

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	3 239 988	3 203 789
Deferred tax asset	3	17 968	19 685
		3 257 956	3 223 474
Current assets			
Income tax asset		1 394	126
		1 394	126
Total assets		3 259 350	3 223 600
EQUITY			
Share capital and share premium	4	1 877 597	1 817 580
BEE reserve		20 000	-
Employee share-based payment reserve		45 707	41 411
Retained earnings		1 251 800	1 294 123
Total equity		3 195 104	3 153 114
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	5	64 154	70 287
		64 154	70 287
Current liabilities			
Trade and other payables		92	199
		92	199
Total liabilities		64 246	70 486
Total equity and liabilities		3 259 350	3 223 600

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Revenue		95 422	93 104
Administrative expenses	6	(10 434)	(12 359)
Operating profit		84 988	80 745
Taxation	7	(23 797)	(23 623)
Net profit for the year attributable to equity holders of the company		61 191	57 122

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
Net profit for the year attributable to equity holders of the company	61 191	57 122
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss	1 945	(2 262)
Remeasurement of post-retirement medical obligation	2 701	(3 141)
Income tax effect	(756)	879
Total comprehensive income for the year attributable to equity holders of the company	63 136	54 860

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital R'000	Share premium R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2013	35 550	1 785 620	29 720	134 686	1 100 953	3 086 529
Net profit for the year	-	-	-	-	57 122	57 122
Other total comprehensive loss for the year after tax	-	-	-	-	(2 262)	(2 262)
Ordinary shares issued	34	-	-	-	-	34
A ordinary shares redeemed (note 4.3)	(3 624)	-	-	-	-	(3 624)
Share-based payment costs on A ordinary shares redeemed (note 4.3)	-	-	-	-	3 624	3 624
Value of employee services of subsidiaries	-	-	15 156	-	-	15 156
Settlement of employee share incentives	-	-	(3 465)	-	-	(3 465)
Transfer of BEE reserve to retained earnings (note 4.3)	-	-	-	(134 686)	134 686	-
Balance at 31 December 2014	31 960	1 785 620	41 411	-	1 294 123	3 153 114
Net profit for the year	-	-	-	-	61 191	61 191
Other total comprehensive income for the year after tax	-	-	-	-	1 945	1 945
A and B ordinary shares issued	60 017	-	-	-	-	60 017
Value of employee services of subsidiaries	-	-	16 777	-	-	16 777
Settlement of employee share incentives	-	-	(12 481)	-	-	(12 481)
Share-based payment costs on 2015 BEE transaction	-	-	-	20 000	-	20 000
Dividends paid	-	-	-	-	(105 459)	(105 459)
Transfer of share premium to share capital	1 785 620	(1 785 620)	-	-	-	-
Balance at 31 December 2015	1 877 597	-	45 707	20 000	1 251 800	3 195 104

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	84 988	80 745
Changes in working capital	(107)	(183)
Movement in retirement benefit obligation	(3 432)	(1 023)
Employee share-based costs	16 777	15 156
Share-based payment costs on repurchase of A ordinary shares	-	3 624
BEE share-based payment costs	20 000	-
Income tax payment	(24 104)	(23 314)
Net cash inflow from operating activities	94 122	75 005
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in subsidiaries	(36 199)	(67 950)
Net cash outflow from investing activities	(36 199)	(67 950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary shares issued	60 017	34
Settlement of employee share incentives	(12 481)	(3 465)
Repurchase of A ordinary shares	-	(3 624)
Dividends paid	(105 459)	-
Net cash outflow from financing activities	(57 923)	(7 055)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting Guides, the requirements of the Companies Act, No 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

The financial statements are prepared using the historical cost convention and are prepared on the going concern basis.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

Changes in accounting estimates resulting from new information or new developments are recognised in the income statement in the period they occur.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

1.2 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The accounting estimates and critical judgements applied by the key management of Hulamín Limited are discussed in the group's consolidated financial statements (see note 1.37).

1.3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the company are the same as those presented in note 1 to the consolidated group financial statements, to the extent that the group's transactions and balances are applicable to the company financial statements. Principally, the accounting policies which are not directly relevant to the company financial statements are those relating to consolidation accounting.

The accounting policies which are either different, or additional, to those applied by the group are stated as follows:

Subsidiaries

Subsidiaries are all entities over which the group has control, generally accompanying a shareholding of more than one half of the voting rights.

The company financial statements recognise interests in subsidiaries, which include loans granted to subsidiaries by the company, at cost, except in the case of certain limited group reorganisations where net assets are disposed. In these instances, interests in subsidiaries will be based on the carrying amount of the net assets disposed.

Interest income

Interest income comprises interest earned on loan to subsidiary. Interest income is disclosed under revenue in the income statement.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

	2015 R'000	2014 R'000
2. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	2 473 367	2 449 071
Loan to subsidiary	766 621	754 718
	3 239 988	3 203 789
<p>Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares of Hulamin Operations (Pty) Ltd.</p> <p>The effective interest rate on the loan to subsidiary for the year was 12,7%. No fixed repayment terms have been set, and consequently no portion of the loan is considered past due.</p> <p>The loan to subsidiary is subordinated in favour of Nedbank as security for group borrowings.</p>		
3. DEFERRED TAX ASSET		
At beginning of year	19 685	19 095
Income statement		
Current year charge (note 7)	(961)	(289)
Deferred tax credit on other comprehensive items	(756)	879
At end of year	17 968	19 685
Deferred income tax asset analysed as follows:		
Post-retirement medical aid provision	17 963	19 680
Other	5	5
	17 968	19 685
Deferred tax asset to be recovered after more than 12 months	17 963	19 680
Deferred tax asset to be recovered within 12 months	5	5
	17 968	19 685

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
4. SHARE CAPITAL AND SHARE PREMIUM		
4.1 AUTHORISED		
800 000 000 ordinary shares of no par value (2014: 800 000 000 ordinary shares of 10 cents each)	–	80 000
31 477 333 A ordinary shares of no par value (2014: 45 000 000 A ordinary shares of 10 cents each)	–	4 500
36 072 000 B ordinary shares of 10 cents each (2014: 28 000 000 B ordinary shares of 10 cents each)	–	2 800
Total authorised share capital	–	87 300
The A ordinary shares consist of 4 721 600 A1 shares and 26 755 733 A2 shares.		
The B ordinary shares consist of 9 018 000 B1 shares, 9 018 000 B2 shares and 18 036 000 B3 shares.		
4.2 ISSUED		
Ordinary shares		
Opening balance: 319 596 836 ordinary shares of 10 cents each (2014: 319 268 492 ordinary shares of 10 cents each)	31 960	31 926
Issued during year: nil (2014: 328 344 ordinary shares of 10 cents each)	–	34
Transfer from share premium	1 785 620	–
Closing balance: 319 596 836 ordinary shares of no par value (2014: 319 596 836 ordinary shares of 10 cents each)	1 817 580	31 960
A ordinary shares		
Issued during year: A1 and A2 ordinary shares (4 721 600 A1 ordinary shares of no par value, 26 755 733 A2 ordinary shares of no par value)	59 656	–
B ordinary shares		
Issued during the year: B1, B2 and B3 ordinary shares (9 018 000 B1 ordinary shares of no par value, 9 018 000 B2 ordinary shares of no par value, 18 036 000 B3 ordinary shares of no par value)	361	–
Total issued stated/share capital	1 877 597	31 960
Share premium		
Opening balance	1 785 620	1 785 620
Transfer to share capital	(1 785 620)	–
Stated capital/share capital and share premium	1 877 597	1 817 580

4.3 UNISSUED**Under option to employees**

Details of the employee share incentive schemes including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in the group financial statements.

Under the control of the directors

At 31 December 2015, 6 801 529 unissued ordinary shares (2014: 6 801 529) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

	2015 R'000	2014 R'000
5. POST-RETIREMENT MEDICAL AID BENEFITS		
The company has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.		
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	64 154	70 287
Liability in the balance sheet	64 154	70 287
The liability can be reconciled as follows:		
Balance at beginning of year	70 287	68 169
Total expense accrued	5 589	3 716
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(4 160)	1 402
Actuarial losses arising from changes in experience adjustments	1 459	1 739
Benefit payments	(9 021)	(4 739)
Balance at end of year	64 154	70 287
Amounts recognised in the income statement are as follows:		
Interest costs	5 849	5 021
Settlement gain (note i)	(260)	(1 305)
	5 589	3 716
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(4 160)	1 402
Actuarial losses arising from changes in experience adjustments	1 459	1 739
Principal risks		
Through its PRMA subsidy benefit, the group is exposed to a number of risks, principally changes in:		
<ul style="list-style-type: none"> • Financial assumptions: <ul style="list-style-type: none"> – Discount rate, which is set having regard to the market yield on suitable government bonds taking into account the estimated duration of the liability – Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability – Medical inflation rate • Demographic assumptions: <ul style="list-style-type: none"> – Post-retirement mortality – Family statistics. 		
The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.		
Changes in the principal financial assumptions are detailed below.		
Principal financial assumptions:		
Discount rate	(%) 10,85	8,80
Future company subsidy rate – in service	(%) 8,85	7,15
Future company subsidy rate – pensioners	(%) 9,15	7,90

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
5. POST-RETIREMENT MEDICAL AID BENEFITS continued		
Sensitivity of future medical inflation rate		
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs	585	540
1% increase in future medical inflation rate – effect on the obligation	5 389	6 132
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs	(515)	(471)
1% decrease in future medical inflation rate – effect on the obligation	(4 751)	(5 362)
<p>The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.</p> <p>The average duration of the benefit obligation at 31 December 2015 is 8,6 years (2014: 8,9 years).</p>		
Estimated benefits payable by the group in the next financial year	6 003	5 926

		2015 R'000	2014 R'000
6. ADMINISTRATIVE EXPENSES			
Post-retirement medical aid costs		5 589	3 716
Auditors' remuneration (note 6.1)		150	145
Share-based payment costs on A ordinary shares redeemed		–	3 624
Other costs		4 695	4 874
		10 434	12 359
6.1 AUDITORS' REMUNERATION			
Audit fees		141	137
Expenses		9	8
		150	145
6.2 DIRECTORS' EMOLUMENTS			
Non-executives			
Fees		3 866	4 246
		3 866	4 246
7. TAXATION			
South African normal taxation:			
Current			
Current year		22 836	23 334
Deferred			
Current year (note 3)		961	289
		23 797	23 623
Normal rate of taxation	(%)	28,0	28,0
Adjusted for:			
Items of a capital nature	(%)	–	1,3
Effective rate of taxation	(%)	28,0	29,3
8. RELATED PARTY TRANSACTIONS			
During the year the company, in the ordinary course of business, entered into the following related party transactions:			
Interest received from subsidiary		90 465	87 916
Agency fees received from subsidiary		104	80
Management fees received from subsidiary		4 853	5 108
Transactions with non-executive directors are detailed in the group annual financial statements.			
The following balances were outstanding at the end of the reporting period:			
Loan balance owing by subsidiary (note 2)		766 621	754 718