

NOTES TO THE FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Consolidated						
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

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		2015	2014
Roots	197	(78)	South Africa	126	178
Standing cane	(101)	(75)	Swaziland	(11)	14
Change in fair value *	96	(153)	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	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.