

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	6		6	
Forward exchange contracts - not hedge accounted	1		1	
Futures contracts - hedge accounted	(8)	(9)	(8)	(9)
	(1)	(9)	(1)	(9)
Summarised as:				
Derivative assets	7		7	
Derivative liabilities	(8)	(9)	(8)	(9)
	(1)	(9)	(1)	(9)

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. The carrying value of cash and cash equivalents approximates fair value.

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
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 (2017: 6 755 625 shares).

Details of the employee share incentive schemes are set out on pages 87 to 92 of the Remuneration Report.



12. BEE HELD CONSOLIDATION SHARES (Rmillion)

	Consolidated	
	2018	2017
Broad-based 18% interest:		
25 104 976 (2017: 25 104 976) ordinary shares	839	839
BEE employee 7% interest:		
314 029 (2017: 649 079) ordinary shares		
	839	839
Less BEE SPV reserves	(216)	(197)
	623	642

13. DEFERRED TAX (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Balance at beginning of year	2 537	2 864	375	400
Currency alignment	(184)	(215)		
Current year other comprehensive income (relief)/charge on:				
Actuarial (loss)/gain	(2)	11	1	11
Hedge reserve		(2)		(2)
Current year income statement charge/(relief) on:				
Earnings before capital profits	94	(128)	(128)	(47)
Capital (losses)/profits	(14)	13	(19)	13
Prior years	(55)	(6)		
Balance at end of year	2 376	2 537	229	375
Comprising temporary differences related to:				
Property, plant and equipment	2 362	1 908	1 104	638
Growing crops	870	1 035	214	550
Long-term receivable	210	193	210	193
Current assets	368	280	11	14
Current liabilities	(110)	(125)	(41)	(42)
Tax losses	(1 173)	(882)	(1 121)	(805)
Other	(151)	128	(148)	(173)
	2 376	2 537	229	375

14. BORROWINGS (Rmillion)

		Consolidated		Company	
		2018	2017	2018	2017
Long-term		5 048	4 975	4 993	4 861
Short-term and bank overdraft		4 077	2 546	4 010	2 575
		9 125	7 521	9 003	7 436
Long-term borrowings comprise:					
	Effective interest rate				
Secured:					
SA Rand					
Repayable 2019/20	10,70%	110	157		
Finance leases (note 28)	11,50%	2	2	2	2
		112	159	2	2
Unsecured:					
SA Rand					
Repayable 2024/25	3 month JIBAR + 0,50%	252	120	252	120
Repayable 2023/24	3 month JIBAR + 2,70%	410	410	410	410
Bond repayable 2022/23	3 month JIBAR + 2,60%	170		170	
Bond repayable 2022/23	3 month JIBAR + 2,60%	350		350	
Repayable 2022/23 (2017: repayable 2018/19)	3 month JIBAR + 2,55%	350	350	350	350
Repayable 2022/23	3 month JIBAR + 3,05%	180	180	180	180
Bond repayable 2021/22	3 month JIBAR + 2,85%	180	180	180	180
Bond repayable 2021/22	3 month JIBAR + 2,85%	220	220	220	220
Repayable 2021/22 (2017: repayable 2019/20)	3 month JIBAR + 2,25%	375	375	375	375
Repayable 2020/21 (2017: repayable 2018/19)	3 month JIBAR + 2,25%	375	375	375	375
Repayable 2020/21	3 month JIBAR + 2,55%	300	300	300	300
Bond repayable 2020/21	3 month JIBAR + 2,80%	180	180	180	180
Repayable 2019/20	3 month JIBAR + 2,55%	500	500	500	500
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 2019/20 (2017: repayable 2018/19)	3 month JIBAR + 2,50%	300	300	300	300
Bond repayable 2018/19	3 month JIBAR + 2,40%	170	170	170	170
Repaid during the current year			350		350
		5 162	4 860	5 162	4 860
Long-term borrowings		5 274	5 019	5 164	4 862
Less current portion included in short-term borrowings		226	44	171	1
		5 048	4 975	4 993	4 861

Plant and machinery of Mozambique subsidiaries with a book value of R438 million (2017: R367 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R6 million (2017: nil).

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 of R6 million (2017: nil) and in Zimbabwe equivalent to R11 million (2017: R2 million).

Summary of future long-term loan repayments by financial year:

Year	2018/19	2019/20	2020/21	2021/22	2022/23	Thereafter
Rmillion	226	1 705	856	775	1 050	662

In terms of the company's memorandum of incorporation the borrowing power exercisable by the directors is limited to R18 014 million (2017: R19 107 million).

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

		Consolidated	
		2018	2017
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
4 122 000 Class B redeemable preference shares	80% of prime	664	693
Less BEE cash resources		61	70
		603	623

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 have been extended to 1 October 2018. The dividend payable on these shares is also payable on 1 October 2018. 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	
	2018	2017	2018	2017
Post-retirement medical aid obligations	576	576	442	435
Retirement gratuity obligations	215	208	135	126
	791	784	577	561

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Accounts payable	3 671	3 080	1 755	1 874
Maize obligation - interest bearing	486	509	486	509
	4 157	3 589	2 241	2 383

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

18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Revenue	16 982	17 915	8 992	9 188
Cost of sales - cane, sugar and maize purchases	(5 618)	(6 259)	(4 473)	(5 214)
Cost of sales - other (includes goods, services, salaries and wages and offcrop)	(7 867)	(7 555)	(3 315)	(2 789)
Administration and other expenses	(1 860)	(1 689)	(744)	(695)
Marketing and selling expenses	(371)	(385)	(261)	(241)
Other net income (including growing crops fair value change)	679	309	1 038	1 515
Capital profits/(losses) (note 19)	27	12	(66)	118
BEE IFRS 2 charge and transaction costs	(14)	(15)	(13)	(14)
Operating profit	1 958	2 333	1 158	1 868
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			707	1 024
Management fees			138	124
Amortisation of intangible assets	23	8	17	8
Auditors' remuneration:				
Fees	19	18	9	7
Other services	2	4		1
Depreciation charged:				
Buildings	86	104	9	8
Cane roots	498	481	151	130
Plant and equipment	300	277	213	169
Vehicles and other	117	165	29	28
Growing crops: gain from change in fair value	370	143	57	245
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	5	5		
Operating lease charges (property, plant and vehicles)	133	75	125	68
(Loss)/surplus on disposal of property, plant and equipment	(3)	4		
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	10	60	5	54
BEE IFRS 2 charge	12	13	11	12
Technical fees paid	19	22	19	22
Translation of foreign currencies	6	95	(2)	(4)
Valuation adjustments:				
Financial instruments	(5)	(2)	(5)	(2)
Fair value hedges:				
- Net losses on the hedged item	(23)	(64)	(23)	(64)
- Net gains on the hedging instrument	23	64	23	64

19. CAPITAL PROFITS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Comprises:				
Surplus on sale of land, cane roots and buildings	109	38	16	144
Costs thereon	(82)	(26)	(82)	(26)
Capital profits/(losses) before tax	27	12	(66)	118
Tax (note 21)	70	(13)	19	(13)
Capital profits/(losses) after tax	97	(1)	(47)	105

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

	Consolidated		Company	
	2018	2017	2018	2017
Net financing costs comprise:				
Interest paid - external	(1 049)	(973)	(956)	(839)
Interest capitalised	45	34	45	34
Interest paid to subsidiaries			(66)	(60)
Financing costs	(1 004)	(939)	(977)	(865)
Finance income:				
Interest received - external	126	129	5	8
Net financing costs	(878)	(810)	(972)	(857)

21. TAX (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Tax on earnings before capital profits:				
Current	222	542	26	17
Deferred	94	(128)	(128)	(47)
Prior years - current and deferred	3	1		
	319	415	(102)	(30)
Tax on capital profits:				
Deferred	(14)	13	(19)	13
Prior years - deferred	(56)			
	(70)	13	(19)	13
Tax charge/(relief) for the year	249	428	(121)	(17)
Foreign tax included above	261	277	26	17
Reconciliation of statutory rate to effective rate:				
Tax charge at normal rate of South African tax	302	426	52	283
Adjusted for:				
Non-taxable capital surplus on disposal of property, plant and equipment	(31)	(38)	(5)	(41)
Other non-taxable amounts	(18)	(39)	(4)	(13)
Dividends received from subsidiaries			(198)	(287)
Assessed losses of foreign subsidiaries	4	11		
Non-deductible funding costs of BEE SPVs and related expenses	16	16		
Other non-deductible expenditure	12	17	10	12
Foreign tax rate variations	(14)	(12)		
Foreign withholding tax	22	11	20	9
Capital gains tax	9	35	4	20
Prior years	(53)	1		
Tax charge/(relief)	249	428	(121)	(17)
Normal rate of South African tax	28,0%	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable capital surplus on disposal of property, plant and equipment	(2,9)	(2,5)	(2,7)	(4,0)
Other non-taxable amounts	(1,6)	(2,6)	(2,2)	(1,3)
Dividends received from subsidiaries			(106,6)	(28,4)
Assessed losses of foreign subsidiaries	0,4	0,7		
Non-deductible funding costs of BEE SPVs and related expenses	1,5	1,1		
Other non-deductible expenditure	1,1	1,1	5,4	1,2
Foreign tax rate variations	(1,3)	(0,8)		
Foreign withholding tax	2,0	0,7	10,8	0,9
Capital gains tax	0,8	2,3	2,2	1,9
Prior years	(4,9)	0,1		
Effective rate of tax	23,1%	28,1%	(65,1%)	(1,7%)

Normal tax losses of R4 189 million (2017: R3 151 million) have been utilised to reduce deferred tax. Management considers that there will be sufficient future profits to utilise these tax losses. No deferred tax asset has been raised in respect of tax losses of foreign subsidiaries of R88 million (2017: R110 million) that may not be utilised in the short term or may expire in terms of applicable tax legislation.