

**11. SHARE CAPITAL** (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Authorised:				
150 000 000 ordinary shares of R1,00 each	150	150	150	150
Issued and fully paid:				
135 112 506 ordinary shares of R1,00 each	135	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 755 625 shares (2015: 6 753 600 shares).

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

**12. BEE HELD CONSOLIDATION SHARES** (Rmillion)

	Consolidated	
	2016	2015
25 104 976 ordinary shares	839	839
830 888 (2015: 928 655) ordinary shares		1
	839	840
Less amount attributable to BEE SPV shareholders	(214)	(166)
	625	674

**13. DEFERRED TAX** (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Balance at beginning of year	2 491	2 131	486	508
Currency alignment	327	204		
Current year other comprehensive income (relief)/charge on:				
Actuarial loss	(6)	(7)	(4)	(7)
Hedge reserve	3	(1)	3	(1)
Current year income statement charge/(relief) on:				
Earnings before capital profits	65	161	(66)	(17)
Capital profits	2	3	2	3
Prior years	14		2	
Balance at end of year	2 896	2 491	423	486
Comprising temporary differences related to:				
Property, plant and equipment	2 085	1 736	560	511
Growing crops	1 303	1 101	476	417
Long-term receivable	177	165	177	165
Current assets	237	221	9	8
Current liabilities	(118)	(107)	(33)	(41)
Tax losses	(699)	(452)	(569)	(361)
Other	(89)	(173)	(197)	(213)
	2 896	2 491	423	486

NOTES TO THE FINANCIAL STATEMENTS continued

14. BORROWINGS (Rmillion)

		Consolidated		Company	
		2016	2015	2016	2015
Long-term		3 791	4 056	3 631	3 853
Short-term and bank overdraft		3 187	1 604	2 994	1 338
		<b>6 978</b>	<b>5 660</b>	<b>6 625</b>	<b>5 191</b>
Long-term borrowings comprise:					
	Effective interest rate				
Secured:					
SA Rand					
Repayable 2020/21	10,50%	199	238		
Finance leases (refer to note 28)	11,50%	3	4	3	4
		<b>202</b>	<b>242</b>	<b>3</b>	<b>4</b>
Unsecured:					
SA Rand					
Bond repayable 2020/21	3-month JIBAR + 2,80%	180		180	
Repayable 2019/20	3-month JIBAR + 2,05%	500	500	500	500
Repayable 2019/20	3-month JIBAR + 2,00%	350	350	350	350
Repayable 2018/19	3-month JIBAR + 1,85%	350	350	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 2017/18 (2015: repayable 2016/17)	3-month JIBAR + 2,50%	500	500	500	500
Repayable 2017/18 (2015: repayable 2016/17)	3-month JIBAR + 2,10%	300	300	300	300
Repayable 2017/18	3-month JIBAR + 2,48%	250		250	
Bond repayable 2016/17	3-month JIBAR + 2,43%	220	400	220	400
Repaid during the year			250		250
Foreign					
Indefinite	nil	3	4		
		<b>3 853</b>	<b>3 854</b>	<b>3 850</b>	<b>3 850</b>
Long-term borrowings		4 055	4 096	3 853	3 854
Less current portion included in short-term borrowings		264	40	222	1
		<b>3 791</b>	<b>4 056</b>	<b>3 631</b>	<b>3 853</b>

Plant and machinery of Mozambique subsidiaries with a book value of R581 million (2015: R497 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R84 million (2015: R97 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 R71 million (2015: R50 million) and in Zimbabwe equivalent to R94 million (2015: R191 million).

Summary of future loan repayments by financial year:

Year	2016/17	2017/18	2018/19	2019/20	2020/21	Thereafter
Rmillion	264	1 778	923	907	180	3

In terms of the company's memorandum of incorporation, the borrowing powers exercisable by the directors is limited to R23 295 million.

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

		Consolidated	
		2016	2015
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
4 122 000 Class B redeemable preference shares	80% of prime (2015: 77% of prime)	689	697
Less BEE cash resources		84	43
		<b>605</b>	<b>654</b>

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

The original preference share structure, comprising Class A and Class B redeemable preference shares, 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, while the repayment terms of the Class B redeemable preference shares were extended to 31 July 2016 with the option of an extension to 31 July 2017. The dividend payable on these shares is also payable on 31 July 2016. 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	
	2016	2015	2016	2015
Post-retirement medical aid obligations	600	542	450	427
Retirement gratuity obligations	226	198	130	122
Other		3		
	<b>826</b>	<b>743</b>	<b>580</b>	<b>549</b>

Further details on provisions are set out in note 31.

## 17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Accounts payable	3 520	2 899	1 589	1 327
Maize obligation - interest bearing	376	246	376	246
	<b>3 896</b>	<b>3 145</b>	<b>1 965</b>	<b>1 573</b>

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

## NOTES TO THE FINANCIAL STATEMENTS continued

### 18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Revenue	16 676	16 155	8 405	8 508
Cost of sales - cane, sugar and maize purchases	(5 448)	(5 138)	(4 527)	(4 224)
Cost of sales - other (includes goods, services, salaries and wages, root replant costs and offcrop)	(7 863)	(7 394)	(2 813)	(3 003)
Administration and other expenses	(1 728)	(1 581)	(673)	(707)
Marketing and selling expenses	(373)	(367)	(233)	(244)
Other net income (including growing crops fair value change *)	521	387	680	774
Capital profits (refer to note 19)	42	48	91	55
BEE IFRS 2 charge and transaction costs	(19)	(21)	(18)	(19)
Operating profit	1 808	2 089	912	1 140
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			333	425
Management fees			108	99
Amortisation of intangible assets	8	10	8	10
Auditors' remuneration:				
Fees	17	15	7	6
Other services	2	2		1
Depreciation charged:				
Buildings	108	88	8	7
Plant and equipment	287	305	151	149
Vehicles and other	192	171	17	22
Growing crops: gain from change in fair value *	237	96	142	126
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	5	5		
Operating lease charges (property, plant and vehicles)	85	68	78	62
(Loss)/surplus on disposal of property, plant and equipment	(4)	(4)	(1)	2
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	60	85	44	73
BEE IFRS 2 charge	17	18	16	16
Technical fees paid	20	17	20	17
Translation of foreign currencies	22	16	5	1
Valuation adjustments:				
Financial instruments	5	1	5	1
Fair value hedges:				
Net gains on the hedged item	57	37	57	37
Net losses on the hedging instrument	(57)	(37)	(57)	(37)

\* 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	
	2016	2015	2016	2015
Comprises:				
Surplus on sale of land and buildings	88	81	136	88
Costs thereon	(46)	(33)	(45)	(33)
Capital profits before tax	42	48	91	55
Tax (refer to note 21)	(3)	(3)	(2)	(3)
Capital profits after tax	39	45	89	52

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

	Consolidated		Company	
	2016	2015	2016	2015
Financing costs:				
Interest paid - external	(778)	(685)	(631)	(524)
Interest capitalised	28	1	28	1
Interest paid - subsidiaries			(101)	(113)
	(750)	(684)	(704)	(636)
Finance income:				
Interest received - external	70	67	6	14
Net financing costs	(680)	(617)	(698)	(622)

**21. TAX** (Rmillion)

	Consolidated		Company	
	2016	2015	2016	2015
Earnings before capital profits:				
Current	287	260	14	13
Deferred	65	161	(66)	(17)
Prior years	3	1	2	
	355	422	(50)	(4)
Capital profits:				
Current	1			
Deferred	2	3	2	3
	3	3	2	3
Tax charge/(relief) for the year	358	425	(48)	(1)
Foreign tax included above	84	194	14	13
Reconciliation of statutory rate to effective rate:				
Tax charge at normal rate of South African tax	316	412	60	145
Adjusted for:				
Non-taxable income and permanent allowances/ deductions	(37)	(56)	(141)	(164)
Assessed losses of foreign subsidiaries	9	10		
Non-allowable expenditure	26	33	9	9
Foreign tax rate variations	15	12		
Foreign withholding tax	10	10	7	6
Capital gains	16	3	15	3
Prior years	3	1	2	
Tax charge/(relief)	358	425	(48)	(1)
Normal rate of South African tax	28,0%	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances/ deductions	(3,3)	(3,8)	(65,8)	(31,7)
Assessed losses of foreign subsidiaries	0,8	0,7		
Non-allowable expenditure	2,3	2,2	4,2	1,7
Foreign tax rate variations	1,3	0,8		
Foreign withholding tax	0,9	0,7	3,2	1,2
Capital gains	1,4	0,2	7,0	0,6
Prior years	0,3	0,1	1,0	
Effective rate of tax	31,7%	28,9%	(22,4%)	(0,2%)