ANNUAL FINANCIAL STATEMENTS

CONTENTS

FINANCIAL HIGHLIGHTS

	2015	2014
Revenue (Rmillion)	**16 155**	15 716
Operating profit (Rmillion)	**2 089**	2 374
Cash flow from operations (Rmillion)	**2 533**	2 173
Headline earnings (Rmillion)	**945**	1 106
Headline earnings per share - basic (cents)	**826,1**	990,5
Annual dividends per share (cents)	**380,0**	360,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2015	2014	2013
Rand/US dollar	**12,17**	10,56	9,21
Rand/Metical	**0,34**	0,34	0,30
Rand/Euro	**13,09**	14,58	11,82
US dollar/Euro	**1,08**	1,38	1,28

	Average rate for year		
	2015	2014	2013
Rand/US dollar	**11,05**	10,13	8,48
Rand/Metical	**0,35**	0,34	0,30
Rand/Euro	**13,96**	13,59	10,95
US dollar/Euro	**1,26**	1,34	1,29

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in accordance with International Financial Reporting Standards under the supervision of the Chief Financial Officer, M H Munro CA (SA) and have been audited in accordance with the requirements of the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TONGAAT HULETT LIMITED

We have audited the consolidated and separate financial statements of Tongaat Hulett Limited, set out on pages 69 to 76, page 78 and pages 86 to 121, which comprise the statements of financial position as at 31 March 2015, and the income statements, the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the Directors' Statutory Report, the Audit and Compliance Committee's Report and the Certificate by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche

Audit KZN
Registered Auditors
Per W Moodley CA (SA)
Partner

21 May 2015

National Executive:
*LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit
DL Kennedy Risk Advisory *NB Kader Tax TP Pillay Consulting *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy S Gwala Managed Services
*TJ Brown Chairman of the Board *MJ Comber Deputy Chairman of the Board
Regional Leader: *GC Brazier

A full list of partners and directors is available on request *Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the consolidated and separate annual financial statements of the company and other information included in this report that has been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

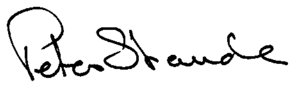
The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditors on the results of their statutory audit, that the company's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the company's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 March 2015 and the results of its operations for the year then ended. The directors are also of the opinion that the company will continue as a going concern in the year ahead.

The independent external auditors concur with the above statements by the directors.

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 81.

The annual financial statements were approved by the board of directors on 21 May 2015 and are signed on its behalf by:



Bahle Sibisi
Chairman

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2015 and that all such returns are true, correct and up to date.

MAC Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2015.

Nature of business

Tongaat Hulett is an agri-processing business that includes the integrated components of land management, property development and agriculture. The activities are dealt with in detail in this integrated annual report.

Financial results

The net profit attributable to shareholders for the year ended 31 March 2015 amounted to R989 million (2014: R1 155 million). This translates into a headline earnings per share of 826,1 cents (2014: 990,5 cents) based on the weighted average number of shares in issue during the year.

Dividends

An interim gross cash dividend (number 174) of 170 cents per share for the half-year ended 30 September 2014 was paid on 5 February 2015. A final gross cash dividend number 175 of 210 cents per share was declared and is payable on 25 June 2015 to shareholders recorded in the register at the close of business on 19 June 2015.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares "CUM" dividend	Thursday	11 June 2015
Ordinary shares trade "EX" dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Thursday	25 June 2015

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Friday 12 June 2015 and Friday 19 June 2015, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Thursday 11 June 2015.

The dividend is declared from income reserves. A net dividend of 178,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 210 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 21 May 2015 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

Share capital

There was no change in the authorised capital of the company. During the period, 40 500 shares were allotted in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R1 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

In 2007, Tongaat Hulett entered into a broad based BEE equity participation transaction, which inter-alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements. On the 7 year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the A preferred ordinary shares to Ordinary shares. The A preferred ordinary shares thus converted to ordinary shares and ranked equally (pari passu) with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 94.

At the previous AGM, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming AGM with the proviso that the number of ordinary shares acquired in any one financial year may not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed.

In compliance with the JSE Listings Requirements, the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a general meeting which will be valid only until the next AGM of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;

- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Furthermore, in terms of the JSE listings Requirements, the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 21 May 2015;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 21 May 2015. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 21 May 2015;
- the working capital of the company and the group for a period of 12 months from 21 May 2015 will be adequate for the company's and the group's requirements.

Subsidiary companies and joint operations
The principal subsidiaries and joint operations of the company are reflected in note 26**.**

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2015 is as follows:

	2015	2014
In the aggregate amount:		
Net profit (Rmillion)	1 155	1 277
Net losses (Rmillion)	94	92

Directorate
During the period, J B Magwaza retired as Chairman of the Board on 30 July 2014, having reached the mandatory retirement age in terms of the memorandum of incorporation of the company. The Board appointed Bahle Sibisi as a non-executive Chairman of the Board with effect from 30 July 2014. Jenitha John was appointed as Lead Independent Director as required by the JSE Listings Requirements and King III in situations where the Chairman of the Board is not independent, also with effect from 30 July 2014. The Board also appointed Steven Beesley as an independent non-executive director of the Board with effect from 17 June 2014. On 1 February 2015, Adriano Maleiane resigned as a non-executive director. The Board appointed Tomaz Augusto Salomão as an independent non-executive director on 25 May 2015. The composition of the Board is as follows: C B Sibisi (Chairman), P H Staude (CEO), F Jakoet, S M Beesley, J John, R P Kupara, T N Mgoduso, N Mjoli-Mncube, M H Munro, S G Pretorius and T A Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are C B Sibisi, M H Munro and S G Pretorius. T A Salomão is required to retire in accordance with article 59 of the memorandum of incorporation, having been appointed on 25 May 2015. These directors are eligible and offer themselves for re-election/election. Details of each of these retiring directors are set out on pages 52 to 53.

Directors' shareholdings
At 31 March 2015, the directors of the company beneficially held a total of 446 052 ordinary shares equivalent to 0,33 percent in the ordinary listed share capital of the company (2014: 374 200 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 70 and pages 75 to 76 of the Remuneration Report. There has been no change in these holdings between 31 March and 21 May 2015.

Audit and Compliance Committee
The Audit and Compliance committee has considered the provisions of the Companies Act and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its report contained in the corporate governance section of this integrated annual report on pages 58 to 59. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date
There were no material events between 31 March 2015 and the date of this report.

STATEMENTS OF FINANCIAL POSITION

for the year ended 31 March 2015

Tongaat Hulett Limited

Company 2014	Company 2015	Rmillion	Note	Consolidated 2015	Consolidated 2014
		ASSETS			
		Non-current assets			
2 644	2 894	Property, plant and equipment	1	**12 059**	11 279
1 288	1 490	Growing crops	2	**5 473**	5 005
501	518	Long-term receivable and prepayments	3	**518**	485
		Goodwill	4	**376**	338
69	63	Intangible assets	5	**64**	70
		Investments	6	**27**	18
4 004	4 007	Subsidiaries and joint operations	7		
8 506	8 972			**18 517**	17 195
1 744	1 679	**Current assets**		**8 026**	6 781
718	622	Inventories	8	**2 472**	2 416
812	790	Trade and other receivables		**3 290**	2 850
139	169	Major plant overhaul costs		**595**	432
16	1	Derivative instruments	9	**1**	16
59	97	Cash and cash equivalents	10	**1 668**	1 067
10 250	10 651	**TOTAL ASSETS**		**26 543**	23 976
		EQUITY AND LIABILITIES			
		Capital and reserves			
135	135	Share capital	11	**135**	135
1 543	1 544	Share premium		**1 544**	1 543
		BEE held consolidation shares	12	**(674)**	(700)
767	780	Retained income		**7 959**	7 412
449	365	Other reserves		**2 925**	2 172
2 894	2 824	**Shareholders' interest**		**11 889**	10 562
		Minority interests in subsidiaries		**1 887**	1 628
2 894	2 824	**Equity**		**13 776**	12 190
4 868	4 888	**Non-current liabilities**		**7 944**	7 612
508	486	Deferred tax	13	**2 491**	2 131
3 852	3 853	Long-term borrowings	14	**4 056**	4 094
		Non-recourse equity-settled BEE borrowings	15	**654**	691
508	549	Provisions	16	**743**	696
2 488	2 939	**Current liabilities**		**4 823**	4 174
1 481	1 573	Trade and other payables	17	**3 145**	2 741
1 006	1 338	Short-term borrowings	14	**1 604**	1 293
1	28	Derivative instruments	9	**28**	1
		Tax		**46**	139
10 250	10 651	**TOTAL EQUITY AND LIABILITIES**		**26 543**	23 976

INCOME STATEMENTS

for the year ended 31 March 2015 | Tongaat Hulett Limited

Company 2014	Company 2015	Rmillion	Note	Consolidated 2015	Consolidated 2014
8 393	8 508	**REVENUE**		**16 155**	15 716
944	1 140	**OPERATING PROFIT**	18	**2 089**	2 374
(545)	(636)	Financing costs	20	**(684)**	(646)
4	14	Finance income	20	**67**	37
403	518	**PROFIT BEFORE TAX**		**1 472**	1 765
(56)	1	Tax	21	**(425)**	(538)
347	519	**NET PROFIT**		**1 047**	1 227
		Attributable to:			
347	519	Shareholders of Tongaat Hulett		**989**	1 155
		Minority (non-controlling) interest		**58**	72
347	519			**1 047**	1 227
		EARNINGS PER SHARE (cents)	23		
		Basic		**864,6**	1 034,4
		Diluted		**864,6**	1 022,3

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2015 | Tongaat Hulett Limited

Company 2014	Company 2015	Rmillion	Consolidated 2015	Consolidated 2014
347	519	**NET PROFIT FOR THE YEAR**	**1 047**	1 227
(5)	(20)	**OTHER COMPREHENSIVE INCOME**	**1 039**	1 438
		Items that will not be reclassified to profit or loss:		
		Foreign currency translation	**1 057**	1 446
(12)	(25)	Actuarial loss	**(23)**	(17)
3	7	Tax on actuarial loss	**7**	5
		Items that may be reclassified subsequently to profit or loss:		
6	(3)	Hedge reserve	**(3)**	6
(2)	1	Tax on movement in hedge reserve	**1**	(2)
342	499	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**2 086**	2 665
		Total comprehensive income attributable to:		
342	499	Shareholders of Tongaat Hulett	**1 815**	2 397
		Minority (non-controlling) interest	**271**	268
342	499		**2 086**	2 665

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015 — **Tongaat Hulett Limited**

Rmillion	Share Capital Ordinary	Share Capital A Preferred Ordinary	Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve Funds	Share-based Payment Reserve	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest	Minority (non-controlling) Interest	Total
CONSOLIDATED												
Balance at 31 March 2013	**109**	**25**	**1 539**	**(747)**	**33**	**356**	**480**	**(4)**	**6 541**	**8 332**	**1 373**	**9 705**
Share capital issued	1		4							5		5
Amortisation of BEE IFRS 2 charge				16						16		16
Share-based payment charge						67				67		67
Settlement of share-based payment awards						(15)				(15)		(15)
Reallocation				31					(31)			
Dividends paid									(240)	(240)		(240)
Dividends paid - minorities											(13)	(13)
Total comprehensive income for the year							1 251	4	1 142	2 397	268	2 665
Retained earnings									1 142	1 142	73	1 215
Movement in hedge reserve								4		4		4
Foreign currency translation							1 251			1 251	195	1 446
Balance at 31 March 2014	**110**	**25**	**1 543**	**(700)**	**33**	**408**	**1 731**		**7 412**	**10 562**	**1 628**	**12 190**
Share capital issued			1							1		1
Vesting of A preferred ordinary shares	25	(25)										
Amortisation of BEE IFRS 2 charge				17		1				18		18
Share-based payment charge						85				85		85
Settlement of share-based payment awards						(175)				(175)		(175)
Reallocation				9					(9)			
Dividends paid									(417)	(417)		(417)
Dividends paid - minorities											(12)	(12)
Total comprehensive income for the year							844	(2)	973	1 815	271	2 086
Retained earnings									973	973	58	1 031
Movement in hedge reserve								(2)		(2)		(2)
Foreign currency translation							844			844	213	1 057
Balance at 31 March 2015	**135**		**1 544**	**(674)**	**33**	**319**	**2 575**	**(2)**	**7 959**	**11 889**	**1 887**	**13 776**
COMPANY												
Balance at 31 March 2013	**109**	**25**	**1 539**		**29**	**368**		**(4)**	**781**	**2 847**		
Share capital issued	1		4							5		
Share-based payment charge						67				67		
Settlement of share-based payment awards						(15)				(15)		
Dividends paid and accrued									(352)	(352)		
Total comprehensive income for the year								4	338	342		
Retained earnings									338	338		
Movement in hedge reserve								4		4		
Balance at 31 March 2014	**110**	**25**	**1 543**		**29**	**420**			**767**	**2 894**		
Share capital issued			1							1		
Vesting of A preferred ordinary shares	25	(25)										
Share-based payment charge						85				85		
Settlement of share-based payment awards						(167)				(167)		
Dividends paid									(488)	(488)		
Total comprehensive income for the year								(2)	501	499		
Retained earnings									501	501		
Movement in hedge reserve								(2)		(2)		
Balance at 31 March 2015	**135**		**1 544**		**29**	**338**		**(2)**	**780**	**2 824**		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015 — Tongaat Hulett Limited

Company 2014	Company 2015	Rmillion	Consolidated 2015	Consolidated 2014
		Cash generated from operations		
796	715	Operating profit before dividends	**2 089**	2 374
148	425	Dividends received		
944	1 140	Operating profit	**2 089**	2 374
(142)	(90)	Surplus on disposal of property, plant and equipment	**(77)**	(75)
		Adjustments for:		
(69)	(2)	Growing crops and other non-cash flow items	**1**	64
206	178	Depreciation	**564**	571
939	1 226	Operating cash flow	**2 577**	2 934
		Cash required by operations		
(188)	136	Inventories	**103**	(468)
(13)	(48)	Trade and other receivables	**(489)**	(388)
127	90	Trade and other payables	**342**	95
(74)	178	(Increase) / decrease in working capital	**(44)**	(761)
865	1 404	**Cash flow from operations**	**2 533**	2 173
(9)	(13)	Tax payments	**(353)**	(452)
(541)	(622)	Net financing costs	**(617)**	(609)
315	769	**Cash flow from operating activities**	**1 563**	1 112
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(45)	(52)	New	**(203)**	(117)
(232)	(386)	Replacement	**(509)**	(429)
		Major plant overhaul cost changes	**(20)**	18
(7)	(4)	Expenditure on intangible assets	**(4)**	(7)
(107)	(76)	Capital expenditure on growing crops	**(76)**	(118)
147	100	Proceeds on disposal of property, plant and equipment	**95**	96
90		Investments - subsidiary		
		Investments - other	**2**	(2)
(154)	(418)	Net cash used in investing activities	**(715)**	(559)
161	351	**Net cash flow before dividends and financing activities**	**848**	553
		Dividends paid		
(352)	(488)	Ordinary and preferred ordinary shares	**(417)**	(240)
		Minorities	**(12)**	(13)
(352)	(488)	Dividends paid	**(429)**	(253)
(191)	(137)	**Net cash flow before financing activities**	**419**	300
		Cash flows from financing activities		
(252)	333	Borrowings raised / (repaid)	**218**	(258)
		Non-recourse equity-settled BEE borrowings	**(37)**	(31)
5	1	Shares issued	**1**	5
(15)	(167)	Settlement of share-based payment awards	**(175)**	(15)
456	8	Inter-group loans		
194	175	Net cash from financing activities	**7**	(299)
3	38	**Net increase in cash and cash equivalents**	**426**	1
56	59	Balance at beginning of year	**1 067**	917
		Currency alignment	**175**	149
59	97	**Cash and cash equivalents at end of year**	**1 668**	1 067

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee, the requirements of the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for Tongaat Hulett for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries. The results of subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Investments in joint operations are accounted for on the proportionate consolidation method from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a black economic empowerment transaction have been, and will continue to be, consolidated, while Tongaat Hulett carries a residual risk in these entities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from Tongaat Hulett's equity therein. The interests of minority shareholders is initially measured at the date of acquisition at the minority's proportion of the net fair value of the assets and liabilities consolidated and thereafter, the minority's share of changes in equity since the date of acquisition. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of Tongaat Hulett, except to the extent that the minority has a binding obligation and the financial ability to cover such losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including refurbishment, less accumulated depreciation and impairment. Cost includes the estimated cost of dismantling and removing the assets. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to profit or loss over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Maintenance expenditure on the company's sugar mills, following the cessation of crushing for the season, is carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

During the year under review, property, plant and equipment were depreciated on the straight line basis, using the rates set out below:

Agricultural land improvements	50 to 99 years
Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years

On the disposal or scrapping of property, plant and equipment, the gain or loss arising thereon is recognised in profit or loss.

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured initially at cost. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life, as follows: Software over four years, patents and licenses over four to twenty years and cane supply agreements over three to ten years. An intangible asset with an indefinite useful life is not amortised, but is tested annually for impairment. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

Growing crops comprise roots and standing cane. The carrying value is determined as follows:

- Roots at current replacement cost of planting and establishment amortised over the period of their productive life of between 6 and 12 years;
- Standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs.

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ASSOCIATE COMPANIES

Associates are those companies which are not subsidiaries or joint operations, over which Tongaat Hulett exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount.

Thereafter, losses are accounted for only insofar as Tongaat Hulett is committed to providing financial support to such associates. The carrying value of investments in associates represents the cost of each investment including goodwill, the share of post acquisition retained income or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, determined in general on the first in, first out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and, to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting profit.

A deferred tax asset is raised in respect of the unused tax losses of an entity and offset against the deferred tax liability of that entity, only where these losses may be utilised in the short term, or will not expire in terms of applicable tax legislation.

IMPAIRMENT

At the date of each statement of financial position, Tongaat Hulett reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether there should be a reversal of an impairment loss recognised in prior years. If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss or reversal thereof, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is estimated to be greater than its carrying amount, its carrying amount is increased to its recoverable amount, which shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Impairment losses and reversals of impairment losses are recognised immediately in profit or loss as exceptional.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to profit or loss in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development, but not exceeding five years.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions and is recognised when the significant risks and rewards of the goods are transferred to the buyer. In the determination of revenue, cash and settlement discounts, rebates and VAT are excluded. Land sales include the sale of township properties and large land sales. Large land sales are generally significant in extent and comprises of land that is at various stages of the land conversion process. In respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. Large land sales are recognised when the relevant agreements are unconditional and binding on the purchaser and the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, any costs to be incurred can be measured reliably and where applicable, the relevant planning approval stage has been achieved.

FOREIGN CURRENCIES

The functional currency of each entity within Tongaat Hulett is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the date of the statement of financial position.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities whose functional currencies are different from Tongaat Hulett's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling at the date of the statement of financial position;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised in the statement of financial position for as long as Tongaat Hulett is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in profit or loss.

Measurement
Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Held-to-maturity investments are held at amortised cost, using the effective interest rate method after deducting accumulated impairment losses.
- Fair value through profit or loss financial assets, available-for-sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement
Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Fair value through profit or loss financial assets are recognised in profit or loss for the year.
- Available for sale and cash equivalent investments are taken to other comprehensive income until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment; and
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the year.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in other comprehensive income, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in other comprehensive income is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Set-off
Where the redemption of debt, raised for major capital projects, is provided for by sinking funds or financial instruments, which allow for the legal right of set-off against the debt on the repayment date, and it is expected that the debt will be settled in this way, the related income statement, statement of cash flows and statement of financial position items are set off.

Financial guarantee contracts
Where financial guarantee contracts are entered into, these are regarded as insurance contracts and accounted for as insurance arrangements.

GOVERNMENT GRANTS
Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance, with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with, they are recognised in profit or loss. When they are for expenses or losses already incurred, they are recognised immediately in profit or loss.

EMPLOYEE BENEFITS
Retirement funds
The assets of the defined contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees. Contributions to defined contribution schemes are charged to profit or loss when incurred.

There was previously a defined benefit arrangement which was converted in the 2012/13 financial year to a defined contribution arrangement with the outsourcing of existing pensioner liabilities to an insurer. The Tongaat Hulett Employer Surplus Account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. The employer surplus account is being utilised for a contribution holiday and, within the regulatory framework, there is a "loan" from the pension fund to the company in respect of the employer surplus account.

Post-retirement medical aid benefits and retirement gratuities
Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date, as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

SHARE-BASED PAYMENTS
The company enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for in terms of the scheme, on the basis that the instruments are equity-settled. The total amount to be expensed on a straight line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

CORPORATE TRANSACTIONS CONCLUDED IN 2007 - 25% BEE EQUITY PARTICIPATION TRANSACTIONS

Broad-based 18% interest held by strategic partners, cane and infrastructure communities

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction which, inter-alia, included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles) - the TH Infrastructure SPV (10%) and the yoMoba SPV (8%).

This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007. The cost related to this 18% broad-based BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being recognised in profit or loss in 2007.

This BEE participation structure involved the issuance of 25,1 million A preferred ordinary shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7-year term, within the overall 10-year transaction period contemplated in the agreements.

In accordance with the various agreements for the 2007 BEE transaction, on the 7-year anniversary of the transaction (i.e. beginning of July 2014), the A preferred ordinary shares held by the BEE SPVs in Tongaat Hulett Limited were automatically converted to ordinary shares. The A preferred ordinary shares thus ceased to exist and the A preferred ordinary dividends of some R112 million per annum are no longer payable. These ordinary shares are held by the BEE SPVs for the time being, rank pari passu with other ordinary shares and were listed on the Johannesburg Stock Exchange on 4 July 2014.

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion, was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million), equity (R5 million) and shareholders' loans (R5 million). The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million), equity (R4 million) and shareholders' loans (R4 million). The SPV's participation interests were initially in the form of A preferred ordinary shares, which were entitled to receive a fixed coupon every year for a period of seven years, within the overall ten year transaction period contemplated in the various agreements, until the 7-year anniversary of the transaction (i.e. beginning of July 2014), at which point the A preferred ordinary shares converted to ordinary shares which were then listed on the Johannesburg Stock Exchange. Tongaat Hulett had committed to pay a fixed coupon of R112 million in aggregate on an annual basis on the A preferred ordinary shares and the A preferred ordinary shares would not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula. A calculation has been performed which determines the number of these converted shares that Tongaat Hulett is entitled to a buy-back. The number of shares to be repurchased is a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett, the success of the earn-in initiatives by the respective BEE partners and divided by the 30-day volume weighted average price of Tongaat Hulett ordinary shares to 1 July 2014. This buy-back right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buy-back by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs – i.e. sometime after the initial 7-year period and prior to the ultimate 10 year duration. At the closing share price at 31 March 2014, approximately 4,9 million shares held by the BEE SPVs are required to settle the external funding, which amounted to some R654 million in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buy-back the approximately 20,2 million remaining shares for a consideration of R0,01 per share, in due course in this process. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the ordinary shares to be repurchased by Tongaat Hulett are not taken into account when calculating earnings per share and headline earnings per share. The external net debt of the SPVs, amounting to R654 million in aggregate at 31 March 2015 (2014: R691 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPVs is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will ultimately effectively be equity-settled.

Tongaat Hulett will use the next period to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure that spans 10 years and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and, should any material changes be required, then these would be brought to shareholders for consideration and approval in due course.

Vesting of the BEE 7% employee interest

The 7% BEE employee transaction of 2007, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), reached a point in August 2012 where vesting in the trusts took place.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components, namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares had specific repurchase terms at maturity on 1 August 2012. They were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares on maturity.

The IFRS 2 costs relating to the 7% BEE employee transaction is amortised over five years from date of grant. The initial grant of awards occurred on 1 August 2007 and the amortisation of the IFRS 2 cost relating to this award commenced in the second half of 2007. These initial awards vested on 1 August 2012.

The BEE employee equity participation trusts' subscription consideration for the original issue in 2007 of 9 740 908 B ordinary shares was funded through contributions by the respective operating entities in Tongaat Hulett. The notional vendor finance provided to the employees was recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of 6 383 283 B ordinary shares (as determined in accordance with predetermined repurchase formulae) on the fifth anniversary of the effective date, at R0,01 per B share. These B ordinary shares were repurchased by Tongaat Hulett for a consideration of R63 833 and immediately cancelled. The remaining 3 357 625 B ordinary shares were converted to listed ordinary shares in Tongaat Hulett Limited. Of these listed ordinary shares, 1 880 431 shares were delivered to beneficiaries who had participated in the initial award on 1 August 2007. Of the MSOP participants whose shares vested, 70% elected to hold their shares in Tongaat Hulett. During the year ended 31 March 2015, a further 152 283 ordinary shares became available for delivery to employees. The remaining 928 655 listed ordinary shares are still time constrained for up to five years.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and, consequently, the remaining 928 655 listed ordinary shares are reflected in BEE held consolidation shares in the consolidated financial statements. These shares are taken into account for the purposes of the earnings per share and headline earnings per share calculations.

JUDGEMENTS MADE BY MANAGEMENT

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Growing crop valuation

Growing crops are required to be measured at fair value less harvesting, transport and over the weighbridge costs. In determining fair value, an estimate is made of the yield of the standing cane, as well as the estimated cane price. These estimates can vary from the actuals when the cane is harvested.

In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual

Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset, as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis, as well as during the forecasting process. For phased developments, judgement is applied to allocate common costs, including bulk infrastructure expenditure to development phases, taking into account factors such as expected sales values, land areas and development intensity. Thereafter, cost of sales allocation to sites is determined in proportion to sales values after making allowance for site and phase-specific infrastructural requirements.

Asset lives and residual lives

Property, plant and equipment are depreciated over their useful lives, taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets across Tongaat Hulett, using valuation models prescribed under IFRS.

Decommissioning and rehabilitation obligations in respect of the environment

Tongaat Hulett monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

Post-retirement benefit obligations

Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

Valuation of financial instruments

The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the date of the statement of financial position.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions, concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

The following relevant new and amended standards and interpretations were also in issue but not effective for the current year. Tongaat Hulett is in the process of evaluating the effects of these new and revised standards and interpretations, but they are not expected to have a significant impact on Tongaat Hulett's results and disclosures:

Effective for the next financial year:

IAS 19: Defined Benefit Plans: Employee Contributions
IFRS 9: Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39.

Annual Improvements to IFRSs (2010 - 2012 Cycle):
IFRS 2: Share-based Payment
IFRS 3: Business Combinations
IFRS 8: Operating Segments
IFRS 13: Fair Value Measurement
IAS 16: Property, Plant and Equipment
IAS 24: Related Party Disclosures
IAS 38: Intangible Assets

Annual Improvements to IFRSs (2011 - 2013 Cycle):
IFRS 1: First-time Adoption of IFRS
IFRS 3: Business Combinations
IFRS 13: Fair Value Measurement
IAS 40: Investment Property

Effective for annual periods beginning on or after 1 January 2016:

IAS 1: Disclosure Initiative
IAS 16 and IAS 41: Agriculture: Bearer Plants
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27: Equity Method in Separate Financial Statements
IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
IFRS 14: Regulatory Deferral Accounts

Annual Improvements to IFRSs (2012 - 2014 Cycle):
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
IFRS 7: Financial Instruments: Disclosures
IAS 19: Employee Benefits
IAS 34: Interim Reporting

Effective for annual periods beginning on or after 1 January 2017:

IFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018:

IFRS 9: Financial Instruments

NOTES TO THE FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Consolidated	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	11 279	3 205	5 118	2 504	73	379
Additions	712	79	218	122	2	291
Disposals	(18)	(11)	(5)	(2)		
Depreciation	(564)	(88)	(305)	(167)	(4)	
Transfers		1	72	39		(112)
Currency alignment	650	337	149	155	1	8
Carrying value at end of year	12 059	3 523	5 247	2 651	72	566
Comprising:						
31 March 2015						
At cost	17 178	4 285	8 349	3 869	109	566
Accumulated depreciation	5 119	762	3 102	1 218	37	
	12 059	3 523	5 247	2 651	72	566
31 March 2014						
At cost	15 686	3 821	7 866	3 511	109	379
Accumulated depreciation	4 407	616	2 748	1 007	36	
	11 279	3 205	5 118	2 504	73	379

Company	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	2 644	472	1 724	172	2	274
Additions	438	4	162	16	2	254
Disposals	(10)	(4)	(6)			
Depreciation	(178)	(7)	(149)	(21)	(1)	
Transfers			58	7		(65)
Carrying value at end of year	2 894	465	1 789	174	3	463
Comprising:						
31 March 2015						
At cost	5 394	581	3 886	457	7	463
Accumulated depreciation	2 500	116	2 097	283	4	
	2 894	465	1 789	174	3	463
31 March 2014						
At cost	4 986	581	3 686	438	7	274
Accumulated depreciation	2 342	109	1 962	266	5	
	2 644	472	1 724	172	2	274

Plant and machinery of Mozambique subsidiaries with a book value of R497 million (2014: R495 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R97 million (2014: R101 million).

The register of land and buildings is available for inspection at the company's registered office.

2. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Carrying value at beginning of year	**5 005**	4 583	1 288	1 003
Gain/(loss) arising from physical growth and price changes	**28**	(276)	58	54
Increase due to increased area under cane	**75**	131	75	131
Expenditure on new area	**76**	118	76	107
Decrease due to reduced area under cane	**(7)**	(8)	(7)	(7)
Currency alignment	**296**	457		
Carrying value at end of year	**5 473**	5 005	1 490	1 288
The carrying value comprises:				
Roots	**2 923**	2 532	1 164	910
Standing cane	**2 550**	2 473	326	378
	5 473	5 005	1 490	1 288
Area under cane (hectares):				
South Africa	**38 107**	35 035	38 107	35 035
Mozambique	**25 687**	25 687		
Swaziland	**3 838**	3 838		
Zimbabwe	**28 494**	27 557		
	96 126	92 117	38 107	35 035

In terms of IAS 41: Agriculture, sugarcane growing crops are accounted for as biological assets and are measured and recognised at fair value. Changes in the fair value, replanting and agricultural operating costs incurred are included in profit or loss.

- The fair value of roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the productive life of the roots (between 6 and 12 years).
- The fair value of standing cane is determined by the growth of the cane, the yield, sucrose content, selling prices (including specifics such as European Union exports), less costs to harvest and transport, over-the-weighbridge costs and costs into the market.

The statement of financial position reflects the following in respect of growing crops:

	2015					2014
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Roots						
Hectares under cane	38 107	3 838	28 494	25 687	96 126	92 117
Amortised root value (Rand per hectare)	30 516	16 660	28 403	34 520	30 406	27 484
Cane						
Hectares for harvest	29 730	3 831	28 448	24 958	86 967	85 059
Standing cane value (Rand per hectare)	10 970	28 334	44 060	34 524	29 319	29 080
Yield (Tons cane per hectare)	54	126	100	90	83	87
Average maturity of cane at 31 March (%)	64	67	64	70	66	69
Statement of Financial Position (Rmillion)						
Roots	1 164	63	810	886	2 923	2 532
Standing cane	326	109	1 253	862	2 550	2 473
Total	1 490	172	2 063	1 748	5 473	5 005

2. GROWING CROPS (Rmillion) continued

	2015	2014
Carrying value at beginning of year	**5 005**	4 583
Change in fair value *	**96**	(153)
Currency alignment	**296**	457
Expenditure on new area	**76**	118
Carrying value at end of year	**5 473**	5 005

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2015 is set out below and the fair value measurement disclosures are included in note 25.

	2015	2014
Roots	**197**	(78)
Standing cane	**(101)**	(75)
Change in fair value *	**96**	(153)

	2015	2014
South Africa	**126**	178
Swaziland	**(11)**	14
Zimbabwe	**66**	(241)
Mozambique	**(85)**	(104)
Change in fair value *	**96**	(153)

* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

3. LONG-TERM RECEIVABLE AND PREPAYMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Long-term receivable				
Employer surplus account	**588**	552	588	552
Less current portion	**(70)**	(67)	(70)	(67)
Carrying value at end of year	**518**	485	518	485
Prepayments				
Contribution to the BEE Employee Share Ownership Plan	**136**	136	132	132
Contribution to the BEE Management Share Ownership Plan	**91**	91	78	78
	227	227	210	210
Less accumulated amortisation at end of year	**(226)**	(209)	(210)	(194)
At beginning of year	**(209)**	(193)	(194)	(180)
Charge for the year	**(17)**	(16)	(16)	(14)
Less BEE share ownership plan consolidation shares	**(1)**	(18)		
				16
Carrying value at end of year	**518**	485	518	501

The prepayment relates to awards made in terms of the company's BEE employee share ownership plans, details of which are set out in note 34.

4. **GOODWILL** (Rmillion)

	Consolidated 2015	Consolidated 2014
Carrying value at beginning of year	**338**	300
Currency alignment	**38**	38
Carrying value at end of year	**376**	338

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of five years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long-term growth trends of the market. As at 31 March 2015, the carrying value of goodwill was considered not to require impairment.

5. **INTANGIBLE ASSETS** (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Cost:				
At beginning of year	**118**	111	112	105
Additions	**4**	7	4	7
At end of year	**122**	118	116	112
Accumulated amortisation:				
At beginning of year	**48**	33	43	28
Charge for the year	**10**	15	10	15
At end of year	**58**	48	53	43
Carrying value at end of year	**64**	70	63	69
The carrying value comprises:				
Software	**44**	53	44	53
Patents and licences	**19**	16	18	15
Cane supply agreements	**1**	1	1	1
	64	70	63	69

6. **INVESTMENTS** (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Unlisted shares	**26**	17		
Loans	**1**	1		
Carrying value of investments (Directors' valuation)	**27**	18		

A schedule of unlisted investments is available for inspection at the company's registered office.

7. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2015	2014
Shares at cost, less amounts written off	**4 307**	4 307
Indebtedness by	**699**	631
Indebtedness to	**(999)**	(934)
	4 007	4 004

Details of principal subsidiary companies and joint operations are included in note 26.

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint operations, which comprise, in the main, Effingham Development (33%) and Tongaat Hulett/IFA Resort Developments (50%) and which are included in the consolidated financial statements, are set out below. With effect from 1 April 2014, a 50% interest in a joint operation was disposed of for R2 million, resulting in a surplus on disposal of R2 million.

	Consolidated	
	2015	2014
Property, plant and equipment	**5**	6
Current assets	**209**	199
Less Current liabilities	**(56)**	(56)
Interest in joint operations	**158**	149
Tongaat Hulett's proportionate share of the trading results of the joint operations is as follows:		
Revenue	**13**	17
Operating profit	**1**	1
Financing income/(costs)	**1**	(1)
Profit before tax	**2**	
Tax	**(1)**	
Net profit after tax	**1**	
Tongaat Hulett's proportionate share of cash flows of the joint operations is as follows:		
Cash flows from operating activities	**(12)**	16
Net cash used in investing activities	**(4)**	(18)
Movement in net cash resources	**(16)**	(2)

8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Raw materials	**333**	408	287	401
Work in progress	**28**	21	28	20
Finished goods	**471**	747	147	154
Consumables	**754**	585	160	143
Development properties	**761**	546		
Livestock and game	**125**	109		
	2 472	2 416	622	718

Included in raw materials is an amount of R234 million (2014: R321 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**(3)**	(1)	(3)	(1)
Futures contracts - hedge accounted	**(24)**	16	(24)	16
	(27)	15	(27)	15
Summarised as:				
Derivative assets	**1**	16	1	16
Derivative liabilities	**(28)**	(1)	(28)	(1)
	(27)	15	(27)	15

Further details on derivative instruments are set out in note 25.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand and excludes bank overdrafts.

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
Nil (2014: 30 000 000) A preferred ordinary shares of R1,00 each		30		30
Nil (2014:10) redeemable preference shares of R1,00 each				
	150	180	150	180
Issued and fully paid:				
135 112 506 (2014: 109 967 030) ordinary shares of R1,00 each	**135**	110	135	110
Nil (2014: 25 104 976) A preferred ordinary shares of R1,00 each		25		25
	135	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 753 600 shares (2014: 5 432 385 shares).

In terms of the original agreements and approvals of the 2007 BEE transaction, the A preferred ordinary shares had a 7-year term, within the overall 10 year transaction period. Accordingly, in July 2014, being the seventh anniversary, the compulsory conversion of the A preferred ordinary shares into ordinary shares occurred and these new ordinary shares were listed on the JSE on 4 July 2014, ranking pari passu with the other ordinary shares. The A preferred ordinary shares and the redeemable preference shares thus ceased to exist. Further information is provided on page 94.

Details of the employee share incentive schemes are set out in the Remuneration Report.

12. BEE HELD CONSOLIDATION SHARES (Rmillion)

	Consolidated	
	2015	2014
25 104 976 (2014: nil) ordinary shares	**839**	
Nil (2014: 25 105 976) A preferred ordinary shares		839
928 655 (2014: 1 080 938) ordinary shares	**1**	18
	840	857
Less amount attributable to BEE SPV shareholders	**(166)**	(157)
	674	700

13. DEFERRED TAX (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Balance at beginning of year	**2 131**	1 930	508	463
Currency alignment	**204**	179		
Current year other comprehensive income (relief) / charge on:				
Actuarial loss	**(7)**	(5)	(7)	(3)
Hedge reserve	**(1)**	2	(1)	2
Current year income statement charge / (relief) on:				
Earnings before capital profits	**161**	16	(17)	33
Capital profits	**3**	13	3	13
Rate change adjustment		(4)		
Balance at end of year	**2 491**	2 131	486	508
Comprising temporary differences related to:				
Property, plant and equipment	**1 736**	1 477	511	527
Growing crops	**1 101**	925	417	361
Long-term receivable	**165**	154	165	154
Current assets	**221**	162	8	9
Current liabilities	**(107)**	(104)	(41)	(40)
Tax losses	**(452)**	(370)	(361)	(264)
Other	**(173)**	(113)	(213)	(239)
	2 491	2 131	486	508

14. **BORROWINGS** (Rmillion)

		Consolidated		Company	
		2015	2014	2015	2014
Long-term		**4 056**	4 094	3 853	3 852
Short-term and bank overdraft		**1 604**	1 293	1 338	1 006
		5 660	5 387	5 191	4 858
Long-term borrowings comprise:					
	Effective interest rate				
Secured:					
SA Rand					
Repayable 2020/21	9,00%	**238**	274		
Finance leases (refer to note 28)	7,50%	**4**	3	4	3
		242	277	4	3
Unsecured:					
SA Rand					
Repayable 2019/20	3 month JIBAR + 2,05%	**500**		500	
Repayable 2019/20	3 month JIBAR + 2,00%	**350**		350	
Repayable 2018/19	3 month JIBAR + 1,85%	**350**		350	
Bond repayable 2018/19	3 month JIBAR + 2,60%	**350**	350	350	350
Bond repayable 2018/19	3 month JIBAR + 2,40%	**170**	170	170	170
Repayable 2017/18	3 month JIBAR + 2,33%	**500**	500	500	500
Repayable 2017/18	3 month JIBAR + 2,70%	**180**	180	180	180
Repayable 2016/17	3 month JIBAR + 2,50%	**500**	500	500	500
Bond repayable 2016/17	3 month JIBAR + 2,43%	**400**	400	400	400
Repayable 2016/17	3 month JIBAR + 2,10%	**300**	300	300	300
Repayable 2016/17	3 month JIBAR + 2,17%	**250**	250	250	250
Repaid during the year			1 200		1 200
Foreign					
Indefinite	nil	**4**	4		
		3 854	3 854	3 850	3 850
Long-term borrowings		**4 096**	4 131	3 854	3 853
Less Current portion included in short-term borrowings		**40**	37	1	1
		4 056	4 094	3 853	3 852

Plant and machinery of Mozambique subsidiaries with a book value of R497 million (2014: R495 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R97 million (2014: R101 million).

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique equivalent to R50 million (2014: R39 million) and in Zimbabwe equivalent to R191 million (2014: R203 million).

Summary of future loan repayments by financial year:

Year	2015/16	2016/17	2017/18	2018/19	2019/20	Thereafter
Rmillion	40	1 494	728	922	908	4

In terms of the company's memorandum of incorporation the borrowing powers exercisable by the directors is limited to R20 664 million.

15. NON-RECOURSE EQUITY-SETTLED BEE BORROWINGS (Rmillion)

	Effective interest rate	Consolidated 2015	Consolidated 2014
The non-recourse equity-settled BEE borrowings comprise:			
4 122 000 Class A redeemable preference shares	nil (9,335% nacs)		24
4 122 000 Class B redeemable preference shares	77% of prime (11,960% nacs)	**697**	649
Accrued dividends			19
		697	692
Less BEE cash resources		**43**	1
		654	691

These borrowings relate to Tongaat Hulett's black economic empowerment partners, yoMoba SPV (Pty) Limited and TH Infrastructure SPV (Pty) Limited, which have been fully consolidated in terms of IFRS. yoMoba SPV (Pty) Limited owns 11 157 767 ordinary shares (2014: 11 157 767 A preferred ordinary shares) and TH Infrastructure SPV (Pty) Limited owns 13 947 209 ordinary shares (2014: 13 947 209 A preferred ordinary shares) in Tongaat Hulett.

The original preference share structure ran up until mid-2014 and had a fixed coupon payable semi-annually on 2 January and 1 July each year. The Class A redeemable preference shares were repaid on 1 July 2014, whilst the repayment terms of the Class B redeemable preference shares were extended to 31 July 2015, with the dividend payable on these shares also payable on 31 July 2015. The debt due will be settled by the SPVs utilising the shares that they hold in Tongaat Hulett, together with dividends received from Tongaat Hulett. These SPVs will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. PROVISIONS (Rmillion)

	Consolidated 2015	Consolidated 2014	Company 2015	Company 2014
Post-retirement medical aid obligations	**542**	487	427	396
Retirement gratuity obligations	**198**	176	122	112
Other	**3**	33		
	743	696	549	508

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated 2015	Consolidated 2014	Company 2015	Company 2014
Accounts payable	**2 899**	2 407	1 327	1 147
Maize obligation - interest bearing	**246**	334	246	334
	3 145	2 741	1 573	1 481

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18. **OPERATING PROFIT** (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Revenue	**16 155**	15 716	8 508	8 393
Cost of sales - cane and maize purchases	**(4 223)**	(4 423)	(3 309)	(3 545)
Cost of sales - other (includes goods, services, salaries and wages)	**(8 309)**	(7 085)	(3 918)	(3 558)
Administration and other expenses	**(1 581)**	(1 678)	(707)	(718)
Marketing and selling expenses	**(367)**	(334)	(244)	(247)
Other net income (including growing crops fair value change *)	**387**	133	774	504
Capital profits (refer to note 19)	**48**	66	55	135
BEE IFRS 2 charge and transaction costs	**(21)**	(21)	(19)	(20)
Operating profit	**2 089**	2 374	1 140	944
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			425	148
Management fees			99	91
Amortisation of intangible assets	**10**	15	10	15
Auditors' remuneration:				
Fees	**15**	14	6	6
Other services	**2**	2	1	1
Depreciation charged:				
Buildings	**88**	80	7	7
Plant and equipment	**305**	321	149	168
Vehicles and other	**171**	170	22	31
Growing crops: gain/(loss) from change in fair value *	**96**	(153)	126	178
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**5**	4		
Operating lease charges (property, plant and vehicles)	**68**	71	62	65
(Loss)/surplus on disposal of propery, plant and equipment	**(4)**	1	2	
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	**85**	67	73	57
BEE IFRS 2 charge	**18**	16	16	15
Technical fees paid	**17**	13	17	13
Translation of foreign currencies	**16**	37	1	1
Valuation adjustments:				
Financial instruments	**1**	1	1	1
Fair value hedges:				
Net gains on the hedged item	**37**	47	37	47
Net losses on the hedging instrument	**(37)**	(47)	(37)	(47)

* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

19. CAPITAL PROFITS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Comprises:				
Surplus on sale of land and buildings	**81**	74	88	142
Costs thereon	**(33)**	(8)	(33)	(7)
Capital profits before tax	**48**	66	55	135
Tax (refer to note 21)	**(3)**	(18)	(3)	(13)
Capital profits after tax	**45**	48	52	122

20. NET FINANCING (COSTS)/INCOME (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Net financing costs comprise:				
Interest paid - external	**(685)**	(646)	(524)	(469)
Interest capitalised	**1**		1	
Interest paid - subsidiaries			(113)	(76)
Financing costs	**(684)**	(646)	(636)	(545)
Interest received - external	**67**	37	14	3
Interest received - subsidiaries				1
Finance income	**67**	37	14	4
Net financing costs	**(617)**	(609)	(622)	(541)

21. TAX (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Earnings before capital profits:				
Current	**260**	507	13	10
Deferred	**161**	16	(17)	33
Rate change adjustment (deferred)		(4)		
Prior years	**1**	1		
	422	520	(4)	43
Capital profits:				
Current		5		
Deferred	**3**	13	3	13
	3	18	3	13
Tax charge for the year	**425**	538	(1)	56
Foreign tax included above	**405**	183	13	10

21. **TAX** (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
Tax charge at normal rate of South African tax	**412**	494	145	113
Adjusted for:				
Non-taxable income and permanent allowances/deductions	**(56)**	(14)	(164)	(77)
Assessed losses of foreign subsidiaries	**10**	(7)		
Non-allowable expenditure	**33**	29	9	2
Foreign tax rate variations	**12**	11		
Foreign withholding tax	**10**	10	6	5
Rate change adjustment (deferred)		(4)		
Capital gains	**3**	18	3	13
Prior years	**1**	1		
Tax charge	**425**	538	(1)	56
Normal rate of South African tax	**28,0%**	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances/deductions	**(3,8)**	(0,8)	(31,7)	(19,1)
Assessed losses of foreign subsidiaries	**0,7**	(0,4)		
Non-allowable expenditure	**2,2**	1,7	1,7	0,5
Foreign tax rate variations	**0,8**	0,6		
Foreign withholding tax	**0,7**	0,6	1,2	1,2
Rate change adjustment (deferred)		(0,2)		
Capital gains	**0,2**	1,0	0,6	3,2
Prior years	**0,1**			
Effective rate of tax	**28,9%**	30,5%	(0,2%)	13,8%

22. **HEADLINE EARNINGS** (Rmillion)

	Consolidated	
	2015	2014
Profit attributable to shareholders	**989**	1 155
Less after tax effect of:	**(44)**	(49)
Capital profit on disposal of land and buildings	**(48)**	(66)
Capital profit on other items	**(2)**	
Loss/(surplus) on disposal of property, plant and equipment	**4**	(1)
	(46)	(67)
Tax charge on capital profit on sale of land	**3**	18
Tax charge on disposal of other fixed assests	**(1)**	
Headline earnings	**945**	1 106
Headline earnings per share (cents)		
Basic	**826,1**	990,5
Diluted	**826,1**	978,9

23. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of relevant ordinary shares and qualifying preferred ordinary shares in issue during the year. In the case of basic earnings per share, the weighted average number of shares in issue during the year was 114 388 093 (2014: 111 655 446). In respect of diluted earnings per share, the weighted average number of shares is 114 388 093 (2014: 112 979 644) and includes nil shares (2014: 941 010 shares) that relate to employee share award schemes and nil shares (2014: 383 188) that relate to BEE schemes.

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Ordinary share capital				
Final for previous year, paid 26 June 2014: 210 cents (2014: 190 cents)	**231**	206	231	206
Interim for current year, paid 5 February 2015: 170 cents (2014: 150 cents)	**229**	34	229	34
A preferred ordinary share capital				
Interim for current year, paid 30 June 2014: 223 cents (30 June 2013: 223 cents)	**28**	56	28	56
Final for current year, paid 31 December 2014: Nil (31 December 2013: 223 cents)		56		56
Accrued for three months to 31 March 2015: Nil (2014: 223 cents)		28		28
	488	380	488	380
Less dividends relating to BEE SPV consolidation shares	**(71)**	(140)		
	417	240	488	380

The final ordinary dividend for the year ended 31 March 2015 of 210 cents per share, declared on 21 May 2015 and payable on 25 June 2015, has not been accrued.

25. FINANCIAL RISK MANAGEMENT (Rmillion)

Financial instruments consist primarily of cash deposits with banks, unlisted investments, derivatives, accounts receivable and payable, and loans to and from associates and others. Financial instruments are carried at fair value or amounts that approximate fair value.

Categories of financial instruments	Consolidated		Company	
	2015	2014	2015	2014
Financial assets				
Derivative instruments in designated hedge accounting relationships	**1**	16	1	16
Unlisted shares	**27**	18		
Loans and receivables at amortised cost	**5 476**	4 402	1 405	1 356
	5 504	4 436	1 406	1 372
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**28**	1	28	1
Financial liabilities at amortised cost	**8 688**	8 124	6 687	6 268
Non-recourse equity-settled BEE borrowings	**654**	691		
	9 370	8 816	6 715	6 269

Risk management is recognised as being dynamic, evolving and integrated into the core of running the business. The approach to risk management in Tongaat Hulett includes being able to identify and describe / analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett risk committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

In the normal course of its operations, Tongaat Hulett is inter alia exposed to capital, credit, foreign currency, interest, liquidity and commodity price risks. In order to manage these risks, Tongaat Hulett may enter into transactions which make use of derivatives. They include forward exchange contracts (FECs), interest rate swaps, commodity futures and options. Separate committees are used to manage risks and hedging activities. Tongaat Hulett does not speculate in or engage in the trading of derivative instruments. Since derivative instruments are utilised for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged. The overall risk strategy remains unchanged from previous years.

Capital risk management

Tongaat Hulett's overall strategy around capital structure remains unchanged from previous years and is continually reviewed in budgeting and business planning processes. Tongaat Hulett manages its capital to ensure that its operations are able to continue as a going concern, while maximising the return to stakeholders through an appropriate debt and equity balance. The capital structure of Tongaat Hulett consists of debt, which includes borrowings (long-term and short-term bank debt and bonds issued in the debt capital market), cash and cash equivalents and equity.

Credit risk

Financial instruments do not represent a concentration of credit risk because Tongaat Hulett deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited, because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, appropriate credit committees review significant credit transactions before consummation. Where considered appropriate, use is made of credit guarantee insurance. A suitable provision is made for doubtful debts. Financial guarantee contracts are accounted for as insurance arrangements.

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Past due trade receivables

Included in trade receivables are debtors which are past the expected collection date (past due) at the reporting date and no provision has been made, as there has not been a significant change in credit quality and the amounts are still considered recoverable. No collateral is held over these balances. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2015	2014	2015	2014
Less than 1 month	**41**	41	25	32
Between 1 to 2 months	**13**	12	2	4
Between 2 to 3 months	**6**	9		2
Greater than 3 months	**319**	240	3	15
Total past due	**379**	302	30	53
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**21**	20	1	2
Currency alignment	**2**	2		
Increase/(decrease) in allowance recognised in profit or loss	**2**	(1)	1	(1)
Balance at end of year	**25**	21	2	1

Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments are used to minimise foreign currency exchange rate risk in terms of its risk management policy. In principle, it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. Tongaat Hulett is not reliant on imported raw materials to any significant extent. The fair values of the forward exchange contracts were established by reference to quoted prices and are categorised as level 1 under the fair value hierarchy.

Forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2015	2014			2015	2014
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
Imports								
US dollar	12,05	48	**1**		12,05	48	**1**	
Exports								
US dollar	12,07	163	**(4)**	(1)	12,07	163	**(4)**	(1)
Net total			**(3)**	(1)			**(3)**	(1)

The hedges in respect of imports and exports are expected to mature within approximately one year.

The fair value is the estimated amount that would be paid or received to terminate the forward exchange contracts in arm's length transactions at the date of the statement of financial position.

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2015	2014			2015	2014
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
Imports								
US dollar	12,27	6			12,27	6		
Euro	13,10	1			13,10	1		
UK pound	18,46	1			18,46	1		
Exports								
US dollar	11,49	3			11,49	3		
Net total			**-**	-			-	-

Although not designated as a hedge for accounting purposes, these forward exchange contracts represent cover of existing foreign currency exposure.

Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign amount (million)	**2015 (Rmillion)**	2014 (Rmillion)	Foreign amount (million)	2015 (Rmillion)	2014 (Rmillion)
US dollar	1	**8**	63	1	8	63
Australian dollar	5	**42**	47	5	42	47
New Zealand dollar		**3**	2			
		53	112		50	110

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R4 million (2014: R5 million) impact on profit before tax and a R3 million (2014: R3 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R1 million (2014: R6 million) impact on profit before tax and a R1 million (2014: R5 million) impact on equity.

Commodity price risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the prices of commodities. To hedge prices for Tongaat Hulett's substantial commodity requirements, commodity futures and options are used, including fixed and spot-defined forward sales contracts and call and put options.

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2015 and a significant portion of its requirements for the period to 31 May 2016 by using a combination of unpriced procurement contracts and purchases and sales of maize futures.

The fair value of the commodity futures contracts, which are set out below, were established by reference to quoted prices and are categorised as level 1 under the fair value hierarchy.

	Consolidated				Company			
			2015	2014			2015	2014
	Tons	Contract value (Rmillion)	**Fair value (Rmillion)**	Fair value (Rmillion)	Tons	Contract value (Rmillion)	Fair value (Rmillion)	Fair value (Rmillion)
Futures - hedge accounted:								
Maize futures sold	24 800	64	**(32)**	19	24 800	64	(32)	19
Maize futures purchased	11 900	29	**8**	(3)	11 900	29	8	(3)
			(24)	16			(24)	16
Period when cash flow is expected to occur			**2015/16**	2014/15			2015/16	2014/15
When expected to affect profit or loss			**2015/16**	2014/15			2015/16	2014/15
Loss recognised in equity during the year			**2**				2	
Loss transferred from equity and recognised in profit or loss				4				4

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Growing crops fair value measurement

Growing crops, comprising roots and standing cane, are measured at fair value, which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy. The fair value of roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the life of the roots (between 6 and 12 years). The fair value of standing cane is determined by the growth of the cane, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market. Changes in the fair value are included in profit or loss, with a benefit of R96 million (2014: charge of R153 million) being recognised in profit or loss in the current year. A reconciliation of the change in fair value for the year is included in note 2.

The effect of an increase in yield or in selling prices will result in an increase in the fair value of the standing cane. The key unobservable inputs, used in determining fair value, and which are not interrelated, are yield of the standing cane of 83 tons per hectare (2014: 87 tons per hectare), and prices. For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R25 million (2014: R26 million) change in fair value, while a change of one percent in the cane price would result in a R26 million (2014: R24 million) change in fair value.

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system, which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R21 million (2014: R23 million) effect on profit before tax and a R15 million (2014: R17 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities of R2,55 billion (2014: R2,84 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facilities.

Borrowings inclusive of interest projected at current interest rates:

Consolidated	Weighted average effective interest rate	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
2015							
Bank loans	8,0%	1 699	1 749	2 754		(1 023)	5 179
Foreign loans	10,1%	303	61	182		(73)	473
Other borrowings	7,4%	255				(9)	246
Financial lease liability	9,2%	2	1	2		(1)	4
Other non-interest bearing liabilities		2 782			4		2 786
Net settled derivatives		28					28
Total for Tongaat Hulett		5 069	1 811	2 938	4	(1 106)	8 716
Non-recourse equity-settled BEE borrowings		666				(12)	654
Total including SPV debt		5 735	1 811	2 938	4	(1 118)	9 370
2014							
Bank loans	7,3%	1 346	2 228	2 075		(810)	4 839
Foreign loans	10,2%	330	61	61	183	(107)	528
Other borrowings	7,0%	359				(12)	347
Financial lease liability	7,3%	2	1	1		(1)	3
Other non-interest bearing liabilities		2 403			4		2 407
Net settled derivatives		1					1
Total for Tongaat Hulett		4 441	2 290	2 137	187	(930)	8 125
Non-recourse equity-settled BEE borrowings		947				(256)	691
Total including SPV debt		5 388	2 290	2 137	187	(1 186)	8 816

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name	Principal activity	Interest of holding company Equity 2015	Equity 2014	Indebtedness 2015	Indebtedness 2014
Tongaat Hulett Starch (Pty) Limited	Wet maize milling, starch & glucose manufacturing operation	**15**	15	**35**	37
Tongaat Hulett Developments (Pty) Limited	Land & property development activities			**(922)**	(857)
Tongaat Hulett Estates (Pty) Limited	Estate agency				
Tongaat Hulett Sugar Limited	Raw sugar refining, packaging and production of liquid & dry speciality sugars	**4 238**	4 238	**646**	576
Tambankulu Estates Limited (Swaziland)					
Tongaat Hulett Acucareira de Mocambique, SA (Mozambique) (85%)					
Tongaat Hulett Acucareira de Xinavane, SA (Mozambique) (88%)					
Tongaat Hulett Acucar Limitada (Mozambique)					
Triangle Sugar Corporation Limited (Zimbabwe)					
Triangle Limited (Zimbabwe)					
Hippo Valley Estates Limited (Zimbabwe) (50,3%)					
The Tongaat Group Limited		**54**	54	**(59)**	(59)
		4 307	4 307	**(300)**	(303)

Except where otherwise indicated, effective participation is 100%.

A full list of all subsidiaries and joint operations is available from the company secretary on request.

Non-wholly owned subsidary with material non-controlling interests: Hippo Valley Estates Limited (Zimbabwe)

Hippo Valley Estates Limited is listed on the Zimbabwe Stock Exchange. It is engaged in the growing and milling of sugarcane and other farming operations.

Summarised financial information as consolidated in Tongaat Hulett's financial statements:	Consolidated 2015	2014
Non-current assets	**3 378**	2 920
Current assets	**1 260**	1 079
Non-current liabilities	**(1 672)**	(1 522)
Current liabilities	**(231)**	(182)
Equity attributable to Tongaat Hulett	**(1 356)**	(1 141)
Non-controlling interests	**1 379**	1 154
Revenue	**1 621**	1 380
Profit attributable to Tongaat Hulett	**37**	41
Profit attributable to non-controlling interests	**36**	40
Profit for the year	**73**	81

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion) continued

Summarised financial information continued	Consolidated 2015	2014
Other comprehensive income attributable to Tongaat Hulett	**178**	143
Other comprehensive income attributable to non-controlling interests	**176**	141
Other comprehensive income for the year	**354**	284
Total comprehensive income attributable to Tongaat Hulett	**215**	184
Total comprehensive income attributable to non-controlling interests	**212**	181
Total comprehensive income for the year	**427**	365
Net cash inflow from operating activities	**389**	300
Net cash outflow from investing activities	**(406)**	(313)
Net cash inflow from financing activities	**24**	279
Net cash inflow for the year	**7**	266

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Guarantees in respect of obligations of Tongaat Hulett and third parties	**33**	113	6	6
Contingent liabilities		3		
	33	116	6	6

28. LEASES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	2	2	2
Later than one year and not later than five years	**3**	2	3	2
	5	4	5	4
Less future finance charges	**(1)**	(1)	(1)	(1)
Present value of lease obligations	**4**	3	4	3
Payable:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**3**	2	3	2
	4	3	4	3
Operating lease commitments, amounts due:				
Not later than one year	**30**	65	27	61
Later than one year and not later than five years	**52**	63	48	56
	82	128	75	117
In respect of:				
Property	**39**	84	33	75
Plant and machinery	**3**	6	4	5
Other	**40**	38	38	37
	82	128	75	117

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Contracted	**163**	74	74	22
Approved but not contracted	**478**	152	388	124
	641	226	462	146

Funds to meet future capital expenditure will be provided from retained net cash flows and debt financing.

30. RELATED PARTY TRANSACTIONS (Rmillion)

During the year, Tongaat Hulett, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions are eliminated on consolidation.

	Consolidated		Company	
	2015	2014	2015	2014
Goods and services:				
Transacted between operating entities within the company			1	1
Between the company and its subsidiaries			605	761
Transacted between subsidiaries within Tongaat Hulett	**836**	795		
Administration fees and other income:				
Transacted between operating entities within the company			3	6
Between the company and its subsidiaries			188	513
Transacted between subsidiaries within Tongaat Hulett	**111**	108		
Transacted with/between joint operations within Tongaat Hulett	**2**	5		
Paid to external related parties	**5**	5		
Interest received/paid:				
Transacted between operating entities within the company			510	474
Paid by the company to its subsidiaries			113	76
Received by the company from its subsidiaries				1
Transacted between subsidiaries within Tongaat Hulett	**131**	95		
Transacted with/between joint operations within Tongaat Hulett	**4**	5		
Sales of fixed assets:				
Between the company and its subsidiaries			93	107
Transacted between subsidiaries within Tongaat Hulett	**76**	52		
Loan balances:				
Between operating entities within the company			6 243	5 816
Between the company and its subsidiaries			300	303
Pension Fund loan - employer surplus account	**79**	73	79	73
Dividends received:				
Between the company and its subsidiaries			425	148
Transacted between subsidiaries within Tongaat Hulett	**390**	140		

Other related party information:

Total dividends paid - refer to note 24

Directors - refer to pages 69 to 70 and pages 75 to 76 of the Remuneration Report

Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility.

31. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be a member of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R98 million were expensed during the year (2014: R94 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2015 amount to R185 million (2014: R186 million), including the post-retirement medical aid and the retirement gratuity provisions.

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa, which previously covered the old Tongaat-Hulett Group, was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a defined contribution arrangement, with the existing pensioner liabilities being outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2015 (Rmillion)**	2014 (Rmillion)
Fair value of fund assets		
Balance at beginning of year	**751**	737
Expected return on scheme assets	**38**	34
Settlements/conversion	**4**	(20)
Balance at end of year	**793**	751
Comprises:		
Employer surplus account (note 3)	**588**	552
Provisions and reserves	**205**	199
	793	751

31. RETIREMENT BENEFITS (Rmillion) continued

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Consolidated		Company	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**487**	448	396	383
Actuarial loss/(gain):	**25**	10	20	4
From changes in financial assumptions	**11**	1	15	1
From changes in demographic assumptions	**8**	6		(4)
From changes in experience items during the year	**6**	3	5	7
Net expense recognised in income statement	**49**	48	38	33
Employer contributions	**(33)**	(29)	(27)	(24)
Currency alignment	**14**	10		
Net liability at end of year	**542**	487	427	396
Amounts recognised in profit or loss:				
Current service costs	**8**	6	3	3
Past service costs		7		
Interest costs	**41**	35	35	30
	49	48	38	33
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**8,10%**	9,00%	8,10%	9,00%
Mozambique	**7,34%**	6,75%		
Zimbabwe	**5,00%**	7,00%		
Health care cost inflation rate				
South Africa	**7,20%**	7,75%	7,20%	7,75%
Mozambique	**6,51%**	6,00%		
Zimbabwe	**3,50%**	5,75%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(56)**	(53)	(41)	(38)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**69**	65	49	45
On health care cost inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% increase in trend rate - increase in the obligation	**69**	65	49	45
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(2)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(57)**	(54)	(42)	(38)
Estimated contributions payable in the next financial year	**34**	30	28	26

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
Weighted average duration of the obligation				
South Africa	**11,3 years**	11,3 years	11,3 years	11,3 years
Mozambique	**6,1 years**	4,9 years		
Zimbabwe	**17,0 years**	17,8 years		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).
"Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.
Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.
Longevity – pensioners (and their dependants) living longer than expected in retirement.
Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations. The unfunded liability for retirement gratuities, which is determined actuarially each year, comprises:

	Consolidated		Company	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	**176**	152	112	102
Actuarial (gain)/loss:	**(2)**	7	5	8
From changes in financial assumptions	**1**		4	
From changes in demographic assumptions		2		2
From changes in experience items during the year	**(3)**	5	1	6
Net expense recognised in income statement	**25**	22	16	14
Payments made by the employer	**(12)**	(13)	(11)	(12)
Currency alignment	**11**	8		
Net liability at end of year	**198**	176	122	112
Amounts recognised in profit or loss:				
Service costs	**10**	9	6	6
Interest costs	**15**	13	10	8
	25	22	16	14

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**8,10%**	9,00%	8,10%	9,00%
Zimbabwe	**5,00%**	7,00%		
Salary inflation rate				
South Africa	**6,95%**	7,50%	6,95%	7,50%
Zimbabwe	**2,75%**	5,00%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(18)**	(16)	(10)	(9)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**21**	18	12	11
On salary inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**3**	3	2	2
1% increase in trend rate - increase in the obligation	**21**	18	12	11
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(18)**	(16)	(10)	(9)
Estimated contributions payable in the next financial year	**18**	15	11	11
Weighted average duration of the obligation				
South Africa	**9,9 years**	9,8 years	9,9 years	9,8 years
Zimbabwe	**11,0 years**	11,4 years		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).

"Real" salary increases (i.e. above price inflation) turn out higher than allowed for.

Large number of early retirements (normal or ill health) bringing forward gratuity payments.

Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	69
Non-executive directors' remuneration	70
Declaration of full disclosure	70
Interest of directors of the company in share capital	70

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 71 to 74 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 75 to 76.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013. The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components, namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries made contributions to the MSOP Trust and the ESOP Trust (refer note 3). Due to these shares having specific repurchase rights at maturity (five years from grant date), they were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Forfeited / adjustments	Balance time constrained
1 August 2009	20 330	(19 734)	(596)	
1 February 2010	23 622	(22 836)	(786)	
1 August 2010	13 022	(125)	(250)	12 647
1 February 2011	12 310	(93)	(93)	12 124
1 August 2011	11 668		(200)	11 468
Unallocated	28 034		1 925	29 959
	108 986	(42 788)		66 198

Management Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Awarded during 2014/15	Forfeited / adjustments	Balance time constrained
1 August 2009	36 876	(36 876)			
1 February 2010	72 619	(72 619)			
1 August 2010	49 749				49 749
1 February 2011	19 576				19 576
1 August 2011	77 998				77 998
1 February 2012	93 737				93 737
1 June 2012	43 885				43 885
1 July 2012	41 935				41 935
1 August 2012	2 782			(2 782)	
1 November 2012	250 638				250 638
7 January 2013	5 000				5 000
1 March 2013	4 855				4 855
15 April 2013 *				1 552	1 552
1 July 2013	25 000				25 000
1 August 2014			48 393	(788)	47 605
1 September 2014			1 928		1 928
Unallocated	247 302		(50 321)	2 018	198 999
	971 952	(109 495)			862 457

* Adjustment made for award on 15 April 2013 that had previously been omitted.

35. CHANGE IN ACCOUNTING POLICY IN THE PRIOR YEAR (Rmillion)

During the year ended 31 March 2014, the company adopted the revised IAS 19 Employee Benefits. The adoption of this standard resulted in actuarial gains and losses being recognised immediately in other comprehensive income and no longer being amortised via profit or loss. The effect of the change in accounting policy on the 2012/13 financial statements is disclosed below.

	Consolidated	Company
Effect on the statements of financial position at 31 March 2013		
Equity at 31 March 2013 as previously reported	9 752	2 922
Effect of change in accounting policy	(47)	(75)
Actuarial losses recognised	(74)	(104)
Foreign currency translation	6	
Increase in provision for retirement benefits	(68)	(104)
Deferred tax	21	29
Equity at 31 March 2013 restated	9 705	2 847