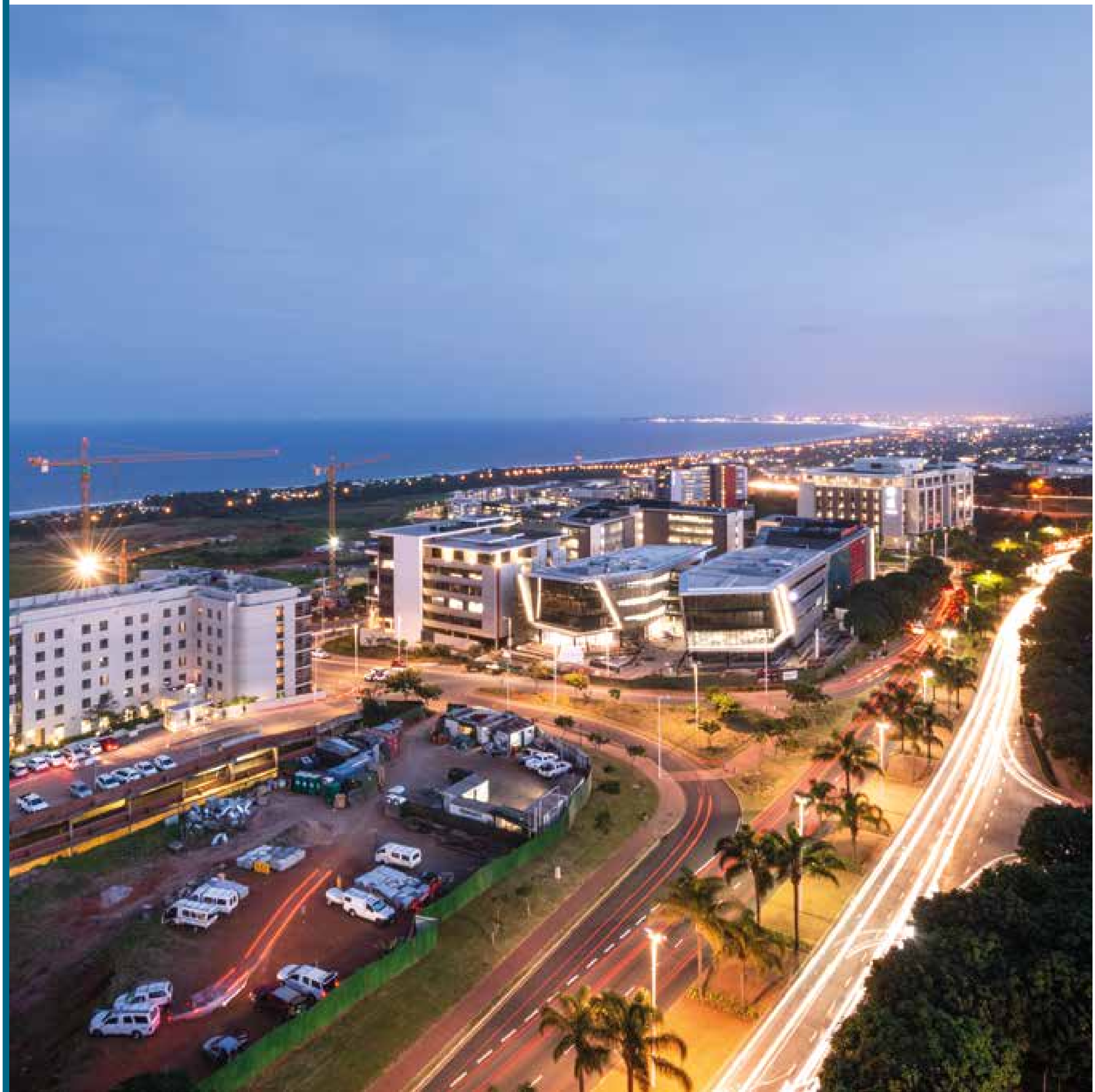

FINANCIAL REPORTING

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities *	Capital Employed	Capital Expenditure	Depreciation
2018							
Sugar			21 854	2 162	19 760	1 934	895
Zimbabwe	3 918	563					
Swaziland	210	29					
Mozambique	1 584	159					
South Africa	6 332	86					
Sugar operations - total	12 044	837	21 854	2 162	19 760	1 934	895
Starch operations	3 913	572	2 248	831	1 394	86	105
Land Conversion and Developments	1 025	661	4 591	1 136	3 413	4	1
Centrally accounted and consolidation items		(61)	422	9 952	337	37	
Other capital items		(39)					
BEE IFRS 2 charge and transaction costs		(14)		603			
Share of associate company's profit		2					
Consolidated total	16 982	1 958	29 115	14 684	24 904	2 061	1 001
2017							
Sugar			21 393	1 782	19 710	939	926
Zimbabwe	4 399	504					
Swaziland	236	69					
Mozambique	1 723	308					
South Africa	6 405	390					
Sugar operations - total	12 763	1 271	21 393	1 782	19 710	939	926
Starch operations	4 172	510	2 412	873	1 522	89	100
Land Conversion and Developments	980	641	3 840	1 065	2 730	2	1
Centrally accounted and consolidation items		(74)	309	8 183	241	39	
BEE IFRS 2 charge and transaction costs		(15)		623			
Consolidated total	17 915	2 333	27 954	12 526	24 203	1 069	1 027

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2018**	2017
South Africa, Mozambique and Zimbabwe	**13 515**	15 717
Rest of Africa	**1 812**	614
Europe	**580**	1 220
Asia and other	**574**	76
North America	**293**	
Australasia	**208**	288
	16 982	17 915

The aggregate effect of intra-group transactions is immaterial.
Geographical location of non-current assets: South Africa R6 335 million; Other countries R9 086 million (2017: South Africa R5 807 million; Other countries R9 276 million).

* Total liabilities comprise segment liabilities of R14 684 million, deferred tax of R2 376 million and tax of R46 million (2017: Total liabilities comprise segment liabilities of R12 526 million, deferred tax of R2 537 million and tax of R153 million).

Detailed below is a revenue and cost analysis of the sugar operations in Zimbabwe, Mozambique and South Africa which is provided in the respective currencies of each country and is unaudited.

Zimbabwe US$million	2018	2017	2016	2015	2014	2013
Revenue	302	312	257	314	286	380
Sugar sales	279	287	233	292	260	360
Other activities	23	25	24	22	26	20
Sugar stock movement	(12)	(5)	6	(28)	35	10
Revenue adjusted for stock movements	290	307	263	286	321	390
Less costs						
Payments for third-party cane	75	62	58	70	76	92
Goods/services/transport/marketing, salaries/wages	145	145	141	135	146	186
Offcrop costs carried in	15	20	20	14	20	16
Depreciation/amortisation	11	15	16	17	19	19
Profit before root depreciation, replant costs and cane valuations	44	65	28	50	60	77
Root depreciation/replant costs #	(16)	(12)	(18)	(21)	(3)	(12)
Cane valuations - income statement effect	15	(17)	(9)	6	(24)	9
Operating profit	43	36	1	35	33	74
Raw sugar production (tons)	392 000	454 000	412 000	445 000	488 000	475 000
Sugar sales (tons)	412 000	463 000	403 000	491 000	426 000	456 000

Mozambique Metical million	2018	2017	2016	2015	2014	2013
Revenue	7 380	7 711	4 790	5 171	5 035	5 644
Sugar sales	7 130	7 288	4 405	4 943	4 857	5 452
Other activities	250	423	385	228	178	192
Less costs						
Payments for third-party cane	790	750	363	402	318	350
Goods/services/transport/marketing, salaries/wages	4 665	4 444	2 948	2 887	2 785	3 052
Offcrop costs carried in	490	506	542	429	466	421
Depreciation/amortisation	495	502	520	522	495	442
Profit before root depreciation, replant costs and cane valuations	940	1 509	417	931	971	1 379
Root depreciation/replant costs #	(611)	(756)	(688)	(313)	(167)	(339)
Cane valuations - income statement effect	410	627	345	(245)	(308)	368
Operating profit	739	1 380	74	373	496	1 408
Raw sugar production/sales (tons)	218 000	198 000	232 000	271 000	249 000	235 000

South Africa Sugar (including downstream activities) Rand million	2018	2017	2016	2015	2014	2013
Revenue *	5 475	5 082	4 279	5 229	5 265	4 467
Sugar sales	4 389	4 074	3 285	4 138	4 206	3 554
Other activities	1 086	1 008	994	1 091	1 059	913
Less costs						
Payments for third-party cane/SASA levies	2 192	2 080	1 631	2 102	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 677	2 418	2 475	2 658	2 558	2 325
Offcrop costs carried in	262	193	169	139	182	131
Depreciation/amortisation	164	116	93	101	125	85
Profit before root depreciation, replant costs and cane valuations	180	275	(89)	229	206	117
Root depreciation/replant costs #	(151)	(130)	(137)	(94)	(44)	(74)
Cane valuations - income statement effect	57	245	141	126	178	265
Operating profit/(loss)	86	390	(85)	261	340	308
Raw sugar production (tons)	513 000	353 000	323 000	541 000	634 000	486 000

* Revenue net of industry redistribution/sugar purchases.
# Root depreciation from 2016 and root replant costs in prior years.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018 **Tongaat Hulett Limited**

CONTENTS

FINANCIAL HIGHLIGHTS

	2018	2017
Revenue (Rmillion)	**16 982**	17 915
Operating profit (Rmillion)	**1 958**	2 333
Cash flow from operations (Rmillion)	**2 275**	3 176
Headline earnings (Rmillion)	**617**	982
Headline earnings per share - basic (cents)	**534,8**	852,7
Annual dividends per share (cents)	**160,0**	300,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2018	2017	2016
Rand/US Dollar	**11,89**	13,38	14,84
Rand/Metical	**0,20**	0,20	0,33
Rand/Euro	**14,64**	14,29	16,84
US Dollar/Euro	**1,23**	1,07	1,13

	Average rate for year		
	2018	2017	2016
Rand/US Dollar	**13,00**	14,09	13,81
Rand/Metical	**0,21**	0,22	0,35
Rand/Euro	**15,15**	15,45	15,20
US Dollar/Euro	**1,17**	1,10	1,10

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in accordance with International Financial Reporting Standards under the supervision of the Chief Financial Officer, MH Munro CA (SA) and have been audited in accordance with the requirements of the Companies Act of South Africa.

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the consolidated and separate annual financial statements of the company and other information included in this report that has been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the Directors' Statutory Report.

The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditor on the results of the statutory audit, that the group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the group has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the group at 31 March 2018 and the results of its operations for the year then ended. The directors are also of the opinion that the group will continue as a going concern in the year ahead.

The independent external auditors concur with the above statements by the directors.

The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report appears on pages 102 to 105.

The consolidated and separate annual financial statements were approved by the Board of directors on 24 May 2018 and are signed on its behalf by:

Bahle Sibisi
Chairman

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2018 and that all such returns are true, correct and up to date.

MAC Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

The directors hereby submit the annual financial statements for the year ended 31 March 2018.

Nature of business

Tongaat Hulett is an agri-processing business that includes the integrated components of land management, property development and agriculture. The activities are dealt with in detail in this integrated annual report.

Financial results

The net profit attributable to shareholders for the year ended 31 March 2018 amounted to R713 million (2017: R983 million). This translates into a headline earnings per share of 534,8 cents (2017: 852,7 cents) based on the weighted average number of shares in issue during the year.

Declaration of ordinary dividend

An interim gross cash dividend (number 180) of 100 cents per share for the half-year ended 30 September 2018 was paid on 2 February 2018. A final gross cash dividend number 181 of 60 cents per share was declared and is payable on 28 June 2018 to shareholders recorded in the register at the close of business on Friday 22 June 2018.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares		
"CUM" dividend	Tuesday	19 June 2018
Ordinary shares trade "EX" dividend	Wednesday	20 June 2018
Record date	Friday	22 June 2018
Payment date	Thursday	28 June 2018

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Wednesday 20 June 2018 and Friday 22 June 2018, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Wednesday 20 June 2018.

The dividend has been declared from income reserves. A net dividend of 48 cents per share will apply to shareholders liable for the local 20 percent dividend withholding tax and 60 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 24 May 2018 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

Share capital

There was no change in the authorised capital of the company. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18 percent participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a seven year term, within the overall ten year transaction period contemplated in the agreements. On the seven year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the "A Preferred Ordinary" shares to Ordinary shares. The "A Preferred Ordinary" shares thus converted to Ordinary shares and ranked equally (pari passu) with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 114.

At the previous AGM, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming AGM with the proviso that the number of ordinary shares acquired in any one financial year may not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed.

In compliance with the JSE Listings Requirements, the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a general meeting which will be valid only until the next AGM of the company; provided that such authority will not extend beyond 15 months from the date of the resolution; and
- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Furthermore, in terms of the JSE Listings Requirements, the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 24 May 2018;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 24 May 2018. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 24 May 2018; and
- the working capital of the company and the group for a period of 12 months from 24 May 2018 will be adequate for the company's and the group's requirements.

Subsidiary companies and joint operations

The principal subsidiaries and joint operations of the company are reflected in note 26.

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2018 is as follows:

	2018	2017
In the aggregate amount:		
Net profit (Rmillion)	1 212	1 265
Net losses (Rmillion)	50	57

Directorate

There were no changes to the directorate during the period under review. The composition of the Board is currently as follows: CB Sibisi (Chairman), PH Staude (CEO), F Jakoet, SM Beesley, J John, RP Kupara, TN Mgoduso, N Mjoli-Mncube, MH Munro, SG Pretorius and TA Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are MH Munro, TA Salomão and CB Sibisi. The memorandum of incorporation states that a director who has reached the mandatory retirement age of seventy (70) is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the Remuneration Committee, SG Pretorius, who turned seventy (70) in 2018, and whose services, experience, knowledge, skills and wisdom the company wishes to retain for a further period of up to two (2) years. These directors are eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 64 to 65.

Directors' shareholdings

At 31 March 2018 the directors of the company beneficially held a total of 567 954 ordinary shares equivalent to 0,42 percent in the ordinary listed share capital of the company (2017: 524 464 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 86 and pages 91 to 92 of the Remuneration Report. There has been no change in these holdings between 31 March and 24 May 2018.

Audit and Compliance Committee

The Audit and Compliance Committee has considered the provisions of the Companies Act and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its report contained in the annual financial statements section of this integrated annual report on pages 100 to 101. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date

There were no material events between 31 March 2018 and the date of this report.

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

AUDIT AND COMPLIANCE COMMITTEE STATUTORY REPORT

The Audit and Compliance Committee is pleased to report as follows for the financial year ended 31 March 2018:

1. Statutory duties

The committee confirms that it performed the following statutory duties as required by the Companies Act and in accordance with its terms of reference:

- Nominated for appointment as external auditor of the company at the AGM, Deloitte & Touche, a registered auditor accredited to appear on the JSE List of Accredited Auditors who, in the opinion of the committee is independent of the company, and Mr G Kruger as the designated auditor, for the 2018/19 financial year. The Committee was satisfied with the quality of the external audit process and the team assigned to the audit. In arriving at the conclusion of independence, the committee considered multiple factors, good governance and quality control processes currently applied to Deloitte & Touche, including conducting the external auditor independence evaluation, the reviews conducted by IRBA on the designated auditor and the external audit firm, and the internal reviews conducted on the designated auditor. Furthermore, a rigorous partner rotation process is applied, which contributes to the independence assertion. The Committee remains cognisant of the developments in the Audit profession. No matters of concern were noted by the committee regarding the performance of the external auditors. The external auditors continue to have unrestricted access to the Audit Committee and its Chairman.
- Considered and noted the key audit matters as determined by the external auditors.
- Determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management. The audit fee for the year ended 31 March 2018 has been fully disclosed in note 18 of the annual financial statements.
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors, including consideration of criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.
- Determined the nature and extent of any non-audit services that the auditor may provide to the company.
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company, and monitored compliance with the company's policy on non-audit services provided by the external auditor.

The committee confirms that it did not receive any concerns or complaints relating to the accounting practices and the internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company or any other related matter during the period under review.

2. Terms of reference

The Audit and Compliance Committee has adopted and operates within formal terms of reference that have been recently approved by the Board of directors to align them with King IV™. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with the terms of reference. The summary of the role of the committee is as articulated on page 69 of this integrated annual report.

3. Duties assigned by the Board

During the period under review, the committee performed its duties and responsibilities assigned to it by the Board in accordance with the terms of reference. The committee has monitored the company's compliance processes with regard to legal, regulatory and corporate governance requirements. The committee has also specifically reviewed the financial statements of the company and was satisfied that they comply with International Financial Reporting Standards. The committee reviewed the assessment by management of the going concern statement of the company and concluded to the Board that the company will continue as a going concern in the year ahead.

4. Expertise and experience of Financial Director and the finance function

During the period under review, the committee considered the expertise and experience of the Tongaat Hulett Financial Director Mr Murray Munro, in terms of the Listing Requirements of the JSE and satisfied itself that his expertise and experience meet the appropriate requirements. Mr Munro is an experienced and long serving CFO and executive director of the company. He holds BCom and CA (SA) qualifications and has held a number of executive financial, commercial, market and general management positions in various operations. The committee also evaluated the competence of the finance function as required by King IV™ and concluded that the expertise, quality, resources and experience of the finance function of all operations, reporting into the financial director of Tongaat Hulett, is effective and meets the appropriate requirements.

5. Internal Audit

The work performed by internal audit was in accordance with the internal audit plan for the year ended 31 March 2018 and included the review of general and application computer controls on the systems used for financial reporting purposes. In addition, the committee approved internal audit's coverage and work plan, which follows a risk-based approach, for the financial year commencing 1 April 2018.

The head of internal audit has direct access to the committee primarily through the Chairman of the committee. During the period under review, the head of internal audit had the opportunity to address the committee without the executive management of the company present.

Tongaat Hulett's internal audit function, which is supported by its internal audit service provider, KPMG, has as required by its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting and the effectiveness of its risk management process. Based on the results of these reviews, the internal audit function has confirmed to the Audit and Compliance and Risk, SHE, Social and Ethics Committees and to the Board that no evidence came to light that the internal control environment and risk management process for the company were ineffective. In addition, nothing indicated a material weakness in internal financial controls, whether from design, implementation or operation (individually or in combination with other weaknesses).

Management is focused on continuous improvements to systems of internal control. During the period under review, an external quality assurance review of the internal audit function that was performed concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five years from the date of validation in terms of the standards of the Institute of Internal Auditors.

The Audit and Compliance Committee is of the view, based on the representations made by internal audit, that the internal financial controls in place for the company were not ineffective during the period under review.

6. Integrated Reporting, Sustainability and Combined Assurance

The committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. The committee also considered the various reports of the external assurance service providers and is satisfied that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee. The committee has ensured a robust process for the company's combined assurance model, the integrity of the information and reports, as well as the degree to which an effective control environment has been achieved. The committee is thus satisfied that the assurance coverage obtained from management, internal and external assurance providers for the year under review is sufficient and robust. Furthermore, the committee assessed and satisfied itself of the independence and competency of the external assurance service provider, ERM for the sustainability report for the year under review.

7. Approval of Integrated Report

At its meeting held on 16 May 2018, the committee recommended the integrated annual report, which includes the annual financial statements, for approval by the Board of directors, taking into account the combined assurance model adopted by the company.

8. Attendance

The Audit and Compliance Committee had three meetings during the period under review. The record of attendance of members of this committee is contained in the corporate governance section.

9. Matters to be approved at the annual general meeting

- **Election of Audit and Compliance Committee Members**

  In terms of section 94(2) of the Companies Act, shareholders of the company are required to elect members of the Audit Committee at each AGM. The Nomination Committee recommends that J John, SM Beesley, F Jakoet and RP Kupara be appointed as members of the Audit and Compliance Committee. The abridged profiles of the proposed members appear on pages 64 to 65.

- **Appointment of independent external auditors**

  As required by section 90(1) of the Companies Act, the shareholders of the company are required to approve the appointment of the independent external auditors on an annual basis. The committee has recommended to the Board, which in turn has recommend to the shareholders, that Deloitte & Touche be appointed as the company's independent auditors for the year ending 31 March 2019, with Mr G Kruger as designated auditor.

On behalf of the Audit and Compliance Committee

J John
Audit and Compliance Committee Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TONGAAT HULETT LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Tongaat Hulett Limited and its subsidiaries (the Group) set out on pages 85 to 92, page 94 and pages 106 to 139 which comprise the statements of financial position as at 31 March 2018, income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Growing crops valuation (consolidated and separate)	
Under IAS 41: Agriculture, the Group is required to measure its standing cane at fair value. Standing cane: The value of standing cane is based on the estimated cane price and sucrose content less costs for harvesting, transport and over-the-weighbridge costs. Significant judgement by the directors is required in estimating the expected cane yield, the estimated sucrose content, and the forecast sucrose price for the various markets. The total value of growing crops amounts to R2,755 billion (2017: R2,549 billion) (Company: R764 million, 2017: R707 million), as set out in note 8 of the consolidated and separate financial statements. Due to the significance of the balance to the financial statements as a whole, combined with the significant judgement associated with determining the carrying value, the valuation of growing crops is considered to be a key audit matter.	Our procedures performed in considering the appropriateness of the valuation of growing crops included the following: • We assessed the design and implementation of key controls by management over the standing cane valuation; • We assessed the appropriateness of the principles used in the valuation of standing cane and assessed the assumptions such as projected rainfall and the discount rate as used in the valuation models against market data and predictions; • Detailed testing was performed on the key inputs into the cane valuation model including the expected yields, expected sucrose content, expected prices as well as exchange rates in translating valuations in other African countries to confirm validity, accuracy and completeness of the data. This included comparing the inputs to market data; • We performed retrospective reviews by comparing the above key inputs used in the prior period valuations, to actual outcomes, to assess the reasonableness and accuracy of the estimates used; and • Sensitivity analyses were performed to assess the impact of changes in the key inputs. Based on our procedures performed the growing crops valuation appears to be within a reasonable range.

Key Audit Matter	How the matter was addressed in the audit
Accrual for future development expenditure (consolidated)	
In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual. This involves significant judgement by the directors in determining the total expected project costs, expected sales price and allocations of common infrastructure costs. Accordingly the calculation of the accrual for future development expenditure, which amounts to R585,692 million (2017: R600,374 million) at year end, is a key audit matter. This accrual has been included in accounts payable as disclosed in note 17 of the consolidated financial statements.	We assessed the appropriateness of the accrual by performing audit procedures which included the following: • We assessed the design and implementation of management's key controls around the accrual determination; • For existing development projects/phases, details and expenditure input estimates were assessed against those made previously, as well as actual costs, substantiating any material amendments to corroborating documentation; • Allocations of common infrastructure costs were assessed for reasonableness against historic data; and • For new development projects/phases, we performed tests of detail on the initial estimates of development expenditure by substantiating the estimates with supporting cost estimates or agreements from external parties. Based on the procedures performed we concurred with Tongaat Hulett Developments' determination of the accrual.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Remuneration Report, the Certificate by Company Secretary, the Directors' Statutory Report and the Audit and Compliance Committee Report which we obtained prior to the date of this auditor's report and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Tongaat Hulett Limited for 80 years.

Deloitte & Touche

Deloitte & Touche

Registered Auditor
Per: Gavin Kruger CA (SA), RA
Partner

24 May 2018

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STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Note	Consolidated 2018	Consolidated 2017
		ASSETS			
		Non-current assets			
4 856	5 365	Property, plant and equipment	1	**13 922**	13 688
619	681	Long-term receivable	2	**681**	619
		Goodwill	3	**346**	382
325	274	Intangible assets	4	**447**	366
		Investments	5	**25**	28
5 563	6 112	Subsidiaries and joint operations	6		
11 363	12 432			**15 421**	15 083
2 793	2 878	**Current assets**		**13 694**	12 871
853	846	Inventories	7	**3 072**	2 949
707	764	Growing crops	8	**2 755**	2 549
913	930	Trade and other receivables		**4 549**	4 070
262	267	Major plant overhaul costs		**627**	562
	7	Derivative instruments	9	**7**	
		Tax		**22**	
58	64	Cash and cash equivalents	10	**2 662**	2 741
14 156	15 310	**TOTAL ASSETS**		**29 115**	27 954
		EQUITY AND LIABILITIES			
		Capital and reserves			
135	135	Share capital	11	**135**	135
1 544	1 544	Share premium		**1 544**	1 544
		BEE held consolidation shares	12	**(623)**	(642)
1 300	1 204	Retained income		**9 401**	9 044
413	369	Other reserves		**(286)**	700
3 392	3 252	**Shareholders' interest**		**10 171**	10 781
		Minority (non-controlling) interest		**1 838**	1 957
3 392	3 252	**Equity**		**12 009**	12 738
5 797	5 799	**Non-current liabilities**		**8 215**	8 296
375	229	Deferred tax	13	**2 376**	2 537
4 861	4 993	Long-term borrowings	14	**5 048**	4 975
561	577	Provisions	16	**791**	784
4 967	6 259	**Current liabilities**		**8 891**	6 920
2 383	2 241	Trade and other payables	17	**4 157**	3 589
2 575	4 010	Short-term borrowings	14	**4 077**	2 546
		Non-recourse equity-settled BEE borrowings	15	**603**	623
9	8	Derivative instruments	9	**8**	9
		Tax		**46**	153
14 156	15 310	**TOTAL EQUITY AND LIABILITIES**		**29 115**	27 954

INCOME STATEMENTS

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Note	Consolidated 2018	Consolidated 2017
9 188	8 992	**REVENUE**		**16 982**	17 915
1 868	1 158	**OPERATING PROFIT**	18	**1 958**	2 333
(865)	(977)	Financing costs	20	**(1 004)**	(939)
8	5	Finance income	20	**126**	129
1 011	186	**PROFIT BEFORE TAX**		**1 080**	1 523
17	121	Tax	21	**(249)**	(428)
1 028	307	**PROFIT**		**831**	1 095
		Attributable to:			
1 028	307	Shareholders of Tongaat Hulett		**713**	983
		Minority (non-controlling) interest		**118**	112
1 028	307			**831**	1 095
		EARNINGS PER SHARE (cents)	23		
		Basic		**618,0**	853,6
		Diluted		**618,0**	853,6

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Consolidated 2018	Consolidated 2017
1 028	307	**PROFIT FOR THE YEAR**	**831**	1 095
23	2	**OTHER COMPREHENSIVE INCOME**	**(1 163)**	(3 600)
		Items that will not be reclassified to profit or loss:		
		Foreign currency translation *	**(1 155)**	(3 624)
39	3	Actuarial (loss)/gain on post-retirement benefits	**(10)**	40
(11)	(1)	Tax on actuarial (loss)/gain	**2**	(11)
		Items that may be reclassified subsequently to profit or loss:		
(7)		Hedge reserve		(7)
2		Tax on movement in hedge reserve		2
1 051	309	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**(332)**	(2 505)
		Total comprehensive income attributable to:		
1 051	309	Shareholders of Tongaat Hulett	**(237)**	(2 324)
		Minority (non-controlling) interest	**(95)**	(181)
1 051	309		**(332)**	(2 505)

* Relates primarily to the translation into South African Rand on consolidation of assets and liabilities of Zimbabwe and Mozambique subsidiaries, which does not go through the income statement. During the year the Rand strengthened further against the US dollar and the Metical.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Rmillion	Share Capital	Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve Funds	Share-based Payment Reserve	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest	Minority (non-controlling) Interest	Total
CONSOLIDATED											
Balance at 31 March 2016	**135**	**1 544**	**(625)**	**33**	**357**	**3 633**	**5**	**8 191**	**13 273**	**2 152**	**15 425**
Share-based payment charge					60				60		60
Settlement of share-based payment awards					(65)				(65)		(65)
BEE share-based payment charge					13				13		13
Reallocation			(17)					17			
Dividends paid								(176)	(176)		(176)
Dividends paid - minorities										(14)	(14)
Total comprehensive income for the year						(3 331)	(5)	1 012	(2 324)	(181)	(2 505)
Profit for the year								983	983	112	1 095
Other comprehensive income net of tax						(3 331)	(5)	29	(3 307)	(293)	(3 600)
Balance at 31 March 2017	**135**	**1 544**	**(642)**	**33**	**365**	**302**		**9 044**	**10 781**	**1 957**	**12 738**
Share-based payment charge					10				10		10
Settlement of share-based payment awards					(65)				(65)		(65)
BEE share-based payment charge					12				12		12
Reallocation			19					(19)			
Dividends paid								(330)	(330)		(330)
Dividends paid - minorities										(24)	(24)
Total comprehensive income for the year						(943)		706	(237)	(95)	(332)
Profit for the year								713	713	118	831
Other comprehensive income net of tax						(943)		(7)	(950)	(213)	(1 163)
Balance at 31 March 2018	**135**	**1 544**	**(623)**	**33**	**322**	**(641)**		**9 401**	**10 171**	**1 838**	**12 009**
COMPANY											
Balance at 31 March 2016	**135**	**1 544**		**29**	**376**		**5**	**460**	**2 549**		
Share-based payment charge					60				60		
Settlement of share-based payment awards					(64)				(64)		
BEE share-based payment charge					12				12		
Dividends paid								(216)	(216)		
Total comprehensive income for the year							(5)	1 056	1 051		
Profit for the year								1 028	1 028		
Other comprehensive income net of tax							(5)	28	23		
Balance at 31 March 2017	**135**	**1 544**		**29**	**384**			**1 300**	**3 392**		
Share-based payment charge					10				10		
Settlement of share-based payment awards					(65)				(65)		
BEE share-based payment charge					11				11		
Dividends paid								(405)	(405)		
Total comprehensive income for the year								309	309		
Profit for the year								307	307		
Other comprehensive income net of tax								2	2		
Balance at 31 March 2018	**135**	**1 544**		**29**	**340**			**1 204**	**3 252**		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Consolidated 2018	Consolidated 2017
		Cash generated from operations		
844	451	Operating profit before dividends	**1 958**	2 333
1 024	707	Dividends received		
1 868	1 158	Operating profit	**1 958**	2 333
(144)	(16)	Surplus on disposal of property, plant and equipment	**(106)**	(42)
		Adjustments for:		
(144)	(3)	Growing crops valuation and other non-cash items	**(271)**	(38)
335	402	Depreciation	**1 001**	1 027
1 915	1 541	Operating cash flow	**2 582**	3 280
		Cash required by operations		
(119)	2	Inventories	**(233)**	(201)
3		Growing crops		3
(137)	(89)	Trade and other receivables	**(725)**	288
5	197	Trade and other payables	**651**	(194)
(248)	110	(Increase)/decrease in working capital	**(307)**	(104)
1 667	1 651	**Cash flow from operations**	**2 275**	3 176
(17)	(25)	Tax payments	**(354)**	(482)
(857)	(972)	Net financing costs	**(878)**	(810)
793	654	**Cash flow from operating activities**	**1 043**	1 884
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(299)	(490)	- New	**(876)**	(423)
(168)	(188)	- Replacement	**(298)**	(228)
(239)	(323)	- Cane roots	**(887)**	(418)
		Major plant overhaul cost changes	**(1)**	26
(144)	(79)	Expenditure on intangible assets	**(106)**	(166)
152	61	Proceeds on disposal of property, plant and equipment	**155**	54
		Investments		5
(698)	(1 019)	Net cash used in investing activities	**(2 013)**	(1 150)
95	(365)	**Net cash flow before dividends and financing activities**	**(970)**	734
		Dividends paid		
(216)	(405)	Ordinary shares	**(330)**	(176)
		Minorities	**(24)**	(14)
(216)	(405)	Dividends paid	**(354)**	(190)
(121)	(770)	**Net cash flow before financing activities**	**(1 324)**	544
		Cash flows from financing activities		
811	1 567	Borrowings raised	**1 611**	680
		Non-recourse equity-settled BEE borrowings	**(19)**	18
(58)	(57)	Settlement of share-based payment awards	**(65)**	(65)
(674)	(734)	Inter-group loans		
79	776	Net cash from financing activities	**1 527**	633
(42)	6	**Net increase/(decrease) in cash and cash equivalents**	**203**	1 177
100	58	Balance at beginning of year	**2 741**	1 877
		Currency alignment	**(282)**	(313)
58	64	**Cash and cash equivalents at end of year**	**2 662**	2 741

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The historical cost convention is used except for growing crops and certain financial instruments that are stated at fair value.

Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for Tongaat Hulett for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries. The results of subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Tongaat Hulett's share of investments in joint operations is accounted for from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a black economic empowerment transaction have been and will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

Minority (non-controlling) interests in the net assets of consolidated financial statements are identified separately from Tongaat Hulett's equity therein. The interests of minority shareholders are initially measured at the date of acquisition at the minority's proportion of the net fair value of the assets and liabilities consolidated and thereafter, the minority's share of changes in equity since the date of acquisition.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including refurbishment, less accumulated depreciation and impairment. Cost includes the estimated cost of dismantling and removing the assets. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value, depreciated over their expected useful lives and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to profit or loss over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Major plant overhaul costs on the sugar mills following the cessation of crushing for the season are carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

During the year under review, property, plant, equipment and cane roots were depreciated on the straight-line basis using the rates set out below:

Agricultural land improvements	50 to 99 years
Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years
Cane roots	6 to 12 years

On the disposal or scrapping of property, plant, equipment and cane roots, the gain or loss arising thereon is recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After initial recognition, an intangible asset is measured at cost less accumulated amortisation and impairment. An intangible asset with a finite useful life is amortised on the straight-line basis over its expected useful life, as follows: software over 4 to 20 years, patents and licences over 4 to 20 years and cane supply agreements over 3 to 10 years. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

Growing crops comprise standing cane carried at fair value. The carrying value is determined at the estimated cane price and sucrose content less harvesting, transport and over-the-weighbridge costs.

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. At the date of each statement of financial position, the carrying value of goodwill is reviewed, as described under the accounting policy on impairment.

ASSOCIATE COMPANIES

Associates are those companies, which are not subsidiaries or joint operations, over which Tongaat Hulett exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter losses are accounted for only insofar as Tongaat Hulett is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment including goodwill, the share of post-acquisition retained income or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting profit.

A deferred tax asset is raised in respect of the unused tax losses of an entity and offset against the deferred tax liability of that entity only where these losses may be utilised in the short term or will not expire in terms of applicable tax legislation.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the date of each statement of financial position, Tongaat Hulett reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether there should be a reversal of an impairment loss recognised in prior years. If any such indication exists the recoverable amount of the asset, being the higher of its fair value less cost of disposal and its value in use, is assessed in order to determine the extent of the impairment loss or reversal thereof, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is later estimated to be greater than its carrying amount, its carrying amount is increased to its recoverable amount, which shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Impairment losses and reversals of impairment losses are recognised immediately in profit or loss as exceptional items.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to profit or loss in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development but not exceeding five years.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue and related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. In the determination of revenue, cash and settlement discounts, rebates and VAT are excluded. Land sales include the sale of township properties and large land sales. In respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. Large land sales are generally significant in extent and comprise of land that is at various stages of the land conversion process. Large land sales are recognised when the relevant agreements are unconditional and binding on the purchaser and the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, any costs to be incurred can be measured reliably and where applicable, the relevant planning approval stage has been achieved.

FOREIGN CURRENCIES

The functional currency of each entity within Tongaat Hulett is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the date of the statement of financial position.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities whose functional currencies are different from Tongaat Hulett's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling at the date of the statement of financial position;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised in the statement of financial position for as long as Tongaat Hulett is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in profit or loss.

Measurement

Financial instruments are initially measured at fair value, including directly attributable transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Fair value through profit or loss financial assets are recognised in profit or loss for the year.
- Available for sale and cash equivalent investments are taken to other comprehensive income until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment;
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the period.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in other comprehensive income, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in other comprehensive income is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial guarantee contracts

Where financial guarantee contracts are entered into, these are regarded as insurance contracts and accounted for as insurance arrangements.

GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with, they are recognised in profit or loss over the period to which they relate. When they are for expenses or losses already incurred, they are recognised immediately in profit or loss.

EMPLOYEE BENEFITS

Retirement funds

The assets of the defined contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees. Contributions to defined contribution schemes are charged to profit or loss when incurred.

There was previously a defined benefit arrangement which was converted in the 2012/13 financial year to a defined contribution arrangement with the outsourcing of existing pensioner liabilities to an insurer. The Tongaat Hulett Employer Surplus Account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. The employer surplus account may be utilised for a contribution holiday and, within the regulatory framework, there is a "loan" from the pension fund to the company in respect of the employer surplus account.

Post-retirement medical aid benefits and retirement gratuities

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

SHARE-BASED PAYMENTS

The company enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight-line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

CORPORATE TRANSACTIONS CONCLUDED IN 2007 - 25% BEE EQUITY PARTICIPATION TRANSACTIONS

Broad-based 18% interest held by strategic partners, cane and infrastructure communities

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles) - the TH Infrastructure SPV (10%) and the yoMoba SPV (8%).

This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007. The cost related to this 18% broad-based BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being recognised in profit or loss in 2007.

This BEE participation structure involved the issuance of 25,1 million A preferred ordinary shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements.

In accordance with the various agreements for the 2007 BEE transaction, on the 7 year anniversary of the transaction (i.e. beginning of July 2014), the A preferred ordinary shares held by the BEE SPVs in Tongaat Hulett Limited were automatically converted to ordinary shares. The A preferred ordinary shares thus ceased to exist and the A preferred ordinary dividends of some R112 million per annum are no longer payable. These ordinary shares are held by the BEE SPVs for the time being, rank pari passu with other ordinary shares and were listed on the Johannesburg Stock Exchange on 4 July 2014.

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million), equity (R5 million) and shareholders' loans (R5 million). The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million), equity (R4 million) and shareholders' loans (R4 million). The SPVs' participation interests were initially in the form of A preferred ordinary shares which were entitled to receive a fixed coupon every year for a period of seven years, within the overall ten year transaction period contemplated in the various agreements, until the 7 year anniversary of the transaction (i.e. beginning of July 2014), at which point the A preferred ordinary shares converted to ordinary shares which were then listed on the Johannesburg Stock Exchange. Tongaat Hulett had committed to pay a fixed coupon of R112 million in aggregate on an annual basis on the A preferred ordinary shares and the A preferred ordinary shares would not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula. A calculation has been performed which determines the number of these converted shares that Tongaat Hulett is entitled to buyback. The number of shares to be repurchased is a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett, the success of the earn-in initiatives by the respective BEE partners and divided by the 30 day volume weighted average price of Tongaat Hulett ordinary shares to 1 July 2014. This buyback right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buyback by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs. At the closing share price at 31 March 2018, approximately 6 million shares (2017: 5,1 million shares) held by the BEE SPVs are required to settle the external funding, which amounted to some R603 million (2017: R623 million) in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buyback the approximately 19 million remaining shares for a consideration of R0,01 per share, in due course in this process. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the ordinary shares to be repurchased by Tongaat Hulett are not taken into account when calculating earnings per share and headline earnings per share. The external net debt of the SPVs, amounting to R603 million in aggregate at 31 March 2018 (2017: R623 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPVs is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will ultimately effectively be equity-settled.

Tongaat Hulett continues to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and should any material changes be required then these would be brought to shareholders for consideration and approval in due course.

Vesting of the BEE 7% employee interest

The 7% BEE employee transaction of 2007, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP) reached a point in August 2012 where vesting in the trusts took place.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares had specific repurchase terms at maturity on 1 August 2012. They were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares on maturity.

The IFRS 2 cost relating to the 7% BEE employee transaction is amortised over 5 years from date of grant. The initial grant of awards occurred on 1 August 2007 and the amortisation of the IFRS 2 cost relating to this award commenced in the second half of 2007. These initial awards vested on 1 August 2012.

The BEE employee equity participation trusts' subscription consideration for the original issue in 2007 of 9 740 908 B ordinary shares was funded through contributions by the respective operating entities in Tongaat Hulett. The notional vendor finance provided to the employees was recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of 6 383 283 B ordinary shares (as determined in accordance with predetermined repurchase formulae) on the fifth anniversary of the effective date, at R0,01 per B ordinary share. These B ordinary shares were repurchased by Tongaat Hulett for a consideration of R63 833 and immediately cancelled. The remaining 3 357 625 B ordinary shares were converted to listed ordinary shares in Tongaat Hulett Limited. Of these listed ordinary shares, 1 880 431 shares were delivered to beneficiaries who had participated in the initial award on 1 August 2007. Of the MSOP participants whose shares vested, 70% elected to hold their shares in Tongaat Hulett. During the year ended 31 March 2018, a further 332 326 ordinary shares (2017: 181 809 ordinary shares) became available for delivery to employees. The remaining 314 029 listed ordinary shares (2017: 649 079 ordinary shares) are still time constrained for up to five years.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and consequently the remaining 314 029 listed ordinary shares are reflected in BEE consolidation shares in the consolidated financial statements. These shares are taken into account for the purposes of the earnings per share and headline earnings per share calculations.

JUDGEMENTS MADE BY MANAGEMENT

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Growing crop valuation

Growing crops are required to be measured at fair value less harvesting, transport and over-the-weighbridge costs. In determining fair value, an estimate is made of the yield of the standing cane, sucrose content and the estimated cane price. These estimates can vary from the actuals when the cane is harvested.

In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual

Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset, as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis, as well as during the forecasting process. For phased developments, judgement is applied to allocate common costs, including bulk infrastructure expenditure to development phases, taking into account factors such as expected sales values, land areas and development intensity. Thereafter, cost of sales allocation to sites is determined in proportion to sales values after making allowance for site and phase-specific infrastructural requirements.

Asset lives and residual lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets across Tongaat Hulett, using valuation models prescribed under IFRS. Judgement is applied in identifying the impairment indicators and in determining inputs into the valuation models.

Post-retirement benefit obligations

Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

The following relevant new and amended standards and interpretations were in issue but not effective for the current year:

Effective for the next financial year:

IFRS 9: Financial Instruments
IFRS 15 and Clarifications to IFRS 15: Revenue from Contracts with Customers
Amendments to IFRS 2: Clarification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22: Foreign Currency Transactions and Advance Consideration

Annual Improvements to IFRSs (2014 - 2016 Cycle):
- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 28: Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2019:

IFRS 16: Leases
Amendments to IFRS 9: Prepayment Features with Negative Compensation
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

Amendments to IAS 28: Long Term Interests in Associates and Joint Ventures
IFRIC 23: Uncertainty Over Income Tax Treatments

Annual Improvements to IFRSs (2015 - 2017 Cycle):
- IFRS 3: Business Combinations
- IFRS 11: Joint Arrangements
- IAS 12: Income Taxes
- IAS 23: Borrowing Costs

Effective for annual periods beginning on or after 1 January 2021:

IFRS 17: Insurance Contracts

Effect of new standards

Tongaat Hulett is in the process of evaluating the effects of these new and revised standards and interpretations. They are not expected to have a significant impact on Tongaat Hulett's results and disclosures other than for the potential impact of the standards discussed below:

IFRS 9: Financial Instruments
(effective for the year ending 31 March 2019)

The new requirements contained in IFRS 9 incorporate the classification and measurement of financial assets and liabilities, impairments and hedge accounting. The impact of adopting the new requirements of IFRS 9 in Tongaat Hulett is currently being assessed and it is anticipated that there will be no significant impact on Tongaat Hulett:

- Classification and measurement: No changes are expected as the majority of financial assets are held at amortised cost and will continue as such under IFRS 9.
- Impairments: The intention is to adopt the simplified approach for assessing potential impairment of trade receivables. Due to the short term nature of trade receivables in the sugar and starch businesses, and the trade receivables in the developments business effectively being secured by the underlying land sold, the new model is not expected to result in a significantly different potential impairment outcome than currently.
- Hedge accounting: Tongaat Hulett will apply the transitional provisions for hedge accounting contained in IFRS 9. In terms of these provisions, Tongaat Hulett may choose as its accounting policy, to initially continue to apply the existing hedge accounting approach of IAS 39 and in due course transition to the new hedge accounting requirements of IFRS 9. It is anticipated that the accounting outcome under both IFRS 9 and IAS 39 will be the same for Tongaat Hulett.

IFRS 15: Revenue from Contracts with Customers
(effective for the year ending 31 March 2019)

The core principle of IFRS 15 is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The amount recognised should reflect the amount to which the entity expects to be entitled in exchange for these goods and services. The standard also introduces a 5 step approach to revenue recognition:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

An assessment of the potential impact of IFRS 15 on the various revenue streams is in the process of being finalised and will be completed prior to the release of the interim results.

IFRS 16: Leases
(effective for the year ending 31 March 2020)

IFRS 16 introduces significant changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases except for short-term leases (less than 12 months) and leases of low value assets.

The potential impact of adopting IFRS 16 is being assessed and to the extent that long-term operating leases will require to be recognised in the statement of financial position, it is likely that these leases will result in an increase in non-current assets and liabilities with interest on the lease liability and depreciation on the asset charged to profit or loss.

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Consolidated	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	13 688	3 569	2 617	4 703	2 040	49	710
Additions	2 061	41	887	416	104	1	612
Disposals	(49)	(5)	(39)	(1)	(3)	(1)	
Depreciation	(1 001)	(86)	(498)	(300)	(115)	(2)	
Transfer to intangible assets	(12)		(11)		(1)		
Transfers		37		89	37	(9)	(154)
Currency alignment	(765)	(304)	(133)	(148)	(143)	(2)	(35)
Carrying value at end of year	13 922	3 252	2 823	4 759	1 919	36	1 133
Comprising:							
31 March 2018							
At cost	21 236	4 202	4 220	8 342	3 278	61	1 133
Accumulated depreciation	7 314	950	1 397	3 583	1 359	25	
	13 922	3 252	2 823	4 759	1 919	36	1 133
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

Company	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	4 856	502	1 259	2 316	184	2	593
Additions	1 001	7	323	395	23	1	252
Disposals	(45)	(4)	(39)	(1)	(1)		
Depreciation	(402)	(9)	(151)	(213)	(28)	(1)	
Transfer to intangible assets	(12)		(11)		(1)		
Inter-company transfer	(33)				(7)		(26)
Transfers				41	32		(73)
Carrying value at end of year	5 365	496	1 381	2 538	202	2	746
Comprising:							
31 March 2018							
At cost	8 851	658	1 793	5 106	541	7	746
Accumulated depreciation	3 486	162	412	2 568	339	5	
	5 365	496	1 381	2 538	202	2	746
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

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).

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

2. LONG-TERM RECEIVABLE (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Employer surplus account (note 31)	**751**	689	751	689
Less current portion	**(70)**	(70)	(70)	(70)
Carrying value at end of year	**681**	619	681	619

The carrying value of the long-term receivable approximates fair value.

3. GOODWILL (Rmillion)

	Consolidated	
	2018	2017
Carrying value at beginning of year	**382**	438
Currency alignment	**(36)**	(56)
Carrying value at end of year	**346**	382

The carrying value is attributable to the cash-generating units as follows:

Zimbabwe operations	**265**	298
Mozambique operations	**31**	33
Botswana operation	**42**	43
Namibia operation	**8**	8
	346	382

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 15,9%. In the packing operations in Namibia and Botswana, sales growth rates of between 1% and 2% have been used while in the sugar production operations in Zimbabwe and Mozambique a return to production levels closer to capacity has been assumed post the drought. As at 31 March 2018, 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	
	2018	2017	2018	2017
Cost:				
At beginning of year	**439**	278	394	250
Additions	**106**	166	79	144
Transfer from property, plant and equipment	**12**		12	
Disposals	**(3)**		(3)	
Inter-company transfer			(125)	
Currency alignment	**(15)**	(5)		
At end of year	**539**	439	357	394
Accumulated amortisation:				
At beginning of year	**73**	66	69	61
Charge for the year	**23**	8	17	8
Disposals	**(3)**		(3)	
Currency alignment	**(1)**	(1)		
At end of year	**92**	73	83	69
Carrying value at end of year	**447**	366	274	325
The carrying value comprises:				
Software	**418**	36	245	35
Patents and licences	**3**	18	3	18
Cane supply agreements	**10**		10	
Capital work in progress	**16**	312	16	272
	447	366	274	325

5. **INVESTMENTS** (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Unlisted shares	**24**	27		
Loans	**1**	1		
Carrying value of investments (Directors' valuation)	**25**	28		

The carrying value of investments approximates fair value.
A schedule of unlisted investments is available for inspection at the company's registered office.

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

	Company	
	2018	2017
Shares at cost, less amounts written off	**5 471**	5 471
Indebtedness by	**641**	92
	6 112	5 563
Indebtedness to (included in accounts payable)	**(77)**	(413)
	6 035	5 150

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

7. INVENTORIES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Raw materials	**482**	386	377	379
Work in progress	**15**	21	15	20
Finished goods	**321**	634	231	228
Consumables	**908**	790	223	226
Development properties	**1 229**	1 005		
Livestock and game	**117**	113		
	3 072	2 949	846	853

Included in raw materials is an amount of R319 million (2017: R274 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

8. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Carrying value of standing cane at beginning of year	**2 549**	2 914	707	465
Gain/(loss) arising from physical growth and price changes	**267**	88	(41)	178
Increase due to increased area under cane	**103**	68	98	68
Decrease due to reduced area under cane		(13)		(1)
Decrease due to land sales		(3)		(3)
Currency alignment	**(164)**	(505)		
Carrying value at end of year	**2 755**	2 549	764	707

In terms of IAS 41: Agriculture, sugarcane 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 2018. In the tables that follow, the disclosures provided for South Africa relate to the Company.

Standing Cane	2018					2017
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Hectares for harvest	34 902	3 798	27 912	23 206	89 818	88 159
Standing cane value (Rand per hectare)	21 881	38 207	39 057	32 574	30 672	28 913
Yield (tons cane per hectare)	60	121	98	86	81	76
Average maturity of cane at 31 March (%)	80	71	63	66	69	64
Statement of financial position (Rmillion)						
Carrying value	764	145	1 090	756	2 755	2 549

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2018 is set out below and the fair value measurement disclosures are included in note 25.

Rmillion	**2018**	2017
Carrying value at beginning of year	**2 549**	2 914
Change in fair value	**370**	143
Land sales		(3)
Currency alignment	**(164)**	(505)
Carrying value at end of year	**2 755**	2 549

Rmillion	**2018**	2017
South Africa	**57**	245
Swaziland	**25**	2
Zimbabwe	**200**	(244)
Mozambique	**88**	140
Change in fair value	**370**	143

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)

	Effective interest rate	Consolidated 2018	Consolidated 2017	Company 2018	Company 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:					
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)

	Effective interest rate	Consolidated 2018	Consolidated 2017
The non-recourse equity-settled BEE borrowings comprise:			
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 2018	Consolidated 2017	Company 2018	Company 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 2018	Consolidated 2017	Company 2018	Company 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.

22. HEADLINE EARNINGS (Rmillion)

	Consolidated	
	2018	2017
Profit attributable to shareholders	**713**	983
Less after tax effect of:	**(96)**	(1)
Capital profit on disposal of land, cane roots and buildings	**(27)**	(12)
Loss/(surplus) on disposal of property, plant and equipment	**3**	(4)
	(24)	(16)
Minority (non-controlling) interest	**(1)**	1
Tax on capital profit on sale of land, cane roots and buildings	**(70)**	13
Tax on disposal of other fixed assets	**(1)**	1
Headline earnings	**617**	982
Headline earnings per share (cents)		
Basic	**534,8**	852,7
Diluted	**534,8**	852,7

23. EARNINGS PER SHARE

Earnings and headline earnings per share are calculated using the weighted average number of relevant ordinary shares in issue during the year. The weighted average number of shares in issue during the year for both basic earnings per share and diluted earnings per share was 115 371 597 (2017: 115 158 241).

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Ordinary share capital				
Final for previous year, paid 29 June 2017: 200 cents (2017: 60 cents)	**270**	81	270	81
Interim for current year, paid 8 February 2018: 100 cents (2017: 100 cents)	**135**	135	135	135
	405	216	405	216
Less dividends relating to BEE SPV consolidation shares	**(75)**	(40)		
	330	176	405	216

The final ordinary dividend for the year ended 31 March 2018 of 60 cents per share declared on 24 May 2018 and payable on 28 June 2018 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, amortised cost or amounts that approximate fair value.

Categories of financial instruments	Consolidated		Company	
	2018	2017	2018	2017
Financial assets				
Derivative instruments in designated hedge accounting relationships	**7**		7	
Unlisted shares	**25**	28		
Trade and long-term receivables at amortised cost	**5 230**	4 689	1 611	1 532
Cash and cash equivalents	**2 662**	2 741	64	58
	7 924	7 458	1 682	1 590
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**8**	9	8	9
Financial liabilities at amortised cost (trade payables and long and short-term borrowings)	**13 282**	11 075	11 244	9 317
Non-recourse equity-settled BEE borrowings	**603**	623		
	13 893	11 707	11 252	9 326

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) and options, interest rate swaps and 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. The gross carrying amounts of financial assets best represent the maximum exposure to credit risk.

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 other than in respect of the land conversion activities where legal ownership of the underlying land asset is usually only transferred to the purchaser on receipt of the full proceeds. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2018	2017	2018	2017
Less than 1 month	**323**	366	94	63
Between 1 to 2 months	**55**	36	8	10
Between 2 to 3 months	**4**	17	1	1
Greater than 3 months	**352**	98	4	6
Total past due	**734**	517	107	80
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	**46**	36	8	4
Currency alignment	**(4)**	(4)		
Amounts written-off	**(2)**	(3)	(1)	(2)
Amounts recovered	**(2)**		(2)	
Increase in allowance recognised in profit or loss	**5**	17	5	6
Balance at end of year	**43**	46	10	8

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 the 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 and are accounted for as cash flow hedges.

Forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2018	2017			2018	2017
	Average contract rate	Commitment Rmillion	**Fair value of FEC Rmillion**	Fair value of FEC Rmillion	Average contract rate	Commitment Rmillion	Fair value of FEC Rmillion	Fair value of FEC Rmillion
Imports								
US Dollar	11,93	15			11,93	15		
Euro	15,25	1			15,25	1		
Exports								
US Dollar	13,48	54	**6**		13,48	54	6	
Net total			**6**				6	

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	**2018 Fair value of FEC Rmillion**	2017 Fair value of FEC Rmillion	Average contract rate	Commitment Rmillion	2018 Fair value of FEC Rmillion	2017 Fair value of FEC Rmillion
Imports								
US Dollar	11,79	3			11,79	3		
UK Pound	17,49	6			17,49	6		
Euro	14,63	1			14,63	1		
Exports								
US Dollar	11,79	1	**1**		11,79	1	1	
Net total			**1**				1	

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	**2018 Rmillion**	2017 Rmillion	Foreign amount million	2018 Rmillion	2017 Rmillion
Australian Dollar	5	**49**	82	5	49	77
US Dollar	3	**30**	3	2	30	3
New Zealand Dollar		**4**				
		83	85		79	80

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R5 million (2017: R8 million) impact on profit before tax and a R4 million (2017: R6 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R3 million (2017: R0,3 million) impact on profit before tax and a R2 million (2017: R0,2 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered New Zealand dollar receivable will have a R0,4 million (2017: nil) impact on profit before tax and a R0,3 million (2017: nil) impact on equity. This sensitivity is based on the exchange rates at the financial year end and the foreign values of the abovementioned receivables.

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 2018 and a significant portion of its requirements for the period to 31 May 2019 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			
	Tons	Contract value Rmillion	**2018 Fair value Rmillion**	2017 Fair value Rmillion	Tons	Contract value Rmillion	2018 Fair value Rmillion	2017 Fair value Rmillion
Futures - hedge accounted:								
Maize futures sold	27 700	54	**(2)**	(10)	27 700	54	(2)	(10)
Maize futures purchased	5 200	10	**(6)**	1	5 200	10	(6)	1
			(8)	(9)			(8)	(9)
Period when cash flow is expected to occur			**2018/19**	2017/18			2018/19	2017/18
When expected to affect profit or loss			**2018/19**	2017/18			2018/19	2017/18
Gain transferred from equity and recognised in profit or loss				5				5

Growing crops fair value measurement

Growing crops, comprising standing cane, is 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 standing cane is determined by estimating 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 as at 31 March 2018. Changes in the fair value are included in profit or loss, with a benefit of R370 million (2017: R143 million) being recognised in profit or loss in the current year. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year is included in note 8.

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 and prices. The consolidated yield is 81 tons per hectare (2017: 76 tons per hectare) and for the company it is 60 tons per hectare (2017: 60 tons per hectare). For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R34 million (2017: R35 million) change in fair value for the consolidated results and R13 million (2017: R12 million) for the company. A change of one percent in the cane price would result in a R28 million (2017: R32 million) change in fair value for the consolidated results and R8 million (2017: R9,7 million) for the company.

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 R34 million (2017: R26 million) effect on profit before tax and a R25 million (2017: R19 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 R2,87 billion (2017: R3,06 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facilities.

Maturity profile of 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
2018							
Bank loans	9,0	4 813 *	2 075	3 300	687	(1 879)	8 996
Foreign loans	9,2	81	54			(8)	127
Other borrowings	8,3	506				(20)	486
Financial lease liability	11,5	2	1			(1)	2
Other non-interest bearing liabilities		3 540					3 540
Net settled derivatives		8					8
Total for Tongaat Hulett		8 950	2 130	3 300	687	(1 908)	13 159
Non-recourse equity-settled BEE borrowings		631				(28)	603
Total including SPV debt		9 581	2 130	3 300	687	(1 936)	13 762
2017							
Bank loans	9,4	3 165 *	1 984	3 110	775	(1 606)	7 428
Foreign loans	10,5		46	57		(12)	91
Other borrowings	8,8	531				(22)	509
Financial lease liability	11,5	1	1	1		(1)	2
Other non-interest bearing liabilities		3 045					3 045
Net settled derivatives		9					9
Total for Tongaat Hulett		6 751	2 031	3 168	775	(1 641)	11 084
Non-recourse equity-settled BEE borrowings		642				(19)	623
Total including SPV debt		7 393	2 031	3 168	775	(1 660)	11 707

* Comprises mainly ongoing short-term loans subject to 365-day notice, which has not been served and therefore unlikely to become due in the next year.

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name	Principal activity	Interest of holding company			
		Equity		Indebtedness	
		2018	2017	**2018**	2017
Tongaat Hulett Starch (Pty) Ltd	Wet maize milling, starch & glucose manufacturing operation	**15**	15	**45**	59
Tongaat Hulett Developments (Pty) Ltd Tongaat Hulett Estates (Pty) Ltd	Land & property development activities	**6**	6	**291**	(231)
Tongaat Hulett Sugar SA Limited 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%) Tongaat Hulett (Botswana) (Pty) Limited (Botswana) (50,1%) Tongaat Hulett (Namibia) (Pty) Limited (Namibia) (51%)	Agriculture, raw sugar production, refining, packaging and production of liquid and dry speciality sugars	**5 396**	5 396	**286**	(90)
The Tongaat Group Limited		**54**	54	**(58)**	(59)
		5 471	5 471	**564**	(321)

Except where otherwise indicated, principal country of business is South Africa and effective participation is 100 percent.

A full list of all subsidiaries and joint operations is available from the company secretary on request.

Loans between companies within the group are unsecured with no fixed date for repayment.

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of its joint operation, Effingham Development (33%) is included in the consolidated financial statements. The proportionate share of profit after tax for the year was R1 million (2017: R9 million). This joint operation is a property development partnership which operates in KwaZulu-Natal, South Africa.

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. Its financial year end is 31 March. It is engaged in the growing and milling of sugarcane and other farming operations.

	Consolidated	
Summarised financial information as consolidated in Tongaat Hulett's financial statements:	**2018**	2017
Non-current assets	**2 688**	2 915
Current assets	**1 487**	1 466
Non-current liabilities	**(1 113)**	(1 195)
Current liabilities	**(344)**	(261)
Equity attributable to Tongaat Hulett	**(1 368)**	(1 472)
Non-controlling interests	**1 350**	1 453
Revenue	**1 781**	2 092
Profit attributable to Tongaat Hulett	**67**	48
Profit attributable to non-controlling interests	**65**	47
Profit for the year	**132**	95

Summarised financial information as consolidated in Tongaat Hulett's financial statements continued

	Consolidated	
	2018	2017
Other comprehensive (loss)/income attributable to Tongaat Hulett	**(171)**	(158)
Other comprehensive (loss)/income attributable to non-controlling interests	**(168)**	(156)
Other comprehensive (loss)/income for the year	**(339)**	(314)
Total comprehensive (loss)/income attributable to Tongaat Hulett	**(104)**	(110)
Total comprehensive (loss)/income attributable to non-controlling interests	**(103)**	(109)
Total comprehensive (loss)/income for the year	**(207)**	(219)
Net cash flow from operating activities	**332**	427
Net cash outflow from investing activities	**(329)**	(33)
Net cash flow from financing activities	**(29)**	(368)
Net cash (outflow)/inflow for the year	**(26)**	26

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Guarantees in respect of obligations of Tongaat Hulett and third parties	**91**	96	3	3

28. LEASES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	1	2	1
Later than one year and not later than five years	**1**	2	1	2
	3	3	3	3
Less future finance charges	**(1)**	(1)	(1)	(1)
Present value of lease obligations	**2**	2	2	2
Payable:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**1**	1	1	1
	2	2	2	2
Operating lease commitments, amounts due:				
Not later than one year	**43**	38	36	33
Later than one year and not later than five years	**16**	22	11	18
Later than five years	**1**		1	
	60	60	48	51
In respect of:				
Property	**38**	35	28	26
Vehicles and office equipment	**22**	25	20	25
	60	60	48	51

The operating leases relating to property are mainly in respect of sugar storage warehouses in South Africa with lease periods of up to one year.
The operating leases relating mainly to vehicles and office equipment are in respect of lease periods up to five years.

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Contracted	**398**	104	67	38
Approved but not contracted	**240**	250	101	201
	638	354	168	239

These commitments relate to expenditure on property, plant, equipment and intangible assets. 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 with subsidiaries as set out in note 26, are eliminated on consolidation.

	Consolidated		Company	
	2018	2017	2018	2017
Goods and services:				
Between the company and its subsidiaries			609	874
Administration fees and other income:				
Between the company and its subsidiaries			138	109
Transacted with/between joint operations within Tongaat Hulett	**1**	8		
Paid to insurance broker	**5**	6		
Interest received/paid:				
Paid by the company to its subsidiaries			66	60
Transacted with/between joint operations within Tongaat Hulett		2		
Sale/transfer of fixed assets and intangibles:				
Between the company and its subsidiaries			180	149
Loan balances:				
Between the company and its subsidiaries (note 26)			564	321
Pension Fund loan payable	**102**	93	102	93
Dividends:				
Between the company and its subsidiaries			707	1 024

Other related party information:

Total dividends paid - refer to note 24

Executive directors/key management personnel - refer to pages 85 to 86 and 91 to 92 of the Remuneration Report

Non-executive directors - refer to page 86 of the Remuneration Report

Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility - refer to note 14.

31. RETIREMENT BENEFITS (Rmillion)

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be members of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes, which are predominantly defined contribution schemes, are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R111 million were expensed during the year (2017: R106 million).

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa which previously covered the old Tongaat-Hulett Group was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a Defined Contribution arrangement for in-service members and the pensioner liabilities were outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2018**	2017
Fair value of fund assets		
Balance at beginning of year	**910**	845
Expected return on scheme assets	**72**	61
Settlements/conversion	**3**	4
Balance at end of year	**985**	910
Comprises:		
Employer surplus account (note 2)	**751**	689
Provisions and reserves	**234**	221
	985	910

31. RETIREMENT BENEFITS (Rmillion) continued

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for these current employees is dependent upon the employee remaining in service until retirement. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year using the projected unit credit method and comprises:

	Consolidated		Company	
	2018	2017	2018	2017
Amounts recognised in the statements of financial position:				
Net liability at beginning of year	**576**	600	435	450
Actuarial loss/(gain) included in other comprehensive income:	**1**	(25)	(3)	(31)
From changes in financial assumptions		(26)		(26)
From changes in demographic assumptions	**1**	(10)		(12)
From changes in experience items during the year		11	(3)	7
Net expense recognised in income statement	**55**	57	43	46
Employer contributions	**(40)**	(38)	(33)	(30)
Currency alignment	**(16)**	(18)		
Net liability at end of year	**576**	576	442	435
Amounts recognised in profit or loss:				
Current service costs	**7**	9	3	4
Interest costs	**48**	48	40	42
	55	57	43	46
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**8,80%**	9,60%	8,80%	9,60%
Mozambique	**7,99%**	8,60%		
Zimbabwe	**6,00%**	5,00%		
Healthcare cost inflation rate:				
South Africa	**7,35%**	8,15%	7,35%	8,15%
Mozambique	**6,61%**	7,31%		
Zimbabwe	**4,50%**	3,50%		
Sensitivity analysis (based on varying an individual input):				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(56)**	(57)	(39)	(38)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**68**	70	46	45
On healthcare cost inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**1**	2	1	1
1% increase in trend rate - increase in the obligation	**69**	70	46	46
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(57)**	(58)	(39)	(39)
Estimated contributions payable in the next financial year	**41**	40	34	32

	Consolidated		Company	
	2018	2017	2018	2017
Weighted average duration of the obligation:				
South Africa	**10,3 years**	10,5 years	10,3 years	10,5 years
Mozambique	**6,5 years**	6,4 years		
Zimbabwe	**16,4 years**	16,5 years		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).

"Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.

Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.

Longevity – pensioners (and their dependants) living longer than expected in retirement.

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations.

The unfunded liability for retirement gratuities is determined actuarially each year using the projected unit credit method and comprises:

	Consolidated		Company	
	2018	2017	2018	2017
Amounts recognised in the statements of financial position:				
Net liability at beginning of year	**208**	226	126	130
Actuarial loss/(gain) included in other comprehensive income:	**8**	(15)	1	(9)
From changes in financial assumptions		(8)		(8)
From changes in demographic assumptions		(2)		(2)
From changes in experience items during the year	**8**	(5)	1	1
Net expense recognised in income statement	**28**	29	19	20
Payments made by the employer	**(20)**	(22)	(11)	(15)
Currency alignment	**(9)**	(10)		
Net liability at end of year	**215**	208	135	126
Amounts recognised in profit or loss:				
Service costs	**12**	13	7	8
Interest costs	**16**	16	12	12
	28	29	19	20

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2018	2017	2018	2017
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**8,80%**	9,60%	8,80%	9,60%
Zimbabwe	**6,00%**	5,00%		
Salary inflation rate:				
South Africa	**7,10%**	7,90%	7,10%	7,90%
Zimbabwe	**3,50%**	2,50%		
Sensitivity analysis (based on varying an individual input):				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(19)**	(19)	(12)	(11)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**23**	22	14	13
On salary inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**4**	4	2	2
1% increase in trend rate - increase in the obligation	**23**	23	14	13
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(20)**	(20)	(12)	(12)
Estimated amounts payable in the next financial year	**22**	20	12	11
Weighted average duration of the obligation:				
South Africa	**10,5 years**	10,6 years	10,5 years	10,6 years
Zimbabwe	**10,6 years**	10,9 years		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).

"Real" salary increases (i.e. above price inflation) turn out higher than allowed for.

Large number of early retirements (normal or ill health) bringing forward gratuity payments.

Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	85
Non-executive directors' remuneration	86
Declaration of full disclosure	86
Interest of directors of the company in share capital	86

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 87 to 90 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 91 to 92.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013. The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries made contributions to the MSOP Trust and the ESOP Trust. Due to these shares having specific repurchase rights at maturity (five years from grant date), they were a separate class of restricted shares which, other than for the repurchase terms, ranked pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

The ESOP Trust has delivered to designated employees all the ordinary shares held in Tongaat Hulett that had been awarded to these employees, leaving a balance of 32 331 ordinary shares that are unallocated.

Management Share Ownership Plan

Grant date	Number of shares at 31 March 2017	Released including deaths in service	Awarded during 2017/18	Forfeited / adjustments	Balance time constrained 31 March 2018
1 June 2012	43 885	(43 884)		(1)	
1 July 2012	41 935	(41 934)		(1)	
1 November 2012	242 475	(239 377)		(3 098)	
7 January 2013	5 000	(5 000)			
1 March 2013	4 855	(4 855)			
1 August 2014	40 476			(1 906)	38 570
1 September 2014	1 928				1 928
1 September 2015	50 170			(4 572)	45 598
1 March 2017	52 789				52 789
22 September 2017			35 000		35 000
2 January 2018			35 000		35 000
Unallocated	133 235		(70 000)	9 578	72 813
	616 748	(335 050)			281 698

The fair value of the awards made during the year was the Tongaat Hulett closing share price on the Johannesburg Stock Exchange on grant date being R108,60 for the award of 22 September 2017 and R111,15 for the award of 2 January 2018.

35. SUBSEQUENT EVENTS

There were no material events between 31 March 2018 and the date of this report.

FIVE-YEAR REVIEW

FINANCIAL STATISTICS		2018	2017	2016	2015	2014
TRADING RESULTS (Rmillion)						
Revenue		**16 982**	17 915	16 676	16 155	15 716
Operating profit		**1 958**	2 333	1 669	2 089	2 374
Net financing costs		**(878)**	(810)	(680)	(617)	(609)
Profit before tax		**1 080**	1 523	989	1 472	1 765
Tax		**(249)**	(428)	(326)	(425)	(538)
Minority (non-controlling) interest		**(118)**	(112)	53	(58)	(72)
Net profit attributable to shareholders		**713**	983	716	989	1 155
Headline earnings attributable to shareholders		**617**	982	679	945	1 106
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest		**10 171**	10 781	13 273	11 889	10 562
Minority (non-controlling) interest		**1 838**	1 957	2 152	1 887	1 628
Equity		**12 009**	12 738	15 425	13 776	12 190
Deferred tax		**2 376**	2 537	2 864	2 491	2 131
Borrowings - long and short-term		**9 125**	7 521	6 978	5 660	5 387
Non-recourse equity-settled BEE borrowings		**603**	623	605	654	691
Provisions		**791**	784	826	743	696
Capital employed		**24 904**	24 203	26 698	23 324	21 095
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles		**14 740**	14 464	17 091	15 449	14 237
Long-term receivables		**681**	619	564	518	485
Inventories, growing crops, receivables and derivative instruments		**11 032**	10 130	11 160	8 908	8 187
Cash and cash equivalents		**2 662**	2 741	1 877	1 668	1 067
Total assets		**29 115**	27 954	30 692	26 543	23 976
Current liabilities (excluding short-term borrowings)		**4 211**	3 751	3 994	3 219	2 881
		24 904	24 203	26 698	23 324	21 095
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share (cents)		**534,8**	852,7	588,0	826,1	990,5
Dividends per share (cents)		**160,0**	300,0	230,0	380,0	360,0
Dividend cover (times)		**3,3**	2,8	2,6	2,2	2,8
PROFITABILITY						
Operating margin		**11,5%**	13,0%	10,0%	12,9%	15,1%
Return on capital employed		**9,4%**	10,5%	7,4%	10,3%	12,9%
FINANCE						
Debt to equity		**76,0%**	59,0%	45,2%	41,1%	44,2%
Net debt to equity		**53,8%**	37,5%	33,1%	29,0%	35,4%
SHARES						
Shares in issue (millions)	- issued	**135**	135	135	135	110
	- weighted	**115**	115	115	114	112
Market capitalisation	- Rmillion	**13 734**	16 627	14 111	18 173	12 501
Value of shares traded	- Rmillion	**6 655**	6 985	4 752	7 287	6 038
Share price (cents)	- balance sheet date	**10 165**	12 306	10 444	13 450	11 368
	- high	**12 488**	13 550	13 976	17 493	14 500
	- low	**9 820**	10 030	7 785	11 236	10 700
Volume of shares traded	- millions	**59**	57	43	48	49

DEFINITIONS

OPERATING PROFIT
Operating profit comprises results of operations, centrally accounted and consolidation items.

HEADLINE EARNINGS
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 2/2015: Headline Earnings.

HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue.

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit excluding exceptional items, expressed as a percentage of average capital employed, excluding capital work in progress and including cash as part of net debt.

DEBT TO EQUITY
Long and short-term borrowings divided by equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by equity.

CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings and provisions.

TOTAL LIABILITIES
Long and short-term borrowings, provisions, trade and other payables and derivative liabilities.