

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)

		Consolidated	
		2015	2014
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
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		Company	
	2015	2014	2015	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		Company	
	2015	2014	2015	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 property, 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