

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 assets	(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				
	Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)		Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 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				
	Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)		Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 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			
		Contract value	2015 Fair value	2014 Fair value		Contract value	2015 Fair value	2014 Fair value
	Tons	(Rmillion)	(Rmillion)	(Rmillion)		Tons	(Rmillion)	(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		Indebtedness	
		2015	2014	2015	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 subsidiary 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.				

