



Company balance sheet

AS AT 31 DECEMBER 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	3 294 442	3 239 988
Deferred tax asset	3	19 953	17 968
		3 314 395	3 257 956
Current assets			
Trade and other receivables	4	28 681	–
Income tax asset		2 377	1 394
		31 058	1 394
Total assets		3 345 453	3 259 350
EQUITY			
Share capital and share premium	5	1 877 597	1 877 597
BEE reserve		20 000	20 000
Employee share-based payment reserve		55 852	45 707
Retained earnings		1 322 424	1 251 800
Total equity		3 275 873	3 195 104
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	6	69 511	64 154
		69 511	64 154
Current liabilities			
Trade and other payables		69	92
		69	92
Total liabilities		69 580	64 246
Total equity and liabilities		3 345 453	3 259 350

Company income statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R'000	2015 R'000
Revenue		114 029	95 422
Administrative expenses	7	(10 857)	(10 434)
Operating profit		103 172	84 988
Taxation	8	(28 888)	(23 797)
Net profit for the year attributable to equity holders of the company		74 284	61 191



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Company statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 R'000	2015 R'000
Net profit for the year attributable to equity holders of the company	74 284	61 191
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss	(3 660)	1 945
Remeasurement of post-retirement medical obligation	(5 082)	2 701
Income tax effect	1 422	(756)
Total comprehensive income for the year attributable to equity holders of the company	70 624	63 136

Company statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	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 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
Net profit for the year	–	–	–	–	74 284	74 284
Other total comprehensive income for the year after tax	–	–	–	–	(3 660)	(3 660)
Value of employee services of subsidiaries	–	–	26 998	–	–	26 998
Settlement of employee share incentives	–	–	(16 853)	–	–	(16 853)
Balance at 31 December 2016	1 877 597	–	55 852	20 000	1 322 424	3 275 873



Company cash flow statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 R'000	2015 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	103 172	84 988
Changes in working capital	(28 704)	(107)
Movement in retirement benefit obligation	275	(3 432)
Employee share-based costs	26 998	16 777
BEE share-based payment costs	–	20 000
Income tax payment	(30 434)	(24 104)
Net cash inflow from operating activities	71 307	94 122
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in subsidiaries	(54 454)	(36 199)
Net cash outflow from investing activities	(54 454)	(36 199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary shares issued	–	60 017
Settlement of employee share incentives	(16 853)	(12 481)
Dividends paid	–	(105 459)
Net cash outflow from financing activities	(16 853)	(57 923)
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 2016

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 Hulamin Limited are discussed in the group's consolidated financial statements (see note 1.32).

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:

1.3.1 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.

1.3.2 Revenue

Revenue of the company comprises interest income and management and agency fees.

Management and agency fees are recognised as the services are performed.

Interest income comprises interest earned on loan to subsidiary.

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.

	2016 R'000	2015 R'000
2. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	2 483 512	2 473 367
Loan to subsidiary	810 930	766 621
	3 294 442	3 239 988
<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 13,7% (2015: 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	17 968	19 685
Income statement		
Current year charge (note 7)	562	(961)
Deferred tax credit on other comprehensive items	1 423	(756)
At end of year	19 953	17 968
Comprising:		
Post-retirement medical aid provision	19 945	17 963
Other	8	5
	19 953	17 968
Deferred tax asset to be recovered after more than 12 months	19 945	17 963
Deferred tax asset to be recovered within 12 months	8	5
	19 953	17 968
4. TRADE AND OTHER RECEIVABLES		
Financial assets		
Trade receivables	28 681	-

Trade receivables represent accrued interest on loan to subsidiary.

They are neither overdue nor impaired; are not covered by credit insurance and have no collateral.

Notes to the company financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 R'000	2015 R'000
5. SHARE CAPITAL AND SHARE PREMIUM		
5.1 Authorised		
800 000 000 ordinary shares of no par value (2015: 800 000 ordinary shares of no par value)		
31 477 333 A ordinary shares of no par value (2015: 31 477 333 ordinary shares of no par value)		
36 072 000 B ordinary shares of no par value (2015: 36 072 000 ordinary shares of no par value)		
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.		
5.2 Issued		
Ordinary shares		
Opening balance: 319 596 836 ordinary shares of no par value (2015: 319 596 836 ordinary shares of 10 cents each)	1 817 580	31 960
Issued during year: nil (2015: nil)	–	–
Transfer from share premium	–	1 785 620
Closing balance: 319 596 836 ordinary shares of no par value (2015: 319 596 836 ordinary shares of no par value)	1 817 580	1 817 580
A ordinary shares		
Opening balance: 4 721 600 A1 and 26 755 733 A2 shares of no par value (2015: nil)	59 656	–
Issued during the year: nil (2015: 4 721 600 A1 and 26 755 733 A2 shares of no par value)	–	59 656
B ordinary shares		
Opening balance: 90 018 000 B1, 9 018 000 B2 and 18 036 000 B3 shares of no par value (2015: nil)	361	–
Issued during the year: nil (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	1 877 597
Share premium		
Opening balance	–	1 785 620
Transfer to share capital	–	(1 785 620)
Stated capital/share capital and share premium	1 877 597	1 877 597

5.3 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 2016, 6 801 529 unissued ordinary shares (2015: 6 801 529) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.



	2016 R'000	2015 R'000
6. 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	69 511	64 154
Liability in the balance sheet	69 511	64 154
The liability can be reconciled as follows:		
Balance at beginning of year	64 154	70 287
Total expense accrued	6 635	5 589
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	2 338	(4 160)
Actuarial losses arising from changes in experience adjustments	2 744	1 459
Benefit payments	(6 360)	(9 021)
Balance at end of year	69 511	64 154
Amounts recognised in the income statement are as follows:		
Interest costs	6 635	5 849
Settlement gain	–	(260)
	6 635	5 589
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	2 338	(4 160)
Actuarial losses arising from changes in experience adjustments	2 744	1 459

Principal risks

Through its PRMA subsidy benefit, the group is exposed to a number of risks, principally changes in:

- Financial assumptions:
 - 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:
 - Post-retirement mortality
 - Family statistics

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

Notes to the company financial statements

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 R'000	2015 R'000
6. POST-RETIREMENT MEDICAL AID BENEFITS CONTINUED			
Changes in the principal financial assumptions are detailed below.			
Principal financial assumptions:			
Discount rate	(%)	9,70	10,85
Future company subsidy rate – in service	(%)	8,15	8,85
Future company subsidy rate – pensioners	(%)	8,45	9,15
Sensitivity of future medical inflation rate			
1% increase in future medical inflation rate			
– effect on the aggregate of the service and interest costs		575	585
1% increase in future medical inflation rate – effect on the obligation		5 934	5 389
1% decrease in future medical inflation rate			
– effect on the aggregate of the service and interest costs		(507)	(515)
1% decrease in future medical inflation rate – effect on the obligation		(5 221)	(4 751)
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.			
The average duration of the benefit obligation at 31 December 2016 is 8,6 years (2015: 8,6 years).			
Estimated benefits payable by the group in the next financial year		6 602	6 003
7. ADMINISTRATIVE EXPENSES			
Post-retirement medical aid costs		6 635	5 589
Auditors' remuneration (note 7.1)		171	150
Other costs		4 051	4 695
		10 857	10 434
7.1 Auditors' remuneration			
Audit fees		145	141
Expenses		26	9
		171	150
7.2 Directors' emoluments			
Non-executives			
Fees		3 945	3 866
		3 945	3 866



		2016 R'000	2015 R'000
8. TAXATION			
South African normal taxation:			
Current			
Current year		29 450	22 836
Deferred			
Current year (note 3)		(562)	961
		28 888	23 797
Normal rate of taxation	(%)	28,0	28,0
Adjusted for:			
Items of a capital nature	(%)	–	–
Effective rate of taxation	(%)	28,0	28,0
9. 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		109 186	90 465
Agency fees received from subsidiary		104	104
Management fees received from subsidiary		4 739	4 853
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)		810 930	766 621
10. DIVIDENDS PER SHARE			
Dividends per share declared			
Interim dividend: nil (2015: 8 cents on 319 596 836 ordinary shares)		–	25 568
Final dividend: 15 cents on 319 596 836 ordinary shares (2015: nil)		47 940	–
Final dividend: 15 cents on 4 721 600 A1 ordinary shares (2015: nil)		708	–
Total		48 648	25 568

The final dividend was declared subsequent to year-end and therefore has not been provided for in the company financial statements.