities	31 083	(4 300)	(4)	-	-	(556)	-	26 223
Machinery and equipment	63 651	8 885	(1 513)	(5)	-	(14 594)	-	56 424
	1 093 944	**66 011**	**(6 740)**	**10 598**	**17 984**	**(76 015)**	**2 150**	**1 107 932**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

No assets have been pledged as security and are secured by the lessor's title to the leased assets. Details of properties

Land and buildings consist of the following properties:

Necsa: Farm 567, Weldaba; Erf 1150, 1153, 1155 and 1156 . The properties were revalued as at 31 March 2023 and 31 March 2024 by an independent valuator. Please refer revaluation below.

Albertinia; Erf4473 and 4474

Riverdale; Erf1115, 1224, 1916, 1917, 1919, 1921, 1922, 1924, 1926, 1928 and 1929. These assets are measured at directors' valuation.

Springbok; Farm 369 and 380 Vaalputs. The rest of the assets are measured at directors valuation.

Gammatec NDT: Portion 91 of Farm 601 Klipplaatdrif, Vereeniging. The property is encumbered as disclosed in note of Gammatec NDT Annual Financial Statements. The property was revalued as at 3 April 2023 by an independent valuer.

AEC Amersham: Erf176, 100 Indianapolis Street, Kyalami. The property was revalued as at 31 March 2024 by an independent valuer.

The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives of the assets.

Transfer of property, plant and equipment also include transfers to other asset classes. The revaluation reserve may not be distributed to shareholders.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Assets in progress

Assets in progress recognised in the carrying amount of property, plant and equipment items in the course of its construction:

Group	Opening	Additions	Capitalized	Closing
Used within the group	R'000	R'000	R'000	R'000
Furniture and fixtures	86	226	(163)	149
IT equipment	1 570	19 267	(14 681)	6 156
Land and buildings	10	13 056	(13 054)	12
Machinery and equipment	21 101	40 320	(25 048)	36 373
Motor vehicles and transport containers	(486)	1 943	(985)	472
Office equipment	16	242	(134)	124
Plant	303 101	85 061	(83 900)	304 262
Research facilities	4 444	-	-	4 444
	329 842	**160 115**	**(137 965)**	**351 992**

Company	Opening	Additions	Capitalized	Closing
	R'000	R'000	R'000	R'000
Furniture and fixtures	116	70	(12)	174
IT equipment	(308)	12 081	(5 403)	6 370
Land and buildings	-	12 120	(12 120)	-
Machinery and equipment	14 919	25 169	(12 197)	27 891
Motor vehicles and transport containers	151	445	-	596
Office equipment	20	89	(25)	83
Plant	231 703	73 459	-	305 162
Research facilities	4 444	-	-	4 444
	251 045	**123 433**	**(29 757)**	**344 721**

Revaluations

During 2024 and 2023 Land and Buildings were valued by an independent valuer. The carrying amount that would have been recognised, had the asset been carried under the cost model would have been as follows:

Land and Buildings	38 499	39 396	16 363	17 260

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

4. Property, plant and equipment (continued)

Measurement of land and buildings

The group did not split land and buildings due to the impracticality thereof. The independent valuation of land and buildings is done as a single unit and cannot be separated. Impractical is defined by IAS1 as "Applying a requirement is impractical when the entity cannot apply it after making every reasonable effort to do so". Should a split between land and buildings have been possible, there would be no change in the amounts as currently disclosed. Fair and faithful representation has therefore been applied in the measurement of the land and buildings which are reflected as close as possible to reality.

5. Intangible assets

Group	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intellectual property	124 283	(113 248)	11 035	124 283	(110 242)	14 041
Computer software	7 343	(5 420)	1 923	5 447	(4 963)	484
Total	**131 626**	**(118 668)**	**12 958**	**129 730**	**(115 205)**	**14 525**

Company	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	3 285	(2 317)	968	2 317	(2 317)	-

Reconciliation of intangible assets - Group - 2024

	Opening balance	Additions	Amortisation	Total
Intellectual property	14 041	-	(3 006)	11 035
Computer software	484	1 897	(458)	1 923
	14 525	**1 897**	**(3 464)**	**12 958**

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Amortisation	Total
Intellectual property	17 005	-	(2 964)	14 041
Computer software	966	534	(1 016)	484
	17 971	**534**	**(3 980)**	**14 525**

Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

5. Intangible assets (continued)

Reconciliation of intangible assets - Company- 2024

	Opening balance	Additions	Total
Computer software	-	968	968

Reconciliation of intangible assets - Company- 2023

	Opening balance	Additions	Amortisation	Total
Computer software	506	128	(634)	-

Other information

The intellectual property included production processes, drug master files, licenses, manufacturing techniques and technology purchased from external parties.

Amortisation is included in other operating expenses.

The remaining useful life is between 3 to 18 years.

The intellectual property was tested for impairment and did not show the need for any impairment to be done. The impairment test was done by comparing the carrying amount to the recoverable amount using the discounted cashflows. The 4-year budget was used and adjusted for expected inflation going forward for a period of 20 years. The product is expected to be in the market for this time. A growth rate equal to inflation was used for the periods beyond 4 years. The discount rate used is 15.95%

6. Interests in subsidiaries including consolidated structured entities

The carrying amounts of subsidiaries are shown net of impairment losses.

The Directors' value of the investment in subsidiaries is equal to its carrying value.

Company

Name of company	Held by	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
Pelchem SOC Limited	Necsa SOC Limited	100,00%	100,00%	-	-
NTP Radioisotopes SOC Limited	Necsa SOC Limited	100,00%	100,00%	220 700	220 700
Cyclofil SOC Limited	Necsa SOC Limited	100,00%	100,00%	-	-
Arecsa SOC Limited	Necsa SOC Limited	51,00%	51,00%	1	1
				220 701	**220 701**

7. Investment in associate

The following table lists all of the associates in the group:

Group

Name of company	Held by	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023	Fair value 2024	Fair value 2023
Gamwave		40,00 %	40,00 %	-	-	-	-
Oserix		25,00 %	25,00 %	10 384	7 592	10 384	7 594
Element 42		50,00 %	50,00 %	-	-	-	-
				10 384	7 594	10 384	7 594
				10 384	**7 594**	**10 384**	**7 594**

Oserix is an associate of Gammatec NDT Supplies SOC Ltd, which holds 25% of Oserix's issued share capital. NTP Radioisotopes SOC Ltd holds 55% of Gammatec NDT Supplies SOC Ltd, therefore resulting in the group having significant influence over the associate.

The carrying amounts of Investments in Associates are shown net of impairment losses.

The Directors' value of the investment in associates is equal to its carrying value.

Material associates

The following associates are material to the group:

7. Investment in associate (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Oserix S.A	
	2024	2023
Revenue	228 685	134 435
Other income and expenses	(212 408)	(128 199)
Profit before tax	16 277	6 236
Tax expense	(4 271)	(1 734)
Profit after tax	12 006	4 502
Total comprehensive income	**12 006**	**4 502**
Dividends received from associate	**1 058**	**1 120**

Summarised Statement of Financial Position	Oserix S.A	
	2024	2023
Assets		
Non-current	8 378	4 035
Current	93 148	54 686
Total assets	**101 526**	**58 721**
Liabilities		
Non-current	6 893	2 619
Current	48 685	25 760
Total liabilities	**55 578**	**28 379**
Total net assets	**45 948**	**30 342**

Reconciliation of net assets to equity accounted investments in associates	Oserix S.A	
	2024	2023
Interest in associates at percentage ownership	10 384	7 594
Cumulative unrecognised losses	-	-
Carrying value of investment in associate	**10 384**	**7 594**
Investment at beginning of period	7 594	8 435
Impairment loss	848	(848)
Share of profit	3 002	1 125
Dividends received from associate	(1 060)	(1 118)
Investment at end of period	**10 384**	**7 594**

The end of the reporting year of Oserix S.A is 31 December 2023.

Oserix S.A functional currency is Euro. The statement of financial position was converted to Rand at the spot rate on 31 December 2023 - R20.58 (31 December 2022 - R18.10). The statement of profit or loss and other comprehensive income was converted to Rand at the average exchange rate for the period 1 January 2023 to 31 December 2023 - R19.97 (1 January 2022 to 31 December 2022 - R17.21).

Oserix SA is incorporated in Belgium. Their principal business address is:

Rue de l'eglise 2, BE-7134 Leval Trahegnies, BE0827.904.995

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

8. Loans from group companies

Subsidiaries

Pelchem SOC Limited During 2024 there was a set off agreement between Necsa SOC Limited and Pelchem SOC Limited whereas parties have agreed to set off their mutual indebtedness. The remaining balance was reclassified to trade and other payables due to its short term nature.	-	-	-	3 166
NTP Radioisotopes SOC Limited NTP initially granted Necsa an intercompany Loan at Prime minus 2% payable on 31 March 2019 with a main condition that any future dividends will be offset against the loan. During 2023 and 2024 dividends received from NTP Radioisotopes were set off against the loan. In 2024 the remaining balance was reclassified to trade and other payables due to its short term nature.	-	-	-	13 188
	-	**-**	**-**	**16 354**

Split between non-current and current portions				
Current liabilities	-	-	-	16 354

9. Financial assets at fair value

Equity investments at fair value through profit or loss	272 283	243 974	272 283	243 974
Financial investments at amortised cost	141 493	109 296	141 493	109 296
Equity investments at fair value through other comprehensive income	900	814	866	787
	414 676	**354 084**	**414 642**	**354 057**

Designated at amortised cost:				
Investments	141 493	109 296	141 493	109 296

Mandatorily at fair value through profit or loss:				
Unit trusts	272 283	243 974	272 283	243 974

Equity investments at fair value through other comprehensive income:				
Listed shares	900	814	866	787
	414 676	**354 084**	**414 642**	**354 057**

Split between non-current and current portions				
Non-current assets	414 676	354 084	414 642	354 057

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

9. Financial assets at fair value (continued)

Fair value information

Refer to note 43 and 44 Fair value information and risk management for details of valuation policies and processes.

10. Deferred tax

Deferred tax liability				
Property plant and equipment	(29 368)	(31 210)	-	-
Investments at fair value	(4)	(2)	-	-
ROU asset	-	(54)	-	-
Prepayments	(1 347)	(1 189)	-	-
Doubtful debt allowance	(10 447)	(13 144)	-	-
Revaluation reserve	(3 758)	(3 758)	-	-
Revaluation of property	(2 041)	(1 760)	-	-
Section 24C	(80)	(82)	-	-
Forex adjustment	(1 005)	(1 005)	-	-
	(48 050)	**(52 204)**	**-**	**-**
Deferred tax asset				
Provision for leave pay	7 528	8 220	-	-
Lease liability	-	61	-	-
Tax loss carried forward	-	5 076	-	-
Tax losses to be utilised in future	9 336	9 167	-	-
Inventory impairments	2 558	3 381	-	-
Income received in advance	1 382	112	-	-
Provision for expected credit losses	15 897	17 249	-	-
Trade receivables with credit balances	5 406	624	-	-
Loss allowance on trade receivables	27	70	-	-
Property plant and equipment	1 473	68	-	-
Provision for expected credit losses	11 439	16 342	-	-
Provision for 13th cheque	929	899	-	-
Provision for incentive scheme	679	671	-	-
Provision for bonus	7 196	7 148	-	-
Retirement benefit liability	7 632	7 845	-	-
Provision for waste disposal	33 417	32 600	-	-
Other personnel provisions	503	9 390	-	-
Provisions	11 063	3 197	-	-
	116 465	**122 120**	**-**	**-**
Total deferred tax	**68 415**	**69 916**	**-**	**-**
Net deferred tax				
Entities with net deferred tax liability	(1 032)	(756)	-	-
Entities with net deferred tax asset	69 447	70 672	-	-
	68 415	**69 916**	**-**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	69 916	106 695	-	-
Movement through profit and loss	82	(35 756)	-	-
Movement through Other Comprehensive Income	(1 583)	(1 023)	-	-
	68 415	**69 916**	**-**	**-**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

11. Inventories

Raw materials, components	4 802	5 091	-	-
Work in progress	20 734	23 735	16 957	20 531
Finished goods	29 937	34 752	-	-
Life science products and equipment	20 471	16 613	-	-
Production supplies	13 922	14 782	-	-
Safari Fuel	313 261	275 578	-	-
Consumables	49 723	38 248	45 309	38 248
Other inventories for sale	636	647	-	-
	453 486	**409 446**	**62 266**	**58 779**
Allowance for slow moving stock	(29 217)	(40 762)	(788)	(10 040)
	424 269	**368 684**	**61 478**	**48 739**

Carrying value of inventories carried at fair value less costs to sell	424 269	368 684	61 478	48 739

Impaired amount of categories of inventory

Consumables	29 217	40 762	788	10 040

Amounts recognised in profit or loss

Write-downs for slow moving inventories to net realisable value amounted to R0.788 mil (2023: R10,040 mil) for the company and R29,217 mil (2023: R40,762 mil) for the Group. These were recognised as an expense during the year ended 31 March 2024, in cost of sales.

12. Trade and other receivables

Financial instruments:				
Trade receivables	422 817	429 853	523 889	507 619
Loss allowance	(120 620)	(127 459)	(460 428)	(411 725)
Trade receivables at amortised cost	302 197	302 394	63 461	95 894
Deposits	8 903	8 714	8 654	8 654
Staff fuel debtors	1 483	1 787	1 483	1 787
Sundry debtors	-	-	251	-
Other receivables Staff	31 065	9 518	56 091	10 326
Non-financial instruments:				
VAT	34 435	30 016	-	-
Prepayments (if immaterial)	1 156	-	-	-
Total trade and other receivables	**379 239**	**352 429**	**129 940**	**116 661**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

12. Trade and other receivables (continued)

Trade and other receivables pledged as security

No trade and other receivables have been pledged as security.

Classification as Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided below.

Approximate fair value of trade and other receivables

Trade and other receivables	379 243	352 429	129 940	116 661

Trade and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables

The recoverability of customers with outstanding balances of over R 100 000 were individually assessed, taking each individual customer's circumstances into account. Balances which were older than 90 days for customers with a balances of less than R 100 000 each, were provided for as expected credit losses.

On that basis, the loss allowance as at 31 March 2024 was determined as follows for trade receivables:

Trade Receivables Credit Risk

Group

2024	Current	1-30 days	31-60 days	61-90 days	90 days	Total
Gross Carrying amount	194 449	97 453	26 794	10 557	93 564	422 817
Expected loss rate	7,80 %	12,12 %	22,00 %	24,16 %	91,06 %	28,53 %
Loss allowance	**15 158**	**11 816**	**5 896**	**2 551**	**85 199**	**120 620**

2023	Current	1-30 days	31-60 days	61-90 days	90 days	Total
Gross Carrying amount	205 242	82 087	19 176	11 574	111 774	429 853
Expected loss rate	7,15 %	15,60 %	25,87 %	32,19 %	79,63 %	29,60 %
Loss Allowance	**16 740**	**12 802**	**4 961**	**3 726**	**89 005**	**127 234**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

12. Trade and other receivables (continued)

NECSA

2024	Current	1-30 days	31-60 days	61-90 days	90 days	Total
Gross Carrying amount	91 793	13 673	6 592	3 415	408 416	523 889
Expected Loss Rate	34,27 %	79,63 %	96,88 %	95,96 %	100,00 %	87,89 %
Loss Allowance	**31 461**	**10 888**	**6 386**	**3 277**	**408 416**	**460 428**

2023	Current	1-30 days	31-60 days	61-90 days	90 days	Total
Gross Carrying amount	118 909	14 681	14 102	4 430	355 497	507 619
Expected Loss Rate	28,53 %	75,88 %	83,45 %	91,26 %	98,17 %	81,11 %
Loss Allowance	**33 929**	**11 344**	**13 160**	**4 302**	**348 990**	**411 725**

The Group writes off debtors based on a line by line basis on amounts greater than R100 000 in the over 90 days aging bracket, taking into consideration whether the debtor is in severe financial difficulty and whether there is no realistic prospect of recovery.

The loss allowances for trade receivables as at 31 March 2024 reconcile to the opening loss allowances as follows:

Opening loss allowance	127 234	112 454	411 725	329 563
Increase in loss allowance recognised in profit or loss during the year	(6 614)	14 780	48 703	82 162
	120 620	**127 234**	**460 428**	**411 725**

Trade receivables are written off where 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 90 days past due.

These definitions for defaults as aforementioned were selected, because they are expected to result in the most accurate measurement of the expected credit loss.

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.

Trade receivables - related parties	2024	2023
Trade receivables	444 192	433 184
Loss allowance	(415 625)	(375 579)
	28 567	**57 605**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	44	43	18	20
Bank balances	1 001 317	875 896	668 547	662 199
Short-term deposits	125 545	105 511	-	-
Bank overdraft	(10 648)	(21 190)	(290)	(77)
	1 116 258	**960 260**	**668 275**	**662 142**

Current assets	1 126 906	981 450	668 565	662 219
Current liabilities	(10 648)	(21 190)	(290)	(77)
	1 116 258	**960 260**	**668 275**	**662 142**

Current liabilities

Gammatec	(1)	(8 106)	-	-
Pelchem The Nuclear Energy Corporation of South Africa SOC Limited has signed suretyship for the R14,000 overnight facility. The overnight facility is reviewed once a year by Nedbank. There are no set repayment terms on the overdraft and the interest is charged at prime plus 0.5%	(10 350)	(13 000)	-	-
Arecsa				
Overdraft account with ABSA	(7)	(7)	-	-
Necsa deposits in transit	(290)	(77)	(290)	(77)
	(10 648)	**(21 190)**	**(290)**	**(77)**

The overdraft facility was revoked during the 2019/20 financial year. This was due to market fluctuations during the height of the COVID-19 pandemic influencing the markets. There are no set repayment terms of the overdraft and interest is charged at prime less 1.5%. There is no restrictions on the realisability of any of the cash and cash equivalents. The credit quality of cash at bank and short term deposits, excluding cash on hand is assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

13. Cash and cash equivalents (continued)

Asset based financing	899	899	899	899
Bills of exchange	-	100	-	-
CFC	2 000	2 000	-	-
Commitments regarding guarantees (local)	2 200	2 200	-	-
Corporate credit card	5 000	5 000	5 000	5 000
FEC's	68 615	68 615	36 500	36 500
Fleet management service	185	145	-	-
Forex cancellation limit	750	750	-	-
Forex settlement limit	7 000	7 000	-	-
General short term banking facility	3 500	9 500	3 500	3 500
Letter of Guarantee	32 000	5 000	-	-
Letter of credit	450	450	-	-
Overdraft	11 500	11 500	-	-
Vehicle and asset finance	5 290	5 290	-	-
Financial assets pledged as collateral	11 300	11 300	-	-
	150 689	**129 749**	**45 899**	**45 899**

14. Share capital

Authorised

500 000 000 ordinary shares of R1 each	500 000	500 000	500 000	500 000

Reconciliation of number of shares issued:

2 205 000 ordinary shares of R1 each	2 205	2 205	2 205	2 205

Issued

Ordinary	2 205	2 205	2 205	2 205

15. Leases and right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	-	200	-	-
Motor vehicles	16 147	8 050	15 733	7 307
	16 147	**8 250**	**15 733**	**7 307**
Additions to right-of-use assets				
Motor vehicles	9 941	3 269	9 941	2 717

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

15. Leases and right-of-use assets (continued)

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 31), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	200	228	-	-
Motor vehicles	1 843	1 762	1 514	1 514
	2 043	**1 990**	**1 514**	**1 514**
Other disclosures				
Interest expense on lease liabilities	1 807	6 134	1 755	583
Leases of low value assets included in operating expenses	535	443	-	-
Leases of low value assets included in cost of merchandise sold and inventories	(140)	(48)	-	-
Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	4 462	2 151	4 251	1 642
Two to five years	7 535	3 596	7 378	3 232
	11 997	5 747	11 629	4 874
Less finance charges component	(42)	(96)	-	-
	11 955	**5 651**	**11 629**	**4 874**
Non-current liabilities	7 523	3 557	7 378	3 232
Current liabilities	4 432	2 094	4 251	1 642
	11 955	**5 651**	**11 629**	**4 874**

16. Retirement benefits

The Company and its two major subsidiaries, NTP Radioisotopes and Pelchem, operate a provident fund scheme which is governed by the Pensions Fund Act No. 24 of 1956. The scheme is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company has defined contribution plans established in 1994. These contribution plans are compulsory for every permanent employee employed in accordance with the conditions of employment, primarily by means of monthly contributions to the Necsa Retirement Fund. A defined contribution plan is a provident fund under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognised as an expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

16. Retirement benefits (continued)

The Necsa Retirement Fund is revalued by an independent Actuary on an annual basis. The last actuarial valuation was performed in April 2024 for the year ending 31 March 2024. The conclusion made in the latest actuarial valuation was that the Fund is currently in a good financial position and should remain so, based on the contribution rates payable in terms of the rules of the Fund, until the next actuarial valuation.

Defined benefit plan

NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem's post-employment health care liabilities consists of a commitment to pay a portion of the members' post-employment medical scheme contributions. This liability is also generated in respect of independents who are offered continued membership of the medical scheme on the death of the primary member. The schemes have been valued per individual entity namely NECSA, NTP Radioisotopes and Pelchem, which reflects the group figures. These schemes have been disclosed separately below.

Members employed before 1 September 2004 are entitled to a 100% subsidy of medical scheme contributions in retirement, provided they have been members of the medical scheme for at least 10 years. Should a member be on the medical scheme for less than 10 years at retirement, they will be entitled to a 10% subsidy for each year they were active on the medical scheme during employment at NECSA.

Eligible members receive a Rand amount based on the Essential Core option's contributions in 2005, increasing annually in line with consumer price inflation ('CPI'). The Rand amounts for 2024 are R1,641 per month for a single member and R2,704 for a married member. The child dependent subsidy for 2024 is R686 per month.

If a member qualifies to upgrade to a Comprehensive option as per the subsidy rules then NECSA will subsidise an additional Rand amount for the upgrade. The additional Rand amounts for members on the Classic Comprehensive option in 2024 are R917 per month for a single member and R1,665 per month for a married member. The additional Rand amounts for members on the Essential Comprehensive option in 2024 are R928 for a single member and R1,680 per month for a married member.

Members who do not qualify for an upgrade to a Comprehensive option or who do not belong to a Comprehensive option receive an additional Rand amount for the Medical Savings Account (MSA) contributions. The additional Rand amount for 2024 is R757 per member, irrespective of marital status.

Members who retired before 1 July 1990, referred to as the "Old 100% Group" receive an additional Rand amount of R307 for 2024, irrespective of marital status.

Dependents of eligible continuation members receive a subsidy before and after the death of the principal member. Note: The Rand amounts above are based on year on year CPI inflation to September 2023.

NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem's subsidy of its current employees' future post-employment medical scheme contributions and current pensioners' medical scheme contributions presents certain risks to the Company, the most significant of which are summarised below. The majority of these risks mainly apply to the Pelchem group only as there is no plan asset arrangement in respect of the group.

16. Retirement benefits (continued

Subsidy inflation	The post-employment health care liability is linked to consumer price inflation. Higher consumer price inflation than expected will lead to higher liabilities.
Longevity	The employer's subsidy covers the post-employment medical scheme contributions in retirement until the main pensioner's death. On the main pensioner's death the subsidy will continue at a reduced level based on the contributions for the remaining dependents. The longevity risk is the risk that pensioners will live longer than expected. Possible contributing factors are medical advances, better health care and greater emphasis on following healthier lifestyles. This would lead to benefits being payable for longer than expected.
Cash flow risk	The employer pays the subsidy amounts in respect of the pensioners either directly to the pensioner or to the medical aid. There is a risk to the employer that, due to unforeseen circumstances, funds may not be available at the time that they are required.
Changes in bond yields and CPI	A decrease in the bond yields used to determine the discount rate will increase the employer's reported post-employment health care liability. An increase in CPI will result in a higher subsidy inflation assumption, which consequently will lead to a higher reported post- employment health care liability. High volatility in the above rates may lead to volatile balance sheet and income statement disclosures.
Future changes in legislation	The Government's stated intention to implement a National Health Insurance system in the near future may lead to a requirement to provide some level of compensation to eligible members or to fund additional amounts into the system. Furthermore, changes in tax legislation affecting the subsidy may also pose a risk to both the employer and the recipients of the subsidy.

Company developments:

NECSA purchased additional annuities with effect from 1 May 2022 to cater for new retirements since the previous purchase. In addition, contributions were also made towards the recurring premium contracts in place. Furthermore, annuities were also purchased in respect of new retirees for NECSA's subsidiary, NTP Radioisotopes.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2024 by Mr Sean Neethling, Fellow of the Institute of Actuaries of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. MCA also undertook the previous valuation for NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem as at 31 March 2024.

Momentum Consultants and Actuaries ('MCA') quantify the present value of post-employment health care liabilities in terms of IAS19 for:

16. Retirement benefits (continued

a) Current continuation members

b) Future continuation members emanating from the current active medical scheme members employed by NECSA

In particular, the funded status of the post-employment plan as at the valuation date will be determined and compared to the projected liability, calculated as at 31 March 2024. An expense for the 2023/24 financial year will be derived and a projected expense for the forthcoming year will be calculated for budget purposes. The report complies with the relevant professional guidance from the Actuarial Society of South Africa as described in Advisory Practice Note APN301.

The principal assumptions used for the purposes of the actuarial valuations for NECSA and its two major subsidiaries, NTP Radioisotopes and Pelchem were as follows.

	Valuation at	
Economic assumptions:	2024	2023
Discount rate (D)	12,40 %	11,15 %
Consumer Price Index (CPI)*	6,60 %	5,80 %
Subsidy contribution increase rate (H)	6,60 %	5,80 %
Net discount rate ((1+D)/(1+H)-1)	5,44 %	5,06 %
Expected return in Plan Assets	12,40 %	11,15 %

* This is the market expectation of long-term CPI.

We have estimated the total duration of the liability to be 8.25 years, based on the previous valuation basis and current membership data. The rates derived are based on prevailing yields as at 31 March 2024. We used a convention of rounding the discount rate, price inflation and subsidy increase rates to the nearest 0.05%. In the previous valuation these rates were rounded to the nearest 0.1%. The net discount rate is rounded to the nearest 0.01%.

While it is essential that the assumptions are individually justifiable, it is the relative levels of the discount rate and health care cost inflation to one another that are important in the determination of the liability, rather than the nominal values.

Discount rate

We have derived the discount rate from the government bond zero-coupon yield curve. We used the spot rate on the nominal curve with duration equal to the rounded liability duration of 8.25 (8.15 years rounded to the nearest 0.25 years) to derive the discount rate of 11.15% per annum.

Price index inflation

The market expectation of long-term price inflation of 5.8% per annum was derived from the differential between the nominal yield curve and real yield curve at the same duration. An allowance for an inflation risk premium of 0.50% was introduced.

16. Retirement benefits (continued)

Subsidy contribution increase rate

The subsidy increase rate was set at price inflation

Expected return on Plan Assets

The expected return on Plan Assets was set at the discount rate.

Comparison to previous valuation

The financial assumptions have been set on a consistent basis with the previous year's valuation.

	Valuation at	
Demographic assumptions:	2024	2023
Expected retirement age (Males and females)	65	65

Family structure

	Current valuation	
	In-service members	Pensioners
Age difference between husband and wife	Actual ages used if available / Husband 4 years older than wife	Actual ages used
Proportion married	Assumed 75% married at retirement (previous valuation assumed 90% married at retirement)	Actual marital status used

Following discussion with employer, it was agreed that the proportion married assumption be reviewed. The assumed proportion married at retirement was reduced from 90% to 75%. This was based on an analysis of the proportions married of in-service members as at 31 March 2024 over age 60. The analysis indicate that 71% of in-service members in the over 60 age group (i.e. close to retirement) were married. It was noted that the marital status of in-service members may only updated on notifications to the employer. A slightly more prudent assumption relative to the actual date is therefore appropriate.

In valuing the death-in-service healthcare liability, it is necessary to make a number of additional assumptions. We assumed that the percentage married of in-service members increases from 71% at age 40 to 75% at age 45 until retirement. We have assumed the following percentage married for valuing death-in-service healthcare liability.

All eligible in-service employees were over age 39 as at the valuation date.

Example at stated age	Proportion married
40	71%
45+	75%

We have assumed that pensioner's children and orphans will be subsidised until the age of 21. We have not made any allowance for in- service members to have child dependents in retirement.

Continuation percentages:

We assumed that none of the current in-service members eligible for a retirement subsidy would discontinue medical scheme membership upon reaching retirement with NECSA on the grounds of affordability. Similarly, we assumed that none of the dependents of current in- service members eligible for a death-in-service subsidy would discontinue medical scheme membership on the grounds of affordability upon the death-in-service of the principal member.

Other than the proportion married at retirement, the demographic assumptions are the same as those used in the previous valuation.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

16. Retirement benefits (continued)

Decrement assumptions:	Valuation at	
	2024	2023
Mortality rates		
In-service members	SA 85-90 (Light)	SA 85-90 (Light)
Pensioners	PA (90) rated down 2 years	PA (90) rated down 2 years

In addition to the above pensioner mortality assumption, we have made allowance for 1.00% p.a. improvement in mortality. We have used a base year of 2006 (i.e. as at valuation date there has been 17 years of mortality improvements).

Based on the above post-retirement mortality table the life expectancy of a 65 year old male is 18.6 years and for a 65-year-old female it is 22.9 years.

Withdrawal rates

Example at stated age	Withdrawal rates
40 - 45	2%
45+	0%

Reconciliation of assets and liabilities recognised on the Statement of financial position

Present value of the defined benefit obligation-wholly unfunded	(291 525)	(310 675)	(263 260)	(281 169)
Fair value of plan assets	29 666	21 810	29 666	21 810
	(261 859)	**(288 865)**	**(233 594)**	**(259 359)**
Non-current assets	29 666	21 810	29 666	21 810
Non-current liabilities	(264 045)	(282 786)	(237 625)	(255 074)
Current liabilities	(27 480)	(27 889)	(25 635)	(26 095)
	(261 859)	**(288 865)**	**(233 594)**	**(259 359)**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

16. Retirement benefits (continued)

Reconciliation of net liability recognised on the Statement of financial position

Opening balance	288 865	289 122	259 359	263 066
Contributions by members	33 001	31 551	29 817	28 833
Exchange differences	1 519	1 892	1 309	1 640
Benefits paid	(4 543)	(3 948)	(4 543)	(3 948)
Net annual cost recognised in profit or loss	29 997	26 525	26 583	26 525
Actuarial (gain)/ loss	(22 406)	3 362	(19 662)	1 346
Employer prefunding / additional contributions	(34 577)	(33 114)	(32 686)	(31 578)
	261 859	**288 865**	**233 594**	**259 359**

Reconciliation of present value of obligations in excess of Plan Assets

Opening balance	288 865	289 122	259 359	263 066
Interest cost	33 001	31 551	29 817	28 833
Current service cost	1 519	1 892	1 309	1 640
Expected return on Plan Assets	(4 543)	(3 948)	(4 543)	(3 948)
Actuarial (gain)/ loss	(22 406)	3 362	(19 662)	1 346
Employer prefunding contributions	(34 577)	(33 114)	(32 686)	(31 578)
	261 859	**288 865**	**233 594**	**259 359**

Sensitivity analysis:

Company:

The liability derived by this valuation is dependent on the assumptions set out above, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by NECSA in accordance with its accounting policies.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. This is a limitation of a sensitivity analysis.

16. Retirement benefits (continued)

Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	284 578	263 220	244 748
Employer's service and interest cost	32 214	32 126	32 015

Therefore, a 1% increase in the discount rate assumption will result in a 7.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in an 8.1% increase in the accrued liability.

Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	244 303	263 220	284 840
Employer's service and interest cost	29 638	32 126	34 968

Therefore, a 1% increase in the inflation rate assumption will result in an 8.2% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 7.2% decrease in the accrued liability.

Mortality

The table below shows the impact of changing the mortality basis from PA (90)-2 to PA(90)-3 and PA(90)-1, all with a 1.0% improvement.

	PA(90) – 3*	Valuation basis	PA(90) – 1*
	R'000	R'000	R'000
Employer's accrued liability	271 421	263 260	255 099
Employer's service and interest cost	33 161	32 126	31 091

*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 3.1% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 3.1% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

16. Retirement benefits (continued)

Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

	1 year younger	Valuation basis	1 year older
	R'000	R'000	R'000
Employer's accrued liability	266 491	263 260	244 748
Employer's service and interest cost	32 402	32 126	29 772

Therefore, an increase of one-year in the average retirement age assumption will result in a 7.0% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.2% increase in the accrued liability.

Group

Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	356 387	326 030	299 934
Employer's service and interest cost	36 007	35 822	35 596

Therefore, a 1% increase in the discount rate assumption will result in a 8.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 9.3% increase in the accrued liability.

Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	299 258	326 030	356 740
Employer's service and interest cost	32 640	35 822	39 496

Therefore, a 1% increase in the inflation rate assumption will result in a 9.4% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 8.21% decrease in the accrued liability.

16. Retirement benefits (continued)

Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

	PA(90) – 3*	Valuation basis	PA(90) – 1*
	R'000	R'000	R'000
Employer's accrued liability	335 790	326 030	316 255
Employer's service and interest cost	36 920	35 822	34 724

*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 3.0% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 3.0% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

	1 year younger	Valuation basis	1 year older
	R'000	R'000	R'000
Employer's accrued liability	330 935	326 030	320 400
Employer's service and interest cost	36 260	35 822	35 167

Therefore, an increase of 1 year in the average retirement age assumption will result in a 1.7% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.5% increase in the accrued liability.

NTP Radioisotopes

Discount rate

The table below shows the impact of a 1% increase and decrease in the discount rate.

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	21 243	19 333	17 703
Employer's service and interest cost	2 545	2 666	2 438

Therefore, a 1% increase in the discount rate assumption will result in a 8.4% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 9.9% increase in the accrued liability.

16. Retirement benefits (continued)

Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	17 654	19 333	21 278
Employer's service and interest cost	2 260	2 666	2 757

Therefore, a 1% increase in the inflation rate assumption will result in a 10.1% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 8.7% decrease in the accrued liability.

Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

	PA(90) – 3*	Valuation basis	PA(90) – 1*
	R'000	R'000	R'000
Employer's accrued liability	19 804	19 333	18 855
Employer's service and interest cost	2 552	2 666	2 427

*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 2.4% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 2.5% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

	1 year younger	Valuation basis	1 year older
	R'000	R'000	R'000
Employer's accrued liability	19 833	19 333	18 810
Employer's service and interest cost	2 520	2 666	2 432

Therefore, an increase of 1 year in the average retirement age assumption will result in a 2.7% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 2.6% increase in the accrued liability.

16. Retirement benefits (continued)

Pelchem

Discount rate

The table shows the impact of a 1% increase and decrease in discount rate.

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	31 275	28 265	25 727
Employer's service and interest cost	3 672	3 574	3 484

Therefore, a 1% increase in the discount rate assumption will result in a 9.0% decrease in the accrued liability. Similarly, a 1% decrease in the discount rate assumption will result in a 10.6% increase in the accrued liability.

Price inflation

The valuation basis assumes that the employer's medical subsidy contribution rate will increase in line with consumer price inflation annually. The effect of a 1% increase and decrease in the inflation rate is as follows:

	1% decrease	Valuation basis	1% increase
	R'000	R'000	R'000
Employer's accrued liability	25 647	28 265	31 338
Employer's service and interest cost	3 225	3 574	3 985

Therefore, a 1% increase in the inflation rate assumption will result in a 10.9% increase in the accrued liability. Similarly, a 1% decrease in the inflation rate assumption will result in a 9.3% decrease in the accrued liability.

Mortality

The table below shows the impact of changing the mortality basis from PA(90)-2 with a 1.0% improvement, to PA(90)-3 with a 1.0% improvement and PA(90)-1 with a 1.0% improvement.

	PA(90) – 3*	Valuation basis	PA(90) – 1*
	R'000	R'000	R'000
Employer's accrued liability	28 851	28 265	27 668
Employer's service and interest cost	3 650	3 574	3 496

*The mortality basis includes mortality improvements of 1.0% per annum, with a base year of 2006.

Therefore, a one-year down-rating in the post-retirement mortality assumption will result in a 2.1% increase in accrued liability. Similarly, a one year upward-rating in the post-retirement mortality assumption will result in a 2.1% decrease in the accrued liability.

A one-year down-rating of the mortality assumption, assumes that a person currently aged x will experience mortality equivalent to that of a person aged x-1.

16. Retirement benefits (continued)

Expected retirement age

The table below shows the impact of a one-year increase and decrease in the average retirement age assumption (which is the age that the liability is assumed to be fully accrued). The impact of reducing the average retirement age by two years is also shown in the table below. The average retirement age is assumed to be 65 years.

	1 year younger	Valuation basis	1 year older
	R'000	R'000	R'000
Employer's accrued liability	28 776	28 265	27 708
Employer's service and interest cost	3 611	3 574	3 508

Therefore, an increase of 1 year in the average retirement age assumption will result in a 2.0% decrease in the accrued liability. Similarly, a decrease of 1 year in the average retirement age assumption will result in a 1.8% increase in the accrued liability.

Company

NECSA purchased an insurance policy in the form of a company-owned annuity policy, which qualifies as a Plan Asset, effective as at 1 March 2011. Following this, eleven further policy tranches were purchased with effective dates of 1 July 2012 and 1 May each year from 1 May 2013 to 1 May 2022.

As at 31 March 2024, the policy value of the Plan Asset provided by the insurer was R6,289,446.

The annuity portfolio is made up of a growth account and a guaranteed account. Increases are guaranteed at a minimum of CPI per annum. The growth account may be used for interim subsidies for new retirees until the annual annuity purchase.

	31 March	31 March
	2024	2023
	R'000	R'000
Guaranteed account	5 632	12 338
Growth account	658	648
Market value of Plan Asset	**6 290**	**12 986**

IAS 19 requires Plan Assets to be accounted for at fair value. To ensure comparability and consistency between the asset and liability valuation, the fair value of the Guaranteed Account was calculated as the present value of the liabilities (only for pensioners already on the Momentum annuity policy) using current valuation assumptions, less the present value of future outstanding premiums (after deducting administration costs, solvency and profit margins in the future premiums). For this, we have assumed admin costs of 2.95% and another 8.75% margin to cover solvency and profit margins. The fair value of the Growth Account was set at the market value.

16. Retirement benefits (continued)

The fair value of the Plan Asset is therefore set as follows:

	31 March 2024 R'000	31 March 2023 R'000
Guaranteed account	29 008	21 162
Growth account	658	648
Fair value of Plan Asset	**29 666**	**21 810**

The table below shows the reconciliation of the Plan Assets from opening to closing balance:

Reconciliation of Plan Assets

	31 March 2024 R'000	31 March 2023 R'000
Opening balance of Plan Asset	21 810	17 872
Expected benefit payments from Plan Asset	(27 511)	(25 450)
Additional contributions	32 686	31 578
Expected return on Plan Asset	4 543	3 948
Expected asset value as at end of year	31 528	27 948
Actuarial gains/(losses)	(1 862)	(6 138)
Closing balance of Plan Asset	**29 666**	**21 810**

Group

Pelchem:

We are not aware of any assets set aside for post-employment medical aid funding that qualify as Plan Assets in terms of the requirements of IAS19. As such we have ascribed a nil value to the fair value of Plan Assets.

NTP Radioisotopes:

NTP purchased an insurance policy in the form of a company owned annuity policy, which qualifies as a Plan Asset, effective as at 1 March 2011.

As at 31 March 2024, the policy value of the Plan Asset provided by the insurer was R21,478,663

The annuity portfolio is made up of a Growth Account and a Guaranteed Account. Increases are guaranteed at a minimum of CPI per annum. Funds are transferred from the Growth Account to the Guaranteed Account to fund the purchase of annuities for new retirees. The account may also be used to fund any increase in Employer Contributions in excess of the guaranteed annuities.

16. Retirement benefits (continued)

At the current and previous valuation date, the values of each of these accounts were as follows:

	31 March 2024 R'000	31 March 2023 R'000
Guaranteed account	14 873	15 257
Growth account	6 606	6 121
Market value of Plan Asset	**21 479**	**21 378**

IAS 19 requires Plan Assets to be accounted for at fair value. To ensure comparability and consistency between the asset and liability valuation, the fair value of the Guaranteed Account was calculated as the present value of the liabilities with increases at CPI using current valuation assumptions. The fair value of the Growth Account remains at market value (this was limited to the value of accrued liability as this also funds future service liabilities).

The fair value of the Plan Asset is therefore set as follows:

	31 March 2024 R'000	31 March 2023 R'000
Fair value of Plan Assets	19 333	19 047

The table below shows the reconciliation of the Plan Assets from opening to closing balance:

Reconciliation of Plan Assets

	31 March 2024 R'000	31 March 2023 R'000
Opening balance of Plan Asset	19 047	19 036
Expected benefit payments from Plan Asset	(1 263)	(1 156)
Contribution from growth account for current service costs	209	219
Expected return on Plan Asset	2 194	1 984
Expected asset value as at end of year	20 187	20 083
Actuarial gains/(losses)	(854)	(1 036)
Closing balance of Plan Asset	**19 333**	**19 047**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

17. Deferred income

Government grants for future expenditure:				
Non-current liabilities	767 189	674 526	767 189	674 526
Current liabilities	504 668	497 438	504 668	497 438
	1 271 857	**1 171 964**	**1 271 857**	**1 171 964**
At 1 April 2023	1 171 964	1 018 129	1 171 964	1 018 129
Received during the year	862 608	876 689	862 608	876 689
Released to the statement of comprehensive income	(762 715)	(722 854)	(762 715)	(722 854)
At 31 March 2024	**1 271 857**	**1 171 964**	**1 271 857**	**1 171 964**

Refer to note 23, and 26 for nature and detail of the government grant received relating to decommissioning and decontamination costs.

18. Provisions

Reconciliation of provisions - Group - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Decommissioning and waste disposal	818 681	103 671	(14 658)	(2 651)	(229)	904 814
Leave provision	133 636	5 494	(8 596)	(849)	-	129 685
	952 317	**109 165**	**(23 254)**	**(3 500)**	**(229)**	**1 034 499**

Reconciliation of provisions - Group - 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Decommissioning and waste disposal	862 436	29 225	(7 573)	(69 685)	4 278	818 681
Leave provision	137 549	16 371	(11 678)	(8 606)	-	133 636
	999 985	**45 596**	**(19 251)**	**(78 291)**	**4 278**	**952 317**

Reconciliation of provisions - Company - 2024

	Opening balance	Additions	Utilised during the year	Total
Fuel elements and waste drums	671 354	82 516	-	753 870
Leave provision	69 522	663	(3 192)	66 993
	740 876	**83 179**	**(3 192)**	**820 863**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

18. Provisions (continued)

Reconciliation of provisions - Company - 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Fuel elements and waste drums	737 456	1 288	(67 390)	-	671 354
Leave provision	83 352	-	(6 343)	(7 487)	69 522
	820 808	**1 288**	**(73 733)**	**(7 487)**	**740 876**

Non-current liabilities	904 814	818 681	753 870	671 354
Current liabilities	129 685	133 636	66 993	69 522
	1 034 499	**952 317**	**820 863**	**740 876**

Provision for decommissioning and waste disposal:

Provision is made for the decommissioning of purely commercial plants and disposal of the resulting waste. The annual transfer is based on the latest available cost information. The Company was awarded a license from the National Nuclear Regulator to transport the waste to Vaalputs on 15 March 2011. The assessment methodology provides an estimate of the total cost associated with the decommissioning of commercial plants currently existing at Necsa to the point where they can be reused or released from regulatory control, and the total cost to manage (treat, condition, store and/or dispose) all the existing and future waste created by these activities. In order to estimate the cost and scheduling of the various decommissioning and waste management activities the following assumptions were made:

i) In view of the fact that the Necsa site will remain a licensed site for the foreseeable future, the decommissioning of facilities to the point of release from regulatory control is not necessarily regarded as the required endpoint, as that may depend on the potential future re-use of the nuclear facility.

ii) Only liabilities associated with existing facilities identified during the assessment cycle, and future facilities identified as essential for the discharge of these liabilities are included in the assessment.

iii) The following costs are included in the assessment:

The cost to decommission all facilities to the point where they can be released from regulatory control (The cost exclude future demolishing cost of buildings). Rehabilitation of the site was not included in the assessment, except in cases where this was considered to be the most viable option to achieve release from regulatory control.

A potential benefit (cost decrease) may be achieved as a result of technological progress in the fields of decommissioning and waste management. There are, however, many uncertainties that may impact the accuracy of cost estimates for discharging nuclear liabilities, mainly due to the long time periods over which the cost estimates must be done. Some of these uncertainties are listed below:

Non-technical aspects, such as socio-political factors and changes in laws or regulations in nuclear safety and waste management, are difficult to quantify in terms of impact on cost estimates.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

18. Provisions (continued)

Decommissioning cost for many projects occur some years in the future. The lifetime of some processes may also be extended resulting in the postponement of decommissioning activities and cost.

Future developments in the nuclear industry (up scaling or down scaling) may result in the reuse of contaminated or previously decommissioned facilities. Refer note 23 and 26 for further disclosure on the nature of Decommissioning and Decontaminating liability.

Leave provision:

The leave days is a provision, because there is uncertainty over the timing and amount at year end and it is still included as a provision and in our understanding it is a provision as defined.

General:

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the Group's financial position, liquidity or cash flow.

19. Trade and other payables

Financial instruments:				
Trade payables	217 552	131 511	34 041	39 410
Accrued expenses	37 133	40 230	35 621	42 021
Payroll accruals	17 736	16 586	8 194	8 009
Deposits received	274	374	-	-
Other payables	63 869	90 609	56 047	65 595
Non-financial instruments:				
Amounts received in advance	24 292	6 364	-	-
VAT	8 433	16 025	8 433	16 025
	369 289	**301 699**	**142 336**	**171 060**

Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The average credit period on purchases is between 30 and 60 days from date of statement. The Company and Group settle payments to creditors on average 30 days from receipt of the statements. The Company and Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Included in Other payables are sundry creditors and other miscellaneous items, of which outstanding cheque deposits form a big part of the total.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

20. Revaluation reserve

The revaluation reserve consists of fair value adjustments to the land and buildings of the Company and Group.

Revaluation reserve	799 371	779 170	783 779	764 598

Necsa does not intend to sell its land and buildings before decommissioning and decontamination takes place. An exercise will need to be conducted to check the decommissioning and decontamination of the land and buildings.

21. Goodwill

Group	2024			2023		
Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value	
Goodwill	16 585	-	16 585	16 585	-	16 585

Reconciliation of goodwill - Group

	Goodwill
Cost	
At 31 March 2023	**16 585**
At 31 March 2024	**16 585**
Carrying amount	
Cost	16 585
At 31 March 2023	**16 585**
Cost	16 585
At 31 March 2024	**16 585**

Goodwill

Goodwill was recognised on the acquisition of the following subsidiaries:

1) AEC-Amersham SOC Ltd

Percentage of voting equity interests acquired: 100%

Description of how the NECSA obtained control of AEC-Amersham: NECSA obtained control of AEC-Amersham through its 100% voting equity interest in NTP Radioisotopes, which in turn obtained 100% voting equity interests in AEC-Amersham.

Factors that make up the goodwill recognised: Synergies are expected from combining operations of AEC-Amersham with the NECSA group of companies.

2) Gammatec NDT Supplies SOC Ltd

Percentage of voting equity interests acquired: 55%

Description of how the NECSA obtained control of Gammatec NDT Supplies: NECSA obtained control of Gammatec NDT Supplies through its

100% voting equity interest in NTP Radioisotopes, which in turn obtained 55% voting equity interests in Gammatec NDT Supplies.

Factors that make up the goodwill recognised: Synergies are expected from combining operations of Gammatec NDT Supplies with the NECSA group of companies.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

21. Goodwill (continued)

Goodwill Allocation				
AEC-Amersham SOC Ltd	5 228	5 228	-	-
Gammatec NDT Supplies SOC Ltd	11 357	11 357	-	-
	16 585	**16 585**	**-**	**-**

22. Derivatives

Non-hedging derivatives				
Revaluation of open forward exchange contracts	(757)	(1 997)	-	-
Forex exchange contract	(523)	3 372	(523)	3 372
	(1 280)	**1 375**	**(523)**	**3 372**

Split between non-current and current portions				
Current assets	-	3 372	-	3 372
Current liabilities	(1 280)	(1 997)	(523)	-
	(1 280)	**1 375**	**(523)**	**3 372**

Refer to note 44 Fair value information for details of valuation policies and processes.

Refer to note 43 Financial instruments and risk management further details.

23. Decommissioning and Decontamination of Stage 1 and Stage 2

The South African Nuclear Energy Corporation Ltd (Necsa) has been established for the Republic in terms of the Nuclear Energy Act 46 of 1999 to manage and operate the Republic's nuclear and related objectives. Necsa derives its mandate (powers and functions) solely from the Act and the Minister of Energy via the Department of Minerals Resources and Energy (DMRE), and is subjected to the Policies and Procedures designed by the DMRE.

The National Nuclear Regulator (NNR), an organ of the State, was established in terms of the National Nuclear Regulator Act 47 of 1999. Section 1 (xiv) of the NNR Act makes provision for the granting of nuclear authorisations, also known as Nuclear Installations Licenses (NILs). Section 20 (1) of the Act states that "No person may site, construct, operate, decontaminate or decommission a nuclear installation, except under the authority of a Nuclear Installation Licence".

Section 21 (1) requires that any person wishing to site, construct, operate, decontaminate or decommission a nuclear installation may apply in the prescribed format to the Chief Executive Officer of the NNR for a nuclear installation licence and must furnish such information as the NNR Board of Directors requires. Necsa is currently the license holder of forty one (41) Nuclear Installation Licenses (NILs) that was issued by the NNR. The NNR approved NILs issued to Necsa, govern all nuclear activities undertaken in the disused and operational nuclear facilities.

23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

The Republic of South Africa announced its intention to abandon the Nuclear Weapons Programme in 1989 and acceded to the Non-Proliferation of Nuclear Weapons on 10 July 1991. Stemming from this announcement Necsa started in 1995 with the shutdown of the various strategic nuclear facilities directly linked to the Nuclear Weapons Programme while the other strategically related operating nuclear facilities were excluded to continue the maintenance of the Necsa site license and to support some of the current operating facilities to date.

These shutdown facilities (some have been Decommissioned & Decontaminated (D&D) while others are scheduled to be decommissioned & decontaminated) are currently known as past disused strategic nuclear facilities. All the other ancillary nuclear facilities that were strategically used for the Nuclear Weapons Programme have been kept operational for the new Non-Weapons (peaceful application of nuclear energy) mandate and are currently known as the Past Operational Strategic Nuclear facilities.

In terms of Section 55 (2) read with Section 1 (xiia) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999), the D&D of Past Strategic Nuclear facilities, including the management of related radioactive material and waste, is an institutional nuclear obligation that vests in the Minister of Mineral Resources and Energy. Necsa is responsible for discharging of the liabilities and government is responsible for funding thereof.

In 2000 Necsa was requested by the then DMRE to quantify the total nuclear and related liability at the Pelindaba site arising from the nuclear weapons/ strategic programme. Necsa then submitted to Cabinet, in April 2004, through the DMRE, a Nuclear Liabilities Management Plan (NLMP). The NLMP differentiated between three stages of D&D, namely:

- Stage 1 Decommissioning and Decontamination of all disused historical nuclear facilities;
- Stage 2 Decommissioning and Decontamination of all remaining (currently operating as at 2004) nuclear facilities.

In November 2005 Cabinet approved funding of approximately R1,8 billion (2004/05 Rand values) as reflected below: The D&D of disused historical nuclear facilities (Stage 1) of the Nuclear Liabilities Management Plan (R1,5 billion) and decommissioning and remediation of Thabana waste trenches & waste storage facilities, which were excluded from the NLMP, R270 million.

In order to provide a monitoring mechanism for effective oversight of the implementation of the approved 2005 Cabinet resolutions, DMRE issued a Policy Procedure on the Management of Nuclear Liabilities arising from Past Strategic Nuclear Facilities in May 2008, the latest policy procedure was issued in April 2021. According to the policy procedure, Necsa must submit to DMRE a formal reassessment of the liabilities every five years or at a shorter frequency if so required by the Minister. The initial methodology for reassessing the liabilities and any changes to the methodology thereafter must be agreed with the DMRE prior to implementation.

The reassessment takes into account the following and is subjected to international experts benchmarking and validation:

a) Review of variables and values used in the assessment model (e.g. interest rates, inflation rates, waste inventories, processing cost, etc.)

b) Review assumptions made in the model.

c) Appropriateness of model used.

d) Adjustments due to liabilities discharged in previous years.

The assessed amount is adjusted for inflation annually until the next reassessment. Since 2007/08 NECSA has been receiving annually ring-fenced grants from the State to discharge this liability on behalf of the DMRE

Notes to the Annual Financial Statements

23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

Stage 1 Liabilities: In 2013/14 financial year, all the parties considered that the Decommissioning and Decontamination liability vested in the Minister and was recognised in the financial statements of the DMRE; and NECSA was acting as an agent of the Minister with regard to D&D. A Senior Counsel opinion, obtained in March 2016, confirmed that the liability to Decommission and Decontaminate past strategic nuclear facilities rests with NECSA with regard to both disused and currently in use facilities; and that the State is obligated to fund these liabilities.

The Minister has accepted this opinion and has transferred this liability as well as Cabinet's approval to fund the Stage 1 liability to NECSA; to be recognised in NECSA's financial statements as from the 2014/15 financial year.

An independent international expert has confirmed that the assessment methodology used to determine the liability was in line with international best practice and that the amount was sound and reasonable.

After adjusting for inflation and the costs already incurred this liability has been determined to be R2.6 billion as at 31 March 2023 and in terms of IAS 37 this liability is recognised as a provision (liability) and the State's funding obligation, approved by Cabinet is recognised as an asset.

The initial 2018/19 liability reassessment that was conducted by Necsa was not accepted by the 2019 independent review team for the following reasons:

1. Concern that the methodology assumed end date of 2033 is not realistic and attainable
2. No justification/detailed long term plan to substantiate the remaining years of the 2033 end date
3. Indirect/overhead cost not sufficient (was less than 2013/14 +CPI). This approach was based on the 2013/14 methodology as agreed to base 2018/19 assessment.
4. Queries in the facility inventory and D&D assessments.

The above, required corrective measures to be implemented, another 2018/19 reassessment conducted and reviewed by the 2020 independent review team, The R5.5 Billion current prices was confirmed/accepted as a reasonable estimates compared to the previously assessed R3.6 Billion that was rejected by the review team. The reason for the increase was mainly due to the following:

- The high level long-term plans for Waste Management and Decommissioning activities that were developed, after being identified as a shortcoming by the independent expert reviewer from the previous reassessment that was not accepted by the independent review team.
- These long-term plans pushed the projects from 2033 to 2040 increasing the project end date by seven (7) years.
- The negative impact of the underfunding over the past years that delayed the execution of the projects also contributed to this estimate although additional funding was provided in 2018.

An independent international expert has confirmed that the 2020 assessment methodology used to determine the liability provides a reasonable central estimate of the ongoing liability, as such it provides a reasonable figure for the purpose of securing government funding.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

Non-current assets				
Decommissioning & decontamination - Stage 1	3 045 799	2 496 119	3 045 799	2 496 119
Non-current liabilities				
Decommissioning & decontamination - Stage 1	(3 045 799)	(2 496 119)	(3 045 799)	(2 496 119)
	-	-	-	-

Government grant expense (Decommissioning & decontamination - Stage 1)	(560 731)	(966 692)	(560 731)	(966 692)
Acceptance of Decommissioning & decontamination - Stage 1	560 731	966 692	560 731	966 692
	-	-	-	-

2024	Opening	Finance Charge / Finance Income	Change in discount factor	Total
	R'000	R'000	R'000	R'000
Assets	2 496 119	-	549 680	3 045 799
Liabilities	(2 496 119)	-	(549 680)	(3 045 799)
	-	-	-	-

2023	Opening	Finance Charge / Finance Income	Change in discount factor	Total
	R'000	R'000	R'000	R'000
Assets	3 222 453	290 535	(1 016 869)	2 496 119
Liabilities	(3 222 453)	(290 535)	1 016 869	(2 496 119)
	-	-	-	-

Stage 2 Liabilities:

The Stage 2 facilities are currently in operation and these facilities will only be decommissioned and decontaminated once operations cease.

Strategic Operational Nuclear Facilities currently in use:

During 2013/14, the D&D Stage 2 liability assessment by management was calculated at R478 million. The formal assessment of liability is done periodically. In between the formal assessment, applicable economic indicators such as inflation are utilised to calculate the liability.

The Stage 2 liability has been assessed on the basis of the same methodology as for Stage 1. The reassessment is conducted every five (5) years and the assessed amount will be adjusted for inflation until the next reassessment. The last assessment was conducted in the 2022/2023 financial year. An independent international expert has confirmed that the assessment methodology used to determine the liability was in line with international best practice and that the amount of R512 million was sound and reasonable as on 30 March 2017.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

23. Decommissioning and Decontamination of Stage 1 and Stage 2 (continued)

Up to 2017/18, the asset could only be recognised to the extent of the allocation letter of grant for the Medium-Term Expenditure Framework (MTEF) period received from the shareholder Department of Mineral Resources and Energy. However, in June 2018, the Minister of Finance through the Cabinet Memo 04 of 2018 accepted the funding obligation for Stage 2. To this extent, the Stage 2 liability matches the asset with effect from 2018/19 financial year. To address the incongruity between liabilities exceeding the asset with regard to D&D Stage 2, Necsa through the Department of Minerals Resources and Energy (DMRE) drafted a Cabinet Memorandum 04 of 2018 requesting the Cabinet to approve in writing the funding commitment of Stage 2 liability for Operational Nuclear Facilities at Necsa.

To this extent, the Cabinet approved the funding of Stage 2 and requested the DMRE and National Treasury to finalise the matter in such a way that the AGSA will be satisfied that the funding obligation of Stage 2 lies with the state. Therefore, with effect from 2018/19 the Cabinet memo read with the Minister of Finance's letter complies with IAS 37.

Non-current assets				
Decommissioning & decontamination - Stage 2	287 913	243 931	287 913	243 931
Non-current liabilities				
Decommissioning & decontamination - Stage 2	(287 913)	(243 931)	(287 913)	(243 931)
	-	-	-	-

2024	Opening	Finance Charge / Finance Income	Change in discount factor	Total
	R'000	R'000	R'000	R'000
Assets	243 931	32 931	11 051	287 913
Liabilities	(243 931)	(32 931)	(11 051)	(287 913)
	-	-	-	-

2023	Opening	Finance Charge / Finance Income	Change in discount factor	Total
	R'000	R'000	R'000	R'000
Assets	193 753	-	50 178	243 931
Liabilities	(193 753)	-	(50 178)	(243 931)
	-	-	-	-

The calculation of the decommissioning and decontamination asset, liability, revenue, expenditure, finance costs and investment income values were corrected in the current year and the values on the AFS were updated.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

24. Vaalputs After Care

Non-current Asset	21 371	22 108	21 371	22 108
Non-current liabilities	(59 836)	(56 178)	(59 836)	(56 178)
	(38 465)	**(34 070)**	**(38 465)**	**(34 070)**

2024	Opening	Depreciation	Change in discount factor	Total
	R'000		R'000	R'000
Vaalputs After Care Non-current asset	22 108	(737)	-	21 371
Vaalputs After Care non-current liabilities	(56 178)	-	(3 658)	(59 836)
	(34 070)	**(737)**	**(3 658)**	**(38 465)**

2023	Opening	Depreciation	Change in discount factor	Total
	R'000		R'000	R'000
Vaalputs After Care Non-current asset	22 845	(737)	-	22 108
Vaalputs After Care non-current liabilities	(52 821)	-	(3 357)	(56 178)
	(29 976)	**(737)**	**(3 357)**	**(34 070)**

In terms of Section 50 of the Nuclear Energy Act, the responsibility for the Republic's institutional nuclear obligations vests in the Minister of Mineral Resources and Energy. The management of nuclear waste disposal on a national basis is one of these obligations as defined in Section 1(xii) of the Act.

The management of radioactive waste disposal on a national basis is assigned to the National Radioactive Waste Disposal Institute. The Institute is an independent entity established by statute under the provision of section 55(2) of the Nuclear Energy Act to fulfil the institutional obligation of the Minister of Mineral Resources and Energy. Although the institute is operational, they are still in the process to obtain the Nuclear Installation Licence from the National Nuclear Regulator which will allow them to operate the Vaalputs disposal site.

In terms of section 30(8) of the Disposal Institute Act, DMRE subsequently appointed Necsa on 7 March 2010 to maintain the Nuclear Installation License for Vaalputs (NIL28) until such time as the NRWDI is in a position to take over these functions to the satisfaction of the NNR. To date the NNR still did not issue NRWDI with the Nuclear Installation License.

Vaalputs is required to make provision in a Long Term Provision Fund to cover the costs which will be incurred during the institutional control period of Vaalputs. This is a period of total 300 years after closure of the disposal site, and also called Aftercare. Contributions to this fund should be made to the fund during the operational period of Vaalputs (currently foreseen until 2054), thus ensuring that sufficient funds are available by the start of the institutional control period for these 300 years.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

24. Vaalputs After Care (continued)

Provision was made for this fund and annual contributions were made. A methodology and model were developed and documented by Necsa to determine and assess on an annual basis the total required provision which would be required by Vaalputs closure in current terms. This model also compares the determined required provision with the current total provision/asset, and then also determines the possible annual contributions required for the remainder of the operational period of Vaalputs.

The model considers all the projected operational expenses during the institutional control period, investment return, inflation, site closure date, etc. The model is run each year to reassess and compare the actual investment performance with the then projected current required provision, and the required annual fund contribution. The statement above reflects the current actual provision/investment as non-current Asset, and the model determined required current provision as non-current liabilities. The difference will be addressed by the model-determined further annual contributions which will be made until site closure. Based on the recent annual review, no annual contribution to the fund was required for this financial year.

25. Financial assets measured at fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve comprises all fair value adjustments on financial instruments designated as financial assets measured at fair value through other comprehensive income. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to retained earnings/accumulated loss.

Investments at fair value through other comprehensive income	380	301	380	301

26. Investments contributions for future liabilities

This represents contributions invested / ring fenced for the future decommissioning of facilities.

	2022 R'000	Additions R'000	2023 R'000	Additions R'000	2024 R'000
NTP - Decommissioning and Decontamination of buildings exclusively utilised	25 849	1 712	27 561	1 634	29 195
NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1	36 457	3 194	39 651	24 901	64 552
	62 306	**4 906**	**67 212**	**26 535**	**93 747**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

26. Investments contributions for future liabilities (continued)

The Stage 2 facilities include the SAFARI-1 Reactor which NTP Radioisotopes SOC Ltd (NTP), a subsidiary of Necsa, is contracted to manage and operate. In terms of the manage and operate agreement NTP and Necsa will share the Decommissioning and Decontamination costs of SAFARI-1; and NTP will be charged based on the commercial utilisation of the SAFARI-1 by NTP. NTP's contribution is ring-fenced and invested to be utilised when Decommissioning and Decontamination commences. Refer to note 23 for further information on Decommissioning and Decontamination costs.

2024	Opening	Additions	Total
	R'000	R'000	R'000
NTP - Decommissioning and Decontamination of buildings exclusively utilised	(27 561)	(1 634)	(29 195)
NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1	(39 651)	(24 901)	(64 552)
	(67 212)	**(26 535)**	**(93 747)**

2023	Opening	Additions	Total
	R'000	R'000	R'000
NTP - Decommissioning and Decontamination of buildings exclusively utilised	(25 849)	(1 712)	(27 561)
NTP Contribution to the Decommissioning and Decontamination of the Reactor / SAFARI -1	(36 457)	(3 194)	(39 651)
	(62 306)	**(4 906)**	**(67 212)**

27. Revenue

Revenue from contracts with customers				
Sale of goods*	1 814 447	1 630 350	96 744	112 890
Rendering of services	18 385	18 731	-	-
Government grants*	798 543	729 531	798 543	729 531
Other grants***	30 390	37 911	30 390	37 911
	2 661 765	**2 416 523**	**925 677**	**880 332**

Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

27. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Sale of goods	1 814 447	1 630 350	96 744	112 890
Rendering of services				
Other revenue from rendering of services	18 385	18 731	-	-
Grants				
Government grants	798 543	729 531	798 543	729 531
Other grants	30 390	37 911	30 390	37 911
	828 933	**767 442**	**828 933**	**767 442**
The amount included in revenue arising from government grants is as follows:				
Operating activities	594 148	561 514	594 148	561 514
Decommissioning of strategic plants**	204 395	168 017	204 395	168 017
	798 543	**729 531**	**798 543**	**729 531**

The government grant relating to operating activities is primarily utilised to fund research and development expenses, non-commercial overheads and supplementary activities as required by the Nuclear Energy Act, costs for discarding radioactive waste and for storage of irradiated nuclear fuel.

The South African Government has an obligation to discharge nuclear liabilities resulting from the previous strategic nuclear programme which includes decommissioning and decontamination of disused historic facilities. The Minister of Mineral Resources and Energy is charged with this responsibility on behalf of government. A Nuclear Liabilities Management Plan (NLMP) was approved by cabinet in February 2007.

Necsa, as a statutory body created in terms of the Nuclear Energy Act (Act 46 of 1999) has been delegated with certain responsibilities in this regard. It annually receives funds to apply to the decommissioning and decontamination process in terms of the NLMP. Funds received by Necsa for this purpose and not utilised at year end are accounted for as deferred grants.

* During the current financial year the 2023 Group revenue from sale of goods was restated to R1 630 350mil (previously R1 545 490mil) and revenue from government grant was restated to R729 531mil (previously R820 423mil). During the current financial year the 2023

Necsa Company revenue from sale of goods was restated to R112 890mil (previously R119 862mil).

** The 2023 Revenue from decommissioning of strategic plants was restated in the current financial for both Group and Company R168 017mil (previously R205 928mil).

*** Other grants include all non-primary mandate grants for research, training and other activities of the company. Other grants are grants received from non-shareholder public and private institutions.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

28. Cost of sales

Sale of goods	948 642	809 698	69 002	80 138
Rendering of services	4 273	3 706	-	-
Construction contracts	62 626	83 220	62 626	83 220
Discount received	(4)	(459)	(6)	(459)
Manufactured goods:				
Raw materials consumed	19	89	19	89
Employee costs	183 471	170 800	-	-
Depreciation and impairment	15 447	9 371	-	-
Manufacturing expenses	849	445	-	-
	1 215 323	**1 076 870**	**131 641**	**162 988**

29. Other operating income

Administration and management fees received	11	24	-	-
Commissions received	35	43	35	43
Royalties received	42 756	33 022	-	-
Other rental income	2 188	1 659	-	-
Bad debts recovered	828	-	828	-
Other recoveries	50 723	39 742	389 811	315 220
Scrapping income	12 704	5 915	9 615	5 183
Other income	34 668	15 930	31 572	10 352
	143 913	**96 335**	**431 861**	**330 798**

During the current financial year the 2023 other recoveries for both Group and Company were restated. Group was restated to R39 742mil (previously R33 710mil). Company was restated to R315 220mil (previously R308 247mil).

30. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	4	(470)	(2 394)	(131)	(2 275)
Foreign exchange gains (losses)					
Net foreign exchange gains (losses)		14 711	(8 899)	-	-
Total other operating gains (losses)		**14 241**	**(11 293)**	**(131)**	**(2 275)**

Figures in Rand		Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000

31. Operating profit/ (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

low value asset and short term lease payments					
Fleet transport		5 048	3 337	5 084	3 337
Equipment		799	983	-	460
Buildings		21 635	49 196	21 619	49 094
Miscellaneous		527	1 440	527	1 440
		28 009	**54 956**	**27 230**	**54 331**
Less: Lease charges included in cost of merchandise sold and inventories		(185)	(136)	-	-
Auditor's remuneration - external					
Audit fees		16 187	16 938	8 554	10 280
Auditor's remuneration - internal		**1 351**	**2 437**	**-**	**-**
Other					
Employee costs		1 204 315	1 108 551	790 806	763 248
Consulting and professional fees		41 267	25 629	22 262	9 723
Impairment of inventory	11	(7 030)	(40 762)	(9 252)	(10 040)
Employee costs included in cost of merchandise	28	(183 536)	(170 800)	-	-
Remuneration costs other than to employees		3 140	4 195	-	-
Research and development costs		-	470	-	-
Amortisation on Intangible assets	5	-	3 980	-	634
Movement in trade and other receivables	12	-	1 281	-	-
Impairment of property, plant and equipment	4	2 093	2 957	131	2 275
Impairment of right of use assets		2 488	-	-	-
Impairment of receivables		(5 885)	14 899	48 703	82 162
Depreciation and amortisation					
Depreciation of property, plant and equipment	4	90 800	96 569	67 099	63 052
Depreciation of right-of-use assets	15	6 521	1 990	1 514	1 514
Amortisation of intangible assets	5	3 448	3 980	-	634
Total depreciation and amortisation		**100 769**	**102 539**	**68 613**	**65 200**
Less: Depreciation included in cost of merchandise sold and inventories		(20 253)	(18 461)	-	-
Total depreciation and amortisation expensed		**80 516**	**84 078**	**68 613**	**65 200**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

32. Investment income

Dividend income				
Equity instruments at fair value through profit or loss:				
Unlisted investments - Local	1 828	1 589	64 733	39 519
Interest income				
Investments in financial assets:				
Bank and other cash	76 334	66 076	36 287	44 028
Interest charged on trade and other receivables	1 322	495	-	-
Vaalputs after care	1 003	5 740	1 003	5 740
Fair value adjustments	(4 737)	(3 773)	-	-
Stage 1 decommissioning and decontamination	32 931	290 535	32 931	290 535
Local listed investment income	464	377	-	-
Total interest income	**107 317**	**359 450**	**70 221**	**340 303**
Total investment income	**109 145**	**361 039**	**134 954**	**379 822**

During the current financial year the group and company interest income on Vaalputs after care was disclosed separately.

33. Finance costs

Interest on Trade and other payables	46	10	-	-
Lease liabilities	1 807	6 134	1 755	583
Bank overdraft	13 459	9 079	89	1 699
Interest paid to receiver of revenue	-	142	-	-
Finance cost on D&D provisions	32 938	290 544	32 931	290 535
Deemed interest on PRML actuarial valuation	246	2 657	246	-
Fair value adjustments (1)	781	30	-	-
Total finance costs	**49 277**	**308 596**	**35 021**	**292 817**

Necsa did not capitalise borrowing costs in the current or prior year presented.

(1) Fair value adjustments relate to imputed interest.

34. Other non-operating losses

Gains (losses) on disposals, scrappings or settlements					
Investments in associates	7	848	(848)	-	-

Fair value gains (losses)				
Financial assets mandatorily at fair value through profit or loss	14 644	6 754	14 644	6 754
Total other non-operating gains (losses)	**15 492**	**5 906**	**14 644**	**6 754**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

35. Taxation

Major components of the tax expense (income)

Current				
Local income tax - current period	46 456	9 544	-	-
Local income tax - prior period (over) under provision	(544)	-	-	-
	45 912	**9 544**	**-**	**-**
Deferred				
Originating and reversing temporary differences	3 330	35 756	-	-
	49 242	**45 300**	**-**	**-**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting (loss) profit	157 938	170 752	39 874	9 182
Tax at the applicable tax rate of 27% (2023: 27%)	42 643	46 331	-	-
Tax effect of adjustments on taxable income				
Other permanent differences	(272)	(183)	-	-
Other income	-	782	-	-
Nondeductible impairments	177	3 400	-	-
Non-taxable dividends	(1 835)	(1 848)	-	-
Research and development allowance	-	(569)	-	-
Intellectual property amortisation	812	800	-	-
Consulting fees	149	-	-	-
Legal fees	23	49	-	-
Depreciation on site improvements	-	856	-	-
Deferred tax prior year	-	88	-	-
Under/(Over) provision of tax in prior year	(1 286)	-	-	-
Rate change	-	(1)	-	-
Other comprehensive income	162	-	-	-
Income from Equity accounted investments	(840)	(304)	-	-
Wear and tear timing differences	-	504	-	-
Tax losses	7 296	14 312	-	-
Permanent differences: Holding company exempt from tax	2 213	(18 917)	-	-
	49 242	**45 300**	**-**	**-**

The South African Revenue Services has approved an exemption in respect of the South African Nuclear Energy Corporation SOC Limited under section 10(1)(cA)(i) of the Income Tax Act. No provision is therefore made for tax for Necsa Company.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

36. Other comprehensive income

Components of other comprehensive income - Group - 2024

	Gross	Tax	Net before non-controlling interest	Net
Items that will not be reclassified to profit (loss)				
Remeasurements on net defined benefit liability/ asset				
Remeasurements on net defined benefit liability/ asset	17 909	-	17 909	17 909
Movements on revaluation				
Gains (losses) on property revaluation	20 201	-	20 201	20 201
Movements on valuation of net defined benefit obligation				
Gains on valuation	2 744	(335)	2 409	2 409
Total items that will not be reclassified to profit (loss)	**40 854**	**(335)**	**40 519**	**40 519**
Items that may be reclassified to profit (loss)				
Financial assets measured at fair value through other comprehensive income adjustments				
Gains (losses) on valuation	79	-	79	79
Total	**40 933**	**(335)**	**40 598**	**40 598**

Components of other comprehensive income - Group - 2023

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	(231)	-	231
Movements on revaluation			
Gains (losses) on property revaluation	21 433	-	21 433
Movements on valuation of net defined benefit obligation			
Gains (losses) on valuation	(2 016)	808	(1 208)
Total items that will not be reclassified to profit (loss)	**19 186**	**808**	**19 994**
Items that may be reclassified to profit (loss)			
Financial assets measured at fair value through other comprehensive income adjustments			
Gains (losses) on valuation	(195)	-	(195)
Total items that may be reclassified to profit (loss)	**(195)**	**-**	**(195)**
Total	**18 991**	**808**	**19 799**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

36. Other comprehensive income (continued)

Components of other comprehensive income - Company - 2024

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	17 909	17 909	17 909
Movements on revaluation			
Gains (losses) on property revaluation	19 181	19 181	19 181
Total items that will not be reclassified to profit (loss)	**37 090**	**37 090**	**37 090**
Items that may be reclassified to profit (loss)			
Financial assets measured at fair value through other comprehensive income adjustments			
Gains (losses) on valuation	79	79	79
Total	**37 169**	**37 169**	**37 169**

Components of other comprehensive income - Company - 2023

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/as	(231)	(231)	(231)
Movements on revaluation			
Gains (losses) on property revaluation	17 984	17 984	17 984
Total items that will not be reclassified to profit (loss)	**17 753**	**17 753**	**17 753**
Items that may be reclassified to profit (loss)			
Financial assets measured at fair value through other comprehensive income adjustments			
Gains (losses) on valuation	(195)	(195)	(195)
Total	**17 558**	**17 558**	**17 558**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

37. Cash generated from/(used in) operations

Profit for the year	108 696	125 451	39 874	9 182
Adjustments for:				
Fair value adjustment on financial assets	(15 492)	(5 906)	(14 644)	(6 754)
Depreciation and amortisation	96 103	105 496	68 593	76 013
Movement in other comprehensive income for non-controlling interest	-	2 822	-	-
Movement in retirement benefit asset/ obligation	(6 688)	(1 696)	(7 856)	(3 938)
Movement in expected credit losses	(5 885)	14 780	48 703	82 162
Income from equity accounted investments	(2 790)	843	-	-
Allowance for slow moving stock	(11 545)	(963)	(9 252)	4 016
Government Grant Income (Decommissioning and Decontamination Stage 1)	560 731	966 692	560 731	966 692
Acceptance of Decommissioning and Decontamination Stage 1	(560 731)	(966 692)	(560 731)	(966 692)
Interest income relating to Stage 1 decommissioning and decontamination	(32 931)	(296 275)	(32 931)	(296 275)
Interest expensed (D&D related)	32 931	290 544	32 931	290 535
Total Decommissioning and decontamination asset and liability movements	-	9 825	-	9 834
Lease liability interest expense	1 807	6 134	1 755	583
Movement in provisions	82 182	(51 773)	79 991	(79 933)
Deferred tax expense	(1 222)	36 854	-	-
Movement in deferred tax	2 444	(75)	-	-
Movement in current tax payable/ receivable	(2 852)	(9 575)	-	-
Assets written off	4 189	9 874	13	6 740
Bad debts written off	15 627	533	5 237	533
Assets impairment	2 216	-	132	-
Interest income	(74 386)	(65 470)	(37 290)	(44 028)
Finance costs	14 539	9 623	335	1 699
Dividend Income	(1 828)	(1 589)	(64 733)	(39 519)
Foreign exchange gains and losses	2 865	144	2 865	144
Movement in investment in associates	-	-	2	-
Changes in working capital:				
Movements in inventories	(44 040)	(47 271)	(3 487)	(1 549)
Movements in trade and other receivables	(39 418)	(87 804)	(70 084)	(92 745)
Movements in pre-payments	101 653	(69 403)	44 490	(7 782)
Movements in trade and other payables	57 574	50 873	(38 741)	23 880
Amounts received in advance	(115 244)	83 282	(94 634)	22 981
Movements in deferred income	99 893	153 835	99 893	153 835
Movements in derivatives	2 655	424	3 895	(4 033)
Movements in Vaalputs after care	4 395	-	4 395	-
Movement in contributions for future liabilities	26 535		-	26 535
	301 983	**263 537**	**85 987**	**105 580**

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
Property, plant and equipment	196 130	270 466	57 641	129 148

This committed expenditure relates to plant and equipment and will be financed through ordinary trading operations.

39. Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

Legal claims:

Possible legal obligations exist for the Group in connection with disputes with unfair labour practice and CCMA disputes. These cases are currently being investigated by the Necsa legal division. A possible loss of R1 635 324 (2023: R1 635 324) can be reliably estimated.

A former employee got injured at work. He instituted a claim against Necsa for damages suffered. It is highly likely that the matter will be in Necsa's favour given the fact that COIDA is the liable entity. The claim amount is R15 000 000 (2023: R15 000 000).

Plaintiffs were employed as Independent Contractors and their contracts were terminated as Necsa no longer required their services. The amount claimed was R149 040 (2023: R149 040) and R 359 920 (2023: R359 920) respectively.

An employee was dismissed on the 7th August 2018. The CCMA ruled that the dismissal was procedural and fair. The employee has approached the Labour Court for review of CCMA award. At the time of his dismissal he was earning R113 448 per annum. Depending on the outcome of the review Necsa may be ordered to reinstate the employee with retrospective payment. However considering that the CCMA previously ruled in Necsa's favour, the prospects are positive to likely be in Necsa's favour. The valuation was the same for 2023.

Former Necsa Board member suing another Board entity regarding the appointment of Executives at Necsa. It is highly likely the matter will be resolved in Necsa's favour. No fees paid as yet and it is difficult to quantify the quantum of a potential claim. The valuation was the same for 2023.

A supplier suing for alleged unlawful termination of contract. The contract was lawfully terminated following evidence of unlawful conduct by the company and two Necsa employees. The amount claimed is R6 500 000 (2023: R6 500 000).

39. Contingencies (continued)

An external entity requires Necsa to complete work as set out in the snag list compiled by the entity. Necsa has filed a counter claim for arrear rentals and electricity amounting to R1 300 000 (2023: R1 300 000).

A local community is laying claims for land which includes Necsa at the Land Claims Court. Given the activities at Necsa and its national strategic importance it is highly likely that the land will not be restored to the claimants. Amount of claim is not quantifiable. The valuation was the same for 2023.

An independent contractor is suing Necsa for alleged breach of contract. The contract was lawfully terminated due to non-performance. The amount claimed is R25 000 000 (2023: R25 000 000).

Necsa and another body are liable to pay a former Necsa employee for money he would have received had he switched his retirement monies to another administrator. Necsa is reviewing the PP decision on the matter. The amount of claim is not quantifiable. The valuation was the same for 2023.

Guarantees - NTP Logistics:

Guarantees of R1,868,214 (2023:R1,768,214) were issued by Nedbank on behalf of NTP Logistics SOC Limited in favour of suppliers. The guarantees were issued in favour of specific suppliers as required through negotiations or industry requirements.

Suretyship - Pelchem SOC Limited:

A limited deed of suretyship for an amount of up to R12 829 517 (2023: R15 780 000) has been given to Pelchem SOC Limited for a Nedbank facility. R10 350 000 (2023: R13 300 000) relates to an overnight facility and R2 479 517 (2023: R2 480 000) relates to FEC liability.

Pelchem SOC Limited

The company had a contingent liability at 31 March 2024 in respect of a claim made by the CCMA on 20 November 2022 to award an employee for unfair dismissal from the company. Pelchem SOC Limited was ordered to retrospectively reinstate the employee and pay an amount of R1,033,125 related to back pay.

On 20 December 2022 the company filed to the Labour Court of South Africa a notice of motion to appeal the award by the CCMA, on a date to be determined by the Registrar. The company considers it to be probable that the appeal will be successful and has therefore not recognised a provision in relation to this claim. It is not practical to estimate the total potential effect of this claim as the claim is dependent on when the court date is set, which is undeterminable.

NTP Radioisotopes SOC Limited

An extraordinary shareholders meeting of NTP Radioisotopes Europe SA was held on 31 August 2017 wherein a decision regarding the dissolution of NTP Radioisotopes Europe SA was taken. The liquidator in his report of 20 March 2018 has indicated that NTP undertook to cover liabilities up to an amount of EUR 733,500 of which EUR 270,107 has been paid to date. The liquidation process is ongoing. The amount is in dispute and in litigation. We are confident that we will be able to successfully defend the matter.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

40. Related parties

Relationships	
Holding entity	Department of Mineral Resources and Energy
Subsidiaries	Refer to note 6
Associates	Refer to note 7
National government	All national government departments are regarded to be related parties in accordance with circular 4 of 2005: Guidance on the term "State controlled entities" in the context of IAS 24 - Related Parties, issued by the South African Institute of Chartered Accountants. No transactions are implied simply by the nature of existence of the relationship between entities. All directors have given general declarations of interest in terms of the Companies Act.
Directors and members of key management	Details of directors and key management remuneration paid are disclosed in note 41

The following is a summary of transactions with related parties during the year and balances due at year end

National public entities				
Services rendered	-	-	-	-
National Nuclear Regulator	(706)	(542)	(706)	(542)
National Radioactive Waste Disposal Institute	(1 378)	(1 380)	(1 378)	(1 380)
The Petroleum Oil & Gas Corp	-	(7)	-	(7)
Sanedi	(8 320)	-	(8 320)	-
Services received	-	-	-	-
National Nuclear Regulator	63 415	60 399	63 415	60 399
Trade amount due from	-	-	-	-
National Nuclear Regulator	263	198	263	198
National Radioactive Waste Disposal Institute	274	208	274	208
The Petroleum Oil & Gas Corp	-	4	-	4

National Government Departments				
Services rendered	-	-	-	-
Department of Energy	(2 468)	(1 574)	(2 468)	(1 574)
Department of Energy-Grant	(862 608)	(876 689)	(862 608)	(876 689)

Trade amount due from				
Department of Energy	3 488	1 799	3 488	1 799

Loans due to group companies				
NTP Radioisotopes SOC Ltd	-	-	-	(13 578)
Pelchem SOC Ltd	-	-	-	(3 166)

Figures in Rand	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000

40. Related parties (continued)

Trade and other receivables				
NTP Radioisotopes SOC Ltd	-	-	77 116	84 384
AEC Amersham SOC Ltd	-	-	61	1
Gammatec NDT Supplies Ltd	-	-	100	942
NTP Logistics SOC Ltd	-	-	80	68
Pelchem SOC Ltd	-	-	399 363	347 789

Trade and other payables				
NTP Radioisotopes SOC Ltd	-	-	(239)	(1 652)
AEC-Amersham SOC Ltd	-	-	-	(5)
NTP Logistics SOC Ltd	-	-	(687)	(4 449)
Gammatec NDT Supplies Ltd	-	-	-	(59)
Pelchem SOC Ltd	-	-	(1)	-

Interest paid				
NTP Radioisotopes SOC Ltd	-	-	(54)	(1 265)

Purchases				
NTP Radioisotopes SOC Ltd	-	-	501	1 659
AEC-Amersham SOC Ltd	-	-	112	229
Gammatec NDT Supplies SOC Ltd	-	-	9	78
NTP Logistics SOC Ltd	-	-	5 509	3 640
Pelchem SOC Ltd	-	-	-	17

Sales				
NTP Radioisotopes SOC Ltd	-	-	(294 896)	(239 345)
AEC-Amersham SOC Ltd	-	-	(431)	(356)
Gammatec NDT Supplies SOC Ltd	-	-	(854)	(1 951)
NTP Logistics SOC Ltd	-	-	(790)	(748)
Pelchem SOC Ltd	-	-	(46 672)	(42 763)

Electricity deposit				
NTP Radioisotopes SOC Ltd	-	-	2 766	1 849

Loans due from group companies				
NTP Radioisotopes SOC Ltd	-	-	-	139

Dividends received from group companies				
NTP Radioisotopes SOC Ltd	-	-	63 831	38 657

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

40. Related parties (continued)

Trade amount due to/from subsidiaries are gross values reflected prior to provisions for expected credit loss.

Trade debtor, Gammatec, has payment terms of 60 days. Pelchem trade debtors have payment terms of 120 days. The remaining accounts have payment terms of 30 days.

Necsa does not have any commitments with its related parties nor has Necsa given any guarantees to its related parties other than those stated in this note.

This is also applicable to the Holding company of Necsa in that there are no commitments nor guarantees between the Necsa and its holding company

Pelchem SOC Limited

Pelchem SOC Limited is a wholly owned subsidiary of Necsa. As a parent company Necsa is supportive of and committed to the turn- around strategy of the subsidiary. The turn-around strategy is showing fruits in continuous improvement of Pelchem results.

A provision for expected credit loss relating to Pelchem was raised R 397.5 million (2023: R346.2 million).

Pelchem management has presented Necsa with a creditable recovery plan, which both Pelchem and Necsa will continue to monitor.

A limited deed of suretyship for an amount of up to R12 829 517 (2023: R15 780 000) has been given to Pelchem SOC Limited for a Nedbank facility. R10 350 000 (2023: R13 300 000) relates to an overnight facility and R2 479 517 (2023: R2 480 000) relates to FEC liability.

Notes to the Annual Financial Statements

41. Directors' and prescribed officer's emoluments

Group Executives

2024							
	Taxable allowance	Leave Pay	Retirement fund contributions	Other company contributions	Salary	Bonus	Total
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Mr TJ Tselane: MD - NTP Group	729	-	375	39	1 949	714	3 806
Mr MA Mondi: GE - Human Capital	419	-	368	32	1 801	154	2 774
Mr UKRD Natha: MD - Pelchem (1)	26	175	14	4	74	-	293
Mr AB Myoli: GE - Nuclear Operations and Advanced Manufacturing	662	-	350	35	1 821	161	3 029
Ms PF Hawadi: GE - Financial Capital	796	-	354	36	1 698	158	3 042
Ms QM Boyede: GE - Strategy and Business Enablement	1 150	-	213	32	1 032	163	2 590
Dr P Rampersadh: GE - Research and Innovation	128	-	379	31	1 887	173	2 598
Ms SEN Rikhotso: Executive - Office of the GCEO	199	-	315	26	1 402	120	2 062
Mr SN Simelane: GE - Power and Industry (2)	632	-	255	27	1 307	-	2 221
Mr PJ Schutte: Acting MD - Pelchem (3)	1 263	-	162	27	723	-	2 175
Mr AN Scott: MD - Pelchem (4)	51	-	28	3	146	-	228
	6 055	**175**	**2 813**	**292**	**13 840**	**1 643**	**24 818**

41. Directors' and prescribed officer's emoluments (continued)

2024	Taxable allowance	Leave Pay	Retirement fund contributions	Other company contributions	Salary	Total
	R 000	R 000	R 000	R 000	R 000	R 000
Mr TJ Tselane: MD - NTP Group	252	-	366	75	2 586	3 279
Mr MA Mondi: GE - Human Capital	398	-	359	29	1 750	2 536
Mr UKRD Natha: MD - Pelchem	-	-	276	27	1 949	2 252
Mr MX Makhathini: GE - Power and Industry	770	101	137	20	605	1 633
Mr BJ Blom: Acting GE - Power and Industry	12	-	54	5	286	357
Mr AB Myoli: GE - Nuclear Operations and Advanced Manufacturing	594	-	334	31	1 729	2 688
Ms PF Hawadi: GE - Financial Capital	760	-	346	32	1 650	2 788
Ms QM Boyede: GE - Strategy and Business Enablement	1 180	-	208	29	921	2 338
Dr P Rampersadh: GE - Research and Innovation	91	-	354	27	1 753	2 225
Ms SEN Rikhotso: Executive - Office of the GCEO	514	-	233	24	1 110	1 881
	4 571	**101**	**2 667**	**299**	**14 339**	**21 977**

(1) Resigned April 2023

(2) Appointed May 2023

(3) Acting Pelchem MD from May 2023 to February 2024

(4) Appointed March 2024

41. Directors' and prescribed officer's emoluments (continued)

Executive Director

2024

	Taxable allowance	Retirement fund contributions	Other company contributions	Salary	Total
	R 000	R 000	R 000	R 000	R 000
Mr L Tyabashe	2 195	354	49	1 630	4 506

2023

	Taxable allowance	Retirement fund contributions	Other company contributions	Salary	Total
	R 000	R 000	R 000	R 000	R 000
Mr L Tyabashe	1 260	346	40	1 600	3 246

Non-executive directors

2024

	Directors' fees	Reimbursive travel allowance	Other company contributions	Total
	R 000	R 000	R 000	R 000
Adv A Chowan	174	3	2	179
Ms SKN Masango	284	-	3	287
Mr DR Nicholls	391	6	4	401
Mr LJ Shayi	228	42	3	273
Mr CL Mavuso	323	3	4	330
Mr S Maharaj	337	3	4	344
Dr ME Makgae	233	-	3	236
Mr AD Lazarus	-	6	-	6
	1 970	**63**	**23**	**2 056**

41. Directors' and prescribed officer's emoluments (continued)

2023

	Directors' fees	Reimbursive travel allowance	Other company contributions	Total
	R 000	R 000	R 000	R 000
Adv A Chowan	183	1	2	186
Dr GJ Davids	164	-	2	166
Mr MJ Maboa	142	-	1	143
Dr NT Magau	41	-	1	42
Ms SKN Masango	282	-	3	285
Mr DR Nicholls	321	4	4	329
Mr LJ Shayi	240	35	3	278
Ms LN Noge-Tungamirai	193	2	2	197
Mr CL Mavuso	73	2	1	76
Mr S Maharaj	74	2	1	77
Dr ME Makgae	52	2	1	55
	1 765	**48**	**21**	**1 834**

The following directors did not receive any emoluments:

Ms PE Monale

Ms BM Makgopa

Mr A Latchu

Dr PP Magampa

Amb X Mabhongo

Mr MJ Combrink

Details of service contracts

No director has a notice period in excess of one year and no director's contract makes provision for predetermined compensation on termination exceeding one year's salary and benefits in kind. No directors are proposed for election or re-election at the forthcoming annual general meeting. All the directors have a service contract.

42. Prior period errors

Decommissioning and dismantling provision - Pelchem SOC Limited

During the preparation of the financial statements for the year ended 31 March 2024, it was discovered that the unwinding of interest on the decommissioning and dismantling provision was incorrectly recognised as finance income instead of finance cost. This error led to an incorrect IFRIC 1 adjustment. As the IFRIC 1 adjustment processed to the provision is a result of a change in the discount rate, it is calculated as the difference between the opening balances plus the unwinding of the provision less the closing balance. Consequently, the error only affected the income statement line items, leaving the statement of financial position unchanged. As a result a third balance has not been presented.

The following prior period error was corrected in the current year AFS and the amounts of the corrections and the financial statements line items affected are as follows:

Statement of Profit or Loss and Other Comprehensive Income	Previously reported 2023	Adjustment	Restated 2023
	R 000	R 000	R 000
Other operating expenses	(25 417 911)	4 590 610	(20 827 301)
Investment income	2 413 684	(2 295 305)	118 379
Finance costs	(9 644 416)	(2 295 305)	(11 939 721)
	(32 648 643)	**-**	**(32 648 643)**

Decommissioning and Decontamination of Stage 1

In response to the F2023 audit opinion, management corrected balances relating to the following class of transactions and balances. The nature was a correction in the cashflows over the discounting period. The following prior period error was corrected in the current year AFS and the amounts of the corrections and the financial statements line items affected are as follows

Statement of Financial Position - R 000	Previously reported 2023	Adjustment	Restated 2023	Previously reported 2022	Adjustment	Restated 2022
	R 000	R 000	R 000	R 000	R 000	R 000
Non-Current Assets	-	-	-	-	-	-
Decommissioning and Decontaminations of Stage 1	2 593 856	(97 737)	2 496 119	3 222 453	-	3 222 453
Non-Current Liabilities	-	-	-	-	-	-
Decommissioning and Decontaminations of Stage 1	(2 593 856)	97 737	(2 496 119)	(3 222 453)	-	(3 222 453)
	-	**-**	**-**	**-**	**-**	**-**

42. Prior period errors (continued)

Statement of Profit or Loss and Other Comprehensive Income - R 000	Previously reported 2023	Adjustment	Restated 2023	Previously reported 2022	Adjustment	Restated 2022
	R 000	R 000	R 000	R 000	R 000	R 000
Government Grant expense (Decommissioning & Decontamination Stage 1)	(868 954)	(97 737)	(966 691)	(1 650 945)	-	(1 650 945)
Acceptance of Decommission and Decontamination Stage 1	868 954	97 737	966 691	1 650 945	-	1 650 945
	-	-	-	-	-	-

43. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2024

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Prepayments	Total	Fair value
Investments at fair value	9	900	272 283	141 493	-	414 676	414 676
Trade and other receivables	12	-	-	343 648	1 156	344 804	344 804
Cash and cash equivalents	13	-	-	1 126 906	-	1 126 906	1 126 906
		900	**272 283**	**1 612 047**	**1 156**	**1 886 386**	**1 886 386**

Group - 2023

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	9	814	243 974	109 296	354 084	354 084
Derivatives - non-hedging	22	-	3 372	-	3 372	3 372
Trade and other receivables	12	-	-	322 413	322 413	322 413
Cash and cash equivalents	13	-	-	981 450	981 450	981 450
		814	**247 346**	**1 413 159**	**1 661 319**	**1 661 319**

43. Financial instruments and risk management (continued)

Company - 2024

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	9	866	272 283	141 493	414 642	414 642
Trade and other receivables	12	-	-	129 940	129 940	129 940
Cash and cash equivalents	13	-	-	668 565	668 565	668 565
		866	**272 283**	**939 998**	**1 213 147**	**1 213 147**

Company - 2023

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	9	787	243 974	109 296	354 057	354 057
Derivatives - non-hedging	22	-	3 372	-	3 372	3 372
Trade and other receivables	12	-	-	116 661	116 661	116 661
Cash and cash equivalents	13	-	-	662 219	662 219	662 219
		787	**247 346**	**888 176**	**1 136 309**	**1 136 309**

Categories of financial liabilities

Group - 2024

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	-	336 564	-	336 564	336 564
Derivatives - non-hedging	22	1 280	-	-	1 280	1 280
Finance lease obligations	15	-	-	11 955	11 955	11 955
Bank overdraft	13	-	10 648	-	10 648	10 648
		1 280	**347 212**	**11 955**	**360 447**	**360 447**

43. Financial instruments and risk management (continued)

Group - 2023

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	-	279 310	-	279 310	279 310
Derivatives - non-hedging	22	1 997	-	-	1 997	1 997
Finance lease obligations	15	-	-	5 651	5 651	5 651
Bank overdraft	13	-	21 190	-	21 190	21 190
		1 997	**300 500**	**5 651**	**308 148**	**308 148**

Company - 2024

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	-	133 902	-	133 902	133 902
Derivatives - non-hedging	22	523	-	-	523	523
Finance lease obligations	15	-	-	11 629	11 629	11 629
Bank overdraft	13	-	290	-	290	290
		523	**134 192**	**11 629**	**146 344**	**146 344**

Company - 2023

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	155 035	-	155 035	
Loans from group companies	8	16 354	-	16 354	16 354
Finance lease obligations	15	-	4 874	4 874	4 874
Bank overdraft	13	77	-	77	77
		171 466	**4 874**	**176 340**	**176 340**

The carrying value approximates fair value.

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

43. Financial instruments and risk management (continued)

Loans from group companies	8	-	-	-	16 354
Lease liabilities		11 955	5 651	11 629	4 874
Trade and other payables	19	336 564	279 310	133 902	155 035
Total borrowings		**348 519**	**284 961**	**145 531**	**176 263**
Cash and cash equivalents	13	(1 125 967)	(981 450)	(668 565)	(662 219)
Net borrowings		**(777 448)**	**(696 489)**	**(523 034)**	**(485 956)**
Equity		783 711	635 172	(72 869)	(149 921)
Gearing ratio		(99)%	(97)%	718 %	280 %

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

Group		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies		-	-	-	27	(27)	-
Investments at amortised cost	9	141 493	-	141 493	109 296	-	109 296
Trade and other receivables	12	464 268	(120 620)	343 648	449 872	(127 234)	322 638
Cash and cash equivalents	13	1 126 906	-	1 126 906	981 450	-	981 450
		1 732 667	**(120 620)**	**1 612 047**	**1 540 645**	**(127 261)**	**1 413 384**

43. Financial instruments and risk management (continued)

Company		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Investments at amortised cost	9	141 493	-	141 493	109 296	-	109 296
Trade and other receivables	12	590 368	(460 428)	129 940	528 386	(411 725)	116 661
Cash and cash equivalents	13	668 565	-	668 565	662 219	-	662 219
		1 400 426	**(460 428)**	**939 998**	**1 299 901**	**(411 725)**	**888 176**

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2024

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	7 523	7 523	7 523
Current liabilities					
Trade and other payables	19	336 564	-	336 564	336 564
Lease liabilities		4 432	-	4 432	4 432
Bank overdraft	13	10 648	-	10 648	10 648
Derivatives		1 280	-	1 280	1 280
		(352 924)	**(7 523)**	**(360 447)**	**(360 447)**

Group - 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	3 557	3 557	3 557
Current liabilities					
Trade and other payables	19	279 310	-	279 310	279 310
Loans from shareholders		15	-	15	15
Lease liabilities		2 094	-	2 094	2 094
Bank overdraft	13	21 190	-	21 190	21 190
		(302 609)	**(3 557)**	**(306 166)**	**(306 166)**

43. Financial instruments and risk management (continued)

Company - 2024

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	7 378	7 378	7 378
Current liabilities					
Trade and other payables		133 902	-	133 902	133 902
Lease liabilities		4 251	-	4 251	4 251
Bank overdraft	13	290	-	290	290
Derivatives		523	-	523	523
		(138 966)	**(7 378)**	**(146 344)**	**(146 344)**

Company - 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	3 232	3 232	3 232
Current liabilities					
Trade and other payables	19	155 035	-	155 035	155 035
Lease liabilities		1 642	-	1 642	1 642
Bank overdraft	13	77	-	77	77
		(156 754)	**(3 232)**	**(159 986)**	**(159 986)**

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars, Euros and Yen.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

43. Financial instruments and risk management (continued)

US Dollar exposure:

Current assets:					
Trade and other receivables	12	152 647	146 997	5 403	14 119
Cash and cash equivalents	13	16 516	4 254	-	-
Prepayments		562	466	-	-
Current liabilities:					
Trade and other payables	19	(49 285)	(6 412)	(521)	(226)
Net US Dollar exposure		**120 440**	**145 305**	**4 882**	**13 893**
Euro exposure:					
Current assets:					
Trade and other receivables	12	66 141	55 739	1 035	(959)
Cash and cash equivalents	13	5 786	486	-	-
Interest receivable		4 390	4 139	-	-
Current liabilities:					
Trade and other payables	19	(31 160)	4 456	(952)	(432)
Net Euro exposure		**45 157**	**64 820**	**83**	**(1 391)**
GBP exposure:					
Current assets:					
Trade and other receivables	12	610	1 007	-	-
Cash and cash equivalents	13	33	913	-	-
Current liabilities:					
Trade and other payables	19	(1 730)	(4 050)	-	(54)
Net GBP exposure		**(1 087)**	**(2 130)**	**-**	**(54)**
CHF exposure:					
Current assets:					
Trade and other receivables	12	11	136	11	136
AUD exposure:					
Current liabilities:					
Trade and other payables	19	(1 805)	-	-	-
Other exposure:					
Current assets:					
Trade and other receivables	12	3 015	1 899	-	-
Net exposure to foreign currency in Rand		**165 731**	**210 030**	**4 976**	**12 584**

43. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2024	2024	2023	2023
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
USD 10% increase or decrease impact on profit/Loss	12 044	(12 044)	13 444	(13 444)
EURO 10% increase or decrease impact on profit/ Loss	4 516	(4 516)	3 521	(3 521)
GBP 10% increase or decrease impact on profit/Loss	(109)	109	(213)	213
CHF 10% increase or decrease impact on profit/Loss	(45)	45	(104)	104
AUD 10% increase or decrease impact on profit/Loss	(181)	181	-	-
OTHER 10% increase or decrease impact on profit/ Loss	302	(302)	190	(190)
	16 527	**(16 527)**	**16 838**	**(16 838)**

Company	2024	2024	2023	2023
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
USD 10% increase or decrease impact on profit/Loss	488	(488)	1 389	(1 389)
EURO 10% increase or decrease impact on profit/ Loss	8	(8)	(139)	139
GBP 10% increase or decrease impact on profit/Loss	-	-	(5)	5
CHF 10% increase or decrease impact on profit/Loss	1	(1)	(75)	75
	497	**(497)**	**1 170**	**(1 170)**

Interest rate risk

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

43. Financial instruments and risk management (continued)

Group	2024	2024	2023	2023
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Impact of 2% increase or decrease in interest rate on interest income	1 553	(1 553)	1 322	(1 322)
Impact of 2% increase or decrease in interest rate on interest income	(233)	233	(259)	259
	1 320	**(1 320)**	**1 063**	**(1 063)**
Total impact on profit or loss and equity	**1 320**	**(1 320)**	**1 063**	**(1 063)**

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

Company	2024	2024	2023	2023
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Impact of 2% increase or decrease in interest rate on interest income	726	(726)	881	(881)
Impact of 2% increase or decrease in interest rate on interest income	(17)	17	(46)	46
	709	**(709)**	**835**	**(835)**
Impact on equity:				
Impact of 2% increase or decrease in interest rate on D&D related interest income	659	(659)	5 926	(5 926)
Impact of 2% increase or decrease in interest rate on D&D related interest expense	(659)	659	(5 811)	5 811
	-	**-**	**115**	**(115)**
Total impact on profit or loss and equity	**709**	**(709)**	**950**	**(950)**

44. Fair value information

Fair value hierarchy of financial assets at fair value through profit or loss

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

44. Fair value information (continued)

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)				
Equity investments at fair value through other comprehensive income	9				
Listed shares		901	814	866	787
Financial assets mandatorily at fair value through profit or loss	9				
Unit trusts		272 283	243 974	272 283	243 974

(1) The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices:

- Listed Shares
- Unit Trusts

Level 2

Recurring fair value measurements

Assets	Note(s)				
Non-hedging derivatives	22				
Foreign exchange contracts		-	3 372	-	3 372
Liabilities	**Note(s)**				
Non-hedging derivatives	22				
Foreign exchange contracts		1 280	1 997	523	-
		-	-	-	-
Valued at the counterparty contract value at the reporting date.					
Total non-hedging derivatives		**1 280**	**1 997**	**523**	**-**

Highest and best use

All of the assets' current use are the highest and best use.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

45. Going concern

The 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.

Necsa has made a profit in the prior year and continued on a positive trajectory with profits now being realised in the current 2024 financial year end and the previous 2023 financial year. The company has a track record of continuing in operation, wherein this resilience will continue into the foreseeable future. Section 12 of the Nuclear Energy Act supports the mandate of the company in support of the going concern. Furthermore, Necsa has the ability to pay its short-term obligations, which it will do through the initiatives documented including through working capital management, austerity measure implementation, increasing revenue streams and prioritization of cash generating projects to name a few.

Necsa has started seeing green shoots after having embarked on a recovery plan premised on a Necsa turnaround strategy to ensure continued sustainability. This strategy is premised in the main on cost efficiency and diligent cost saving initiatives underway within the organization as well as growth initiatives to increase revenue streams. Various projects have also been undertaken to remedy the financial situation including the rehabilitation of the balance sheet situation. All of the various initiatives including the strategic projects underway are closely tracked and monitored to ensure the effectiveness of the plans underway. The entity remains resilient with the current success and positive results of the initiatives underway evident in the forecasts to March 2025 and the current performance of the organization post the March 2024 year end. Necsa is appreciative of the continuing support from the Shareholder which in addition to the various initiatives underway is supportive of the Necsa going concern consideration.

46. Public Finance Management Act

Fruitless and wasteful expenditure for the year:				
Fruitless and wasteful expenditure under investigation	-	214	-	-
Fruitless and wasteful expenditure confirmed	214	7 661	-	716
Fruitless and wasteful expenditure written off	(803)	(159)	(589)	-
Fruitless and wasteful expenditure recovered	-	(55)	-	(55)

Necsa Company:

- Necsa paid a fine amounting to R50 000 on behalf of its subsidiary for a license infringement, the fine has been recovered from the subsidiary
- Internal audit conducted an investigation on a contract awarded during the 2021/2022 financial year and concluded that the procurement amounted to fruitless and wasteful expenditure of R588 555. The case was condoned by the Board during the 2023/24 financial year.

Figures in Rand	Group		Company	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000

46. Public Finance Management Act (continued)

Irregular expenditure for the year:				
Irregular expenditure confirmed	3 629	5 130	1 521	-
Irregular expenditure condoned	-	(58 167)	-	(58 167)
Irregular expenditure not condoned and removed	-	(19 635)	-	(19 635)

Irregular Expenditure for Necsa company

Irregular expenditure of R1 520 834 relates to non-adherence to procurement processes.

Irregular Expenditure for Pelchem SOC Ltd:

The current and prior year Irregular expenditure relate to the procurement of burner fuel from Sasol. Although the contract expired Pelchem continue to procure through an open purchase order. During the 2024 financial a tender was issued to the market and from 31 July 2024 a new contract was signed with Sasol. The R2 107 893 relates to burner oil procured up until the commencement of the new contract

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