

# NOTES TO THE FINANCIAL STATEMENTS

## 1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
<b>Consolidated</b>							
Carrying value at beginning of year (restated - note 35)	16 415	4 114	3 097	5 576	2 810	66	752
Additions	1 069	82	418	338	52	1	178
Disposals	(16)	(6)	(3)	(2)	(5)		
Depreciation	(1 027)	(104)	(481)	(277)	(163)	(2)	
Transfers		27		131	(10)	(2)	(146)
Currency alignment	(2 753)	(544)	(414)	(1 063)	(644)	(14)	(74)
Carrying value at end of year	13 688	3 569	2 617	4 703	2 040	49	710

Comprising:

### 31 March 2017

At cost	20 391	4 516	3 613	8 087	3 401	64	710
Accumulated depreciation	6 703	947	996	3 384	1 361	15	
	13 688	3 569	2 617	4 703	2 040	49	710

### 31 March 2016 (restated - note 35)

At cost	22 988	5 081	3 752	9 034	4 264	105	752
Accumulated depreciation	6 573	967	655	3 458	1 454	39	
	16 415	4 114	3 097	5 576	2 810	66	752

## Company

Carrying value at beginning of year (restated - note 35)	4 493	472	1 153	2 105	190	3	570
Additions	706	13	239	276	18	1	159
Disposals	(8)	(2)	(3)	(2)		(1)	
Depreciation	(335)	(8)	(130)	(169)	(27)	(1)	
Transfers		27		106	3		(136)
Carrying value at end of year	4 856	502	1 259	2 316	184	2	593

Comprising:

### 31 March 2017

At cost	7 967	655	1 532	4 680	501	6	593
Accumulated depreciation	3 111	153	273	2 364	317	4	
	4 856	502	1 259	2 316	184	2	593

### 31 March 2016 (restated - note 35)

At cost	7 298	596	1 296	4 349	479	8	570
Accumulated depreciation	2 805	124	143	2 244	289	5	
	4 493	472	1 153	2 105	190	3	570

Plant and machinery of Mozambique subsidiaries with a book value of R367 million (2016: R581 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of nil (2016: R84 million).

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

**2. LONG-TERM RECEIVABLE (Rmillion)**

	Consolidated		Company	
	2017	2016	2017	2016
Employer surplus account (note 31)	689	634	689	634
Less current portion	(70)	(70)	(70)	(70)
Carrying value at end of year	619	564	619	564

**3. GOODWILL (Rmillion)**

	Consolidated	
	2017	2016
Carrying value at beginning of year	438	376
Currency alignment	(56)	62
Carrying value at end of year	382	438

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 four 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. The discount rates used in the cash flow models range between 11,6% and 14,2%. In the packing operations in Namibia and Botswana, sales growth rates of between 1,5% and 2% have been used while in the sugar production operations in Zimbabwe and Mozambique a return to production levels closer to capacity have been assumed post the drought. As at 31 March 2017, the carrying value of goodwill was considered not to require impairment. Based on the sensitivity calculations performed any reasonably possible changes in key assumptions would not cause the recoverable amounts to fall below the carrying values.

**4. INTANGIBLE ASSETS (Rmillion)**

	Consolidated		Company	
	2017	2016	2017	2016
<b>Cost:</b>				
At beginning of year	278	122	250	116
Additions	166	123	144	102
Transfer from property, plant and equipment		32		32
Currency alignment	(5)	1		
At end of year	439	278	394	250
<b>Accumulated amortisation:</b>				
At beginning of year	66	58	61	53
Charge for the year	8	8	8	8
Currency alignment	(1)			
At end of year	73	66	69	61
Carrying value at end of year	366	212	325	189
The carrying value comprises:				
Software	36	44	35	42
Patents and licences	18	18	18	18
Capital work in progress (SAP ERP)	312	150	272	129
	366	212	325	189

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### 5. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2017	2016	2017	2016
Unlisted shares	27	25		
Loans	1	1		
Carrying value of investments (Directors' valuation)	28	26		

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

### 6. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2017	2016
Shares at cost, less amounts written off	5 471	4 307
Indebtedness by/net indebtedness	92	173
	5 563	4 480
Indebtedness to (included in accounts payable)	(413)	
	5 150	4 480

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

### 7. INVENTORIES (Rmillion)

	Consolidated		Company	
	2017	2016	2017	2016
Raw materials	386	357	379	303
Work in progress	21	19	20	18
Finished goods	634	617	228	180
Consumables	790	883	226	172
Development properties	1 005	816		
Livestock and game	113	174		
	2 949	2 866	853	673

Included in raw materials is an amount of R274 million (2016: R111 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

## 8. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2017	2016 Restated (note 35)	2017	2016 Restated (note 35)
Carrying value of standing cane at beginning of year	2 914	2 550	465	326
Gain arising from physical growth and price changes	88	95	178	97
Increase due to increased area under cane	68	49	68	46
Decrease due to reduced area under cane	(13)	(3)	(1)	(2)
Decrease due to land sales	(3)	(2)	(3)	(2)
Currency alignment	(505)	225		
Carrying value at end of year	2 549	2 914	707	465

In terms of IAS 41: Agriculture, sugar cane growing crops, comprising standing cane, is accounted for as a biological asset and is measured and recognised at fair value. Changes in the fair value are included in profit or loss. The fair value of standing cane is determined by estimating 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 as at 31 March 2017.

	2017					2016
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Hectares for harvest	33 247	3 774	27 982	23 156	88 159	86 263
Standing cane value (Rand per hectare)	21 265	31 914	36 475	30 268	28 913	33 775
Yield (Tons cane per hectare)	60	110	92	75	76	73
Average maturity of cane at 31 March (%)	73	60	57	65	64	70
<b>Statement of financial position (Rmillion)</b>						
Carrying value	707	120	1 021	701	2 549	2 914

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2017 is set out below and the fair value measurement disclosures are included in note 25.

Rmillion	2017	2016 Restated (note 35)
Carrying value at beginning of year	2 914	2 550
Change in fair value	143	141
Land sales	(3)	(2)
Currency alignment	(505)	225
Carrying value at end of year	2 549	2 914

Rmillion	2017	2016 Restated (note 35)
South Africa	245	141
Swaziland	2	10
Zimbabwe	(244)	(129)
Mozambique	140	119
Change in fair value	143	141

## NOTES TO THE FINANCIAL STATEMENTS continued

### 9. DERIVATIVE INSTRUMENTS (Rmillion)

The fair value of derivative instruments at year end was:

	Consolidated		Company	
	2017	2016	2017	2016
Forward exchange contracts - hedge accounted		6		6
Forward exchange contracts - not hedge accounted		1		1
Futures contracts - hedge accounted	(9)	52	(9)	52
	(9)	59	(9)	59
Summarised as:				
Derivative assets		60		60
Derivative liabilities	(9)	(1)	(9)	(1)
	(9)	59	(9)	59

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	
	2017	2016	2017	2016
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 (2016: 6 755 625 shares).



Details of the employee share incentive schemes are set out on pages 79 to 84 in the Remuneration Report.