



ANGLO AMERICAN SA FINANCE LIMITED
(Incorporated in the Republic of South Africa)

Company registration number 2003/015144/06

AUDITED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2015

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COMPANY INFORMATION

Directors

C.C. Elliott	Appointed 1 January 2016
I.E. French	Appointed 1 January 2016
C. Goosen	
N.J. Mason-Gordon	
S. Mayet	
J.G. Williams	Resigned 31 December 2015

Registered office

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Johannesburg
2001

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Fax +27 11 638 2455

Postal address

PO Box 61587
Marshalltown
2107

Internet address of Anglo American plc group

<http://www.angloamerican.com>

Administrative and technical advisors and secretaries

Anglo Operations Proprietary Limited

Auditors

Deloitte & Touche
Private Bag X6
Gallo Manor
South Africa
2052

Deloitte & Touche will continue in office in accordance with Section 90(6) of the South African Companies Act, No. 71 of 2008.

Preparation of Annual Financial Statements

The Annual Financial Statements were prepared under the supervision of Romana Govender CA (SA). The Annual Financial Statements were audited in compliance with the South African Companies Act, No. 71 of 2008.

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

In our capacity as the Company Secretary, we hereby certify to the best of our knowledge and belief 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 South African Companies Act, No. 71 of 2008. Further, we certify that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2015.

Anglo Operations Proprietary Limited
Secretaries



Company Secretary

JOHANNESBURG
15 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ANGLO AMERICAN SA FINANCE LIMITED

Report on the Financial Statements

We have audited the financial statements of Anglo American SA Finance Limited set out on pages 8 to 31, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

National Executive: *LL Barn Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit
*N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy *MJ Comber Reputation & Risk
*TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anglo American SA Finance Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Statutory Report and the Compliance statement for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of Anglo American SA Finance Limited for 13 years.

DELOITTE & TOUCHE

Deloitte & Touche

Registered Auditor

Per: Vuyelwa Sangoni

Partner

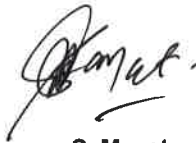
15 March 2016

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2015

The Annual Financial Statements were approved by the Board of Directors on 15 March 2016 and are signed on its behalf.

The business of the annual general meeting in respect of the past financial year will be dealt with at a meeting of members pursuant to Section 61(7)(b) of the South African Companies Act, No. 71 of 2008.



S. Mayet
Director



N.J. Mason-Gordon
Director

JOHANNESBURG
15 March 2016

STATUTORY REPORT

Directors' report

The Directors have pleasure in submitting the Annual Financial Statements of the Company for the year ended 31 December 2015.

Nature of business

The main business of the Company is the lending of money to its subsidiaries (if any), its holding company, fellow subsidiaries of its holding company and joint venture entities or associates of its group of companies, and any related or inter-related companies of the foregoing.

Going concern

The financial position of the Company, its cash flows, liquidity position and borrowings are set out in the Annual Financial Statements which comprise the income statement, statement of comprehensive income, balance sheet and cash flow statement.

The Annual Financial Statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive the support of its holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Directors' responsibilities in relation to financial statements

The Directors are required by the Companies Act to prepare Annual Financial Statements, which fairly present the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period, in conformity with International Financial Reporting Standards. The Annual Financial Statements are the responsibility of the Directors and it is the responsibility of the independent auditors to report thereon.

To enable the Directors to meet these responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. They are monitored throughout the Company, and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner that in all reasonable circumstances is above reproach.

The Directors are of the opinion, based on the information and explanations given by management and the internal auditors that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the Annual Financial Statements and maintaining accountability for assets and liabilities. The Directors believe that assets are protected and used as intended 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 period under review.

In preparing the Annual Financial Statements, the Company 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 Annual Financial Statements fairly present the financial position of the Company as at 31 December 2015, and the results of their operations and cash flow information for the year then ended. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Statements.

Auditor's responsibilities

The auditors are responsible for reporting on the fair presentation of the annual financial statements. Their report can be found on page 3.

Directorate

The names of the Directors of the Company in office at the date of the Annual Financial Statements appear on page 2.

The following changes were made to the composition of the Board of Directors of the Company from the beginning of the accounting period on 1 January 2015 to the date of this report.

C.C. Elliott	Appointed 1 January 2016
I.E. French	Appointed 1 January 2016
J.G. Williams	Resigned 31 December 2015

STATUTORY REPORT continued

Secretary

The Secretary of the Company is Anglo Operations Proprietary Limited and the registered address of the Company may be found on page 2.

Share capital

The authorised and issued share capital of the Company remains unchanged at 31 December 2015. Details of the Company's authorised and issued share capital are contained in the notes to the Annual Financial Statements.

Corporate governance

The Company is a wholly owned unlisted subsidiary of Anglo American South Africa Limited and ultimately a wholly owned subsidiary of Anglo American plc and places reliance on the governance processes and policies of its parent companies. The Company issues listed debt off its DMTN programme, a copy of which can be found on the following Anglo American website and the JSE website:

[http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/investors/reports/AASAF%20DMTN%20Programme%20Memorandum 14%20May%202015.pdf](http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/investors/reports/AASAF%20DMTN%20Programme%20Memorandum%2014%20May%202015.pdf)

<https://www.jse.co.za/current-companies/companies-and-financial-instruments/issuer-profile?issuermasterid=2690>

Events occurring after end of year

There have been no reportable events since 31 December 2015 up to the date of the Annual Financial Statements other than the following appointment of Directors:

C.C. Elliott	Appointed 1 January 2016
I.E. French	Appointed 1 January 2016

INCOME STATEMENT

for the year ended 31 December 2015

Rand	Note	2015	2014
Interest income	3	2 449 462 856	2 648 446 882
Commitment fee income		25 730 762	25 760 000
Interest expense	3	(1 766 653 732)	(2 044 255 584)
Commitment and guarantee fee expense		(87 786 941)	(70 902 431)
Net interest income		620 752 945	559 048 867
Foreign exchange losses		(33 942)	(217 921)
Fair value hedge adjustment		23 462 555	(2 988 658)
Loss on capital write down of investment		—	(4 885 521)
Administration expenses		(13 427 563)	(13 641 352)
Provision for impairment	7	(48 487 601)	—
Profit before tax	4	582 266 394	537 315 415
Income tax expense	5	(176 611 119)	(150 448 316)
Profit for the financial year		405 655 275	386 867 099

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

Rand	2015	2014
Profit for the financial year	405 655 275	386 867 099
Total comprehensive income for the financial year	405 655 275	386 867 099

BALANCE SHEET
as at 31 December 2015

Rand	Note	2015	2014
ASSETS			
Non-current assets			
Loans to group companies	6	15 582 328 026	14 812 799 843
External loan receivable	7	–	42 241 947
Deferred tax assets	8	374 784 454	551 395 573
Derivative financial assets	12	–	21 369 896
Total non-current assets		15 957 112 480	15 427 807 259
Current assets			
Loans to group companies	6	2 055 808 651	12 337 425 780
Amounts due by group companies	11	233 569 748	247 217 242
Trade and other receivables	11	15 309 803	17 610 449
Derivative financial assets	12	2 202 779	10 534 779
Cash and cash equivalents	11	4 240 487	60 056 784
Total current assets		2 311 131 468	12 672 845 034
Total assets		18 268 243 948	28 100 652 293
LIABILITIES			
Current liabilities			
Deposits from group companies	9	(12 448 635 266)	(21 637 102 289)
Amounts due to group companies	11	(16 708 191)	(4 858 853)
Trade and other payables	11	(73 340 684)	(86 431 501)
Short term borrowings	10	(199 980 409)	(1 005 551 196)
Derivative financial liabilities	12	(2 202 779)	(2 516 942)
Total current liabilities		(12 740 867 329)	(22 736 460 781)
Non-current liabilities			
Medium and long term borrowings	10	(2 967 457 053)	(3 265 442 817)
Derivative financial liabilities	12	(55 515 596)	–
Total non-current liabilities		(3 022 972 649)	(3 265 442 817)
Total liabilities		(15 763 839 978)	(26 001 903 598)
Net assets		2 504 403 970	2 098 748 695
EQUITY			
Share capital	13	20 100	20 100
Share premium	13	2 909 979 900	2 909 979 900
Accumulated loss		(405 596 030)	(811 251 305)
Total equity		2 504 403 970	2 098 748 695

CASH FLOW STATEMENT

for the year ended 31 December 2015

Rand	Note	2015	2014
Cash flows from operating activities			
Profit before tax		582 266 394	537 315 415
Net finance income	3	(682 809 124)	(604 191 298)
Foreign exchange losses		33 942	217 921
Fair value hedge adjustment		(23 462 555)	2 988 658
Loss on capital write down of investment		—	4 885 521
Provision for impairments		48 487 601	—
Decrease in operating receivables		2 300 646	34 385 924
(Decrease)/increase in operating payables		(13 090 817)	11 783 013
Cash flows used in operations		(86 273 913)	(12 614 846)
Interest received		2 456 866 634	2 577 502 240
Interest paid		(1 834 934 270)	(2 061 348 005)
Income tax received	5	—	1 847 317
Net cash flows from operating activities		535 658 451	505 386 706
Cash flows from/(used in) investing activities			
Repayment of loans to group companies		10 487 023 288	23 695 991
Advances of loans to group companies		(974 934 342)	(9 176 455 529)
Net cash from/(used in) investing activities		9 512 088 946	(9 152 759 538)
Cash flows used in financing activities			
Proceeds from long term borrowings		—	1 050 000 000
Repayment of long term borrowings		—	(2 116 556)
Repayment of short term borrowings		(1 000 000 000)	(1 600 000 000)
Proceeds from deposits from group companies		1 274 838 789	29 620 815
Repayment of deposits from group companies		(10 463 305 812)	(2 926 080 632)
Decrease in derivative financial assets		84 903 329	9 066 519
Net cash used in financing activities		(10 103 563 694)	(3 439 509 854)
Net decrease in cash and cash equivalents		(55 816 297)	(12 086 882 686)
Cash and cash equivalents at start of year		60 056 784	12 146 939 470
Cash movements in the year		(55 816 297)	(12 086 882 686)
Cash and cash equivalents at end of year		4 240 487	60 056 784

STATEMENT OF CHANGES IN EQUITY
for the year ended December 2015

Rand	Share capital	Share premium	Accumulated loss	Total equity
At 1 January 2014	20 100	2 909 979 900	(1 198 118 404)	1 711 881 596
Total comprehensive income	—	—	386 867 099	386 867 099
At 1 January 2015	20 100	2 909 979 900	(811 251 305)	2 098 748 695
Total comprehensive income	—	—	405 655 275	405 655 275
At 31 December 2015	20 100	2 909 979 900	(405 596 030)	2 504 403 970

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to taxation and impairment of assets. The use of inaccurate assumptions in assessments made for any of these estimates could result in a significant impact on financial results.

Taxation

In arriving at the deferred tax asset balance, management necessarily applies its judgment to assess the probability of future taxable profits against which deductible temporary differences can be utilised.

Impairment of loans receivable

In making assessments for impairment, management necessarily applies its judgment in the estimation of the recoverable amount of loans receivable.

Fair value of financial instruments

Certain of the Company's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to calculate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data where available.

The valuations of financial instruments are adjusted for the risk that contractual cash flows will not be paid because of the risk of default by one of the parties. A credit valuation adjustment (CVA) is applied to the valuation of financial assets, reflecting the possibility of default by the counterparty. A debit valuation adjustment (DVA) is applied to the valuation of financial liabilities, reflecting the possibility that the Company may default on its obligations. These adjustments are calculated based on the expected net positive or negative exposure to the counterparty, and with reference to the counterparty's and the Company's credit default swap spread at the balance sheet date.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the financial statements for the year ended 31 December 2014.

A number of other accounting pronouncements, principally amendments to existing standards, issued by the IASB became effective on 1 January 2015 and were adopted by the Company. These pronouncements have not had a material impact on the accounting policies applied by the Company.

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

New IFRS accounting standards not yet adopted

The following new IFRS accounting standards in issue but not yet effective are expected to have a significant impact on the Company:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts* and establishes a unified framework for determining the timing, measurement and recognition of revenue. The principle of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards.

The effective date of the standard has been deferred to 1 January 2018 to allow companies more time to deal with transitional issues of application.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and addresses the following three key areas:

- *Classification and measurement* establishes a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held.
- *Impairment* introduces a new expected loss impairment model requiring expected credit losses to be recognised from when financial instruments are first recognised.
- *Hedge Accounting* aligns the accounting treatment with risk management practices of an entity.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

The following new or amended IFRS accounting standards in issue but not yet effective are not expected to have a significant impact on the Company:

- Amendments to IAS 1 *Presentation of Financial Statements: Disclosure Initiative* provides guidance on the use of judgement in presenting financial statement information, including: the application of materiality, order of notes, use of subtotals, accounting policy referencing and disaggregation of financial and non-financial information, effective for annual reporting periods beginning on or after 1 January 2016. The Company will apply the new or amended IFRS accounting standards in the annual reporting period that it becomes effective.

Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. NET FINANCE INCOME

See note 19a for the Company's accounting policy on net finance income.

Net finance income is presented net of hedges for respective interest bearing borrowings.

Rand	Note	2015	2014
Interest income			
Interest income from group companies	17	2 265 834 217	2 096 595 839
Other interest income		183 628 639	551 851 043
Total interest income		2 449 462 856	2 648 446 882
Interest expense			
Interest expense to group companies	17	(1 485 125 683)	(1 726 218 128)
Interest expense on committed facilities		–	(22 278 181)
Interest expense on bonds		(315 504 088)	(347 763 931)
Net settlement on debt related interest rate swaps		35 268 408	54 077 076
Other interest expense		(1 292 369)	(2 072 420)
Total interest expense		(1 766 653 732)	(2 044 255 584)
Net finance income		682 809 124	604 191 298

4. PROFIT BEFORE TAX

Rand	Note	2015	2014
Profit before tax is stated after charging:			
Audit fees		(820 859)	(846 539)
Non-audit fees		(44 952)	(42 408)
Administration fees to Anglo Operations Proprietary Limited	17	(11 209 092)	(11 401 506)
Interest rate hedging			
Fair value movement on interest rate swaps		(81 298 844)	(6 034 800)
Fair value movement on hedged interest rate risk		104 761 399	3 046 142
Foreign exchange forward contracts			
Fair value through profit or loss		(33 942)	(217 921)

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

See note 19b for the Company's accounting policy on tax.

Analysis of charge for the year

Rand	Note	2015	2014
South Africa normal tax			
Payable in respect of the current year		–	–
Payable in respect of prior years		–	–
Current tax		–	–
Deferred tax			
Current year charge		176 611 119	149 623 744
Prior year adjustment		–	824 572
Deferred tax	8	176 611 119	150 448 316

Effective tax rate

The effective tax rate for the year of 30.33% (2014: 28%) is different from the applicable statutory rate of corporation tax in South Africa of 28% (2014: 28%).

Tax rate reconciliation

Percentage	2015	2014
Normal tax rate	28.00	28.00
Items non-taxable/deductible for tax purposes		
Provision for impairments	2.33	–
Effective tax rate	30.33	28.00

Income tax received

Rand	2015	2014
Balance at start of year	–	1 847 317
Income tax – current tax charge	–	–
Balance at end of year	–	–
Income tax received	–	1 847 317

6. LOANS TO GROUP COMPANIES

See note 19c for the Company's accounting policy on financial instruments.

Rand	2015	2014
Long term		
Anglo American Inyosi Coal Proprietary Limited	6 252 328 026	5 712 799 843
De Beers Group Services Proprietary Limited	230 000 000	–
Rustenburg Platinum Mines Limited	9 100 000 000	9 100 000 000
	15 582 328 026	14 812 799 843
Short term		
Anglo Operations Proprietary Limited	3 767 241	640 467 529
Newshelf 480 Proprietary Limited	3 214 410	2 808 251
Rustenburg Platinum Mines Limited	1 843 827 000	6 333 150 000
Sishen Iron Ore Company Proprietary Limited	205 000 000	5 361 000 000
	2 055 808 651	12 337 425 780
	17 638 136 677	27 150 225 623

NOTES TO THE FINANCIAL STATEMENTS

6. LOANS TO GROUP COMPANIES continued

The loan to Anglo American Inyosi Coal Proprietary Limited is unsecured and bears interest at a market rate based on JIBAR. The interest is calculated monthly and payable on a six month basis. The loan has been provided under a project financing facility maturing in 2018.

The loan to De Beers Group Services Proprietary Limited is unsecured and bears interest at a market related interest rate. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under a committed facility maturing in 2018.

The long term loan to Rustenburg Platinum Mines Limited is unsecured and bears interest at a market related rate. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under a committed facility maturing in 2017. The short term loan is unsecured and bears interest at a market related interest rate. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under an uncommitted facility.

The loan to Sishen Iron Ore Company Proprietary Limited is unsecured and bears interest at a market related interest rate. Interest is calculated monthly and payable according to the terms of the drawing. The loan has been provided under an uncommitted facility.

The loans to other fellow subsidiary companies are unsecured and bear interest at a variable rate based on the weighted average rate of the Company's external borrowings. The interest is calculated and payable monthly. The loans have no fixed repayment terms but will become repayable should the external committed and uncommitted facilities become repayable, refer note 10.

Detailed risk profiles of the above companies are disclosed in their individual financial statements. The Directors are of the opinion that there is no reason to doubt the recoverability of these loans.

7. EXTERNAL LOAN RECEIVABLE

See note 19c for the Company's accounting policy on financial instruments.

Rand	2015	2014
Long term		
Pamodzi Coal Proprietary Limited	47 142 005	42 241 947
Provision for impairment	(47 142 005)	—
	—	42 241 947

The loan to Pamodzi Coal Proprietary Limited has no fixed terms of repayment and is secured by shares indirectly held in Anglo American Inyosi Coal Proprietary Limited, a fellow subsidiary company, during 2015 a provision for impairment was raised against the loan receivable based on the fair value of the security. The interest is calculated monthly based on variable market benchmark rates and is payable according to the specific terms of the loan.

Rand	2015	2014
Provision for impairment		
At 1 January	—	—
Charged to the income statement – external loan receivable	47 142 005	—
Charged to the income statement – interest receivable	1 345 596	—
At 31 December	48 487 601	—

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX

See note 19b for the Company's accounting policy on tax.

The movement in net deferred tax assets during the year is as follows:

Rand	2015	2014
At 1 January	551 395 573	701 843 889
Charged to the income statement	(176 611 119)	(150 448 316)
At 31 December	374 784 454	551 395 573

The amount of deferred tax assets recognised in the balance sheet is as follows:

Rand	2015	2014
Tax losses	380 573 717	550 952 679
Derivatives	(4 824 873)	1 744 642
Other temporary differences	(964 390)	(1 301 748)
	374 784 454	551 395 573

The amount of deferred tax charged to the income statement is as follows:

Rand	2015	2014
Tax losses	(170 378 962)	(151 249 355)
Derivatives	(6 569 515)	605 944
Other temporary differences	337 358	195 095
Deferred tax as per the income statement	(176 611 119)	(150 448 316)

The Company did not have any deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset has been recognised.

9. DEPOSITS FROM GROUP COMPANIES

See note 19c for the Company's accounting policy on financial instruments.

Rand	2015	2014
Term deposits		
Kumba Iron Ore Limited	205 000 000	—
Newshef 480 Proprietary Limited	11 198 657	10 528 330
Call deposits		
Anglo American South Africa Limited (holding company)	10 665 553 791	21 104 501 322
Anglo American EMEA Shared Services Proprietary Limited	84 797 054	93 644 523
Anglo American Inyosi Coal Proprietary Limited	618 613 067	320 047 919
Anglo American Properties Limited	23 667 436	22 849 639
De Beers Group Services Proprietary Limited	124 130 000	15 523 000
Holdac Limited	49 645 002	30 735 731
Lansan Investment Holdings Proprietary Limited	3 271 178	18 781 990
Newshef 480 Proprietary Limited	997 060	939 923
Sishen Iron Ore Company Proprietary Limited	634 000 000	—
Spectrem Air Proprietary Limited	27 762 021	19 549 912
	12 448 635 266	21 637 102 289

At 31 December 2015, the rate of interest paid on these deposits ranged between 6.00% and 7.74% (2014: 5.55% and 6.66%) per annum. Call deposits are available on demand.

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS

See note 19f for the Company's accounting policy on bank borrowings.

The Company accesses borrowings mostly in capital markets through bonds issued under the South African Domestic Medium Term Note (DMTN) programme. The Company uses interest rate swaps where appropriate to ensure that the majority of the Company's borrowings are at a floating rate.

An analysis of borrowings, as presented on the balance sheet, is set out below:

				2015
Rand	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Unsecured				
Bank loans and overdrafts	—	—	—	—
Bonds issued under DMTN programme				
R200m JIBAR+0.5% bond due March 2016	199 980 409	—	199 980 409	200 000 000
R600m JIBAR+1.38% bond due March 2017	—	599 691 085	599 691 085	600 000 000
R1 400m 9.27% bond due March 2019	—	1 350 661 385	1 350 661 385	1 400 000 000
R650m 9.49% bond due April 2021	—	617 751 539	617 751 539	650 000 000
R400m JIBAR+1.47% bond due April 2021	—	399 353 044	399 353 044	400 000 000
Total borrowings	199 980 409	2 967 457 053	3 167 437 462	3 250 000 000
				2014
Rand	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Unsecured				
Bank loans and overdrafts	—	—	—	—
Bonds issued under DMTN programme				
R1 000m 9.77% bond due May 2015	1 005 551 196	—	1 005 551 196	1 000 000 000
R200m JIBAR+0.5% bond due March 2016	—	199 898 219	199 898 219	200 000 000
R600m JIBAR+1.38% bond due March 2017	—	599 458 428	599 458 428	600 000 000
R1 400m 9.27% bond due March 2019	—	1 405 349 129	1 405 349 129	1 400 000 000
R650m 9.49% bond due April 2021	—	661 479 493	661 479 493	650 000 000
R400m JIBAR+1.47% bond due April 2021	—	399 257 548	399 257 548	400 000 000
Total borrowings	1 005 551 196	3 265 442 817	4 270 994 013	4 250 000 000

Facilities

The below facilities have been arranged with a number of financial institutions. The use of these facilities may give rise to interest rate risk due to changes in the market rates:

- Short term committed facilities of R6.6 billion (2014: R7.6 billion) with interest payable at a weighted average rate of JIBAR plus 0.93% (2014: 0.94%) per annum for a relative interest period.
- Long term committed facilities of R10.8 billion (2014: R9.3 billion) with interest payable at a weighted average rate of JIBAR plus 1.30% (2014: 1.12%) per annum for a relative interest period.

Commitment fees

Commitment fees are payable to financial institutions based on the undrawn amount on committed facilities.

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS continued

Guarantees

Anglo American plc ("AA plc") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under the Company's DMTN programme (the 'programme') and certain facilities with external parties. In consideration for this guarantee, AA plc charges the Company a guarantee fee which amounts to 0.30% (2014: 0.30%) of the average value of amounts owing by the Company under the programme and such facilities for each quarter of a calendar year (or any part thereof). The guarantee fees are due and payable to AA plc quarterly.

Anglo American South Africa Limited ("AASA") has guaranteed the Company's due and punctual observance and performance of all the terms, conditions and covenants under facilities with various financial institutions. In consideration for this guarantee, AASA charges the Company a guarantee fee which amounts to 0.25% (2014: 0.25%) of the average value of the amounts advanced to the Company and owing by the Company under such agreement for each quarter of a calendar year (or any part thereof).

Liquidity risk

The Company ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Company distribution restrictions that exist.

The expected undiscounted cash flows of the Company's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

2015

Rand	Net debt related financial liabilities				Total
	Bonds	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	
Amount due for repayment within one year	(200 000 000)	(293 424 974)	6 152 355	(12 464 700 250)	(12 951 972 869)
Between 1 and 2 years	(600 000 000)	(234 572 500)	(21 759 509)	–	(856 332 009)
Between 2 and 3 years	–	(222 577 000)	(38 218 418)	–	(260 795 418)
Between 3 and 4 years	(1 400 000 000)	(157 687 000)	(25 424 873)	–	(1 583 111 873)
Between 4 and 5 years	–	(92 797 000)	(15 178 225)	–	(107 975 225)
5 years and later	(1 050 000 000)	(46 398 500)	(7 753 236)	–	(1 104 151 736)
Total due for repayment after more than one year	(3 050 000 000)	(754 032 000)	(108 334 261)	–	(3 912 366 261)
Total	(3 250 000 000)	(1 047 456 974)	(102 181 906)	(12 464 700 250)	(16 864 339 130)

2014

Rand	Net debt related financial liabilities				Total
	Bonds	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	
Amount due for repayment within one year	(1 000 000 000)	(333 739 381)	29 827 076	(21 723 533 790)	(23 027 446 095)
Between 1 and 2 years	(200 000 000)	(269 789 500)	12 184 452	–	(457 605 048)
Between 2 and 3 years	(600 000 000)	(232 853 000)	860 574	–	(831 992 426)
Between 3 and 4 years	–	(221 645 000)	(6 440 055)	–	(228 085 055)
Between 4 and 5 years	(1 400 000 000)	(156 755 000)	(4 124 900)	–	(1 560 879 900)
5 years and later	(1 050 000 000)	(137 797 500)	(5 678 302)	–	(1 193 475 802)
Total due for repayment after more than one year	(3 250 000 000)	(1 018 840 000)	(3 198 231)	–	(4 272 038 231)
Total	(4 250 000 000)	(1 352 579 381)	26 628 845	(21 723 533 790)	(27 299 484 326)

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS continued

The Company had the following undrawn committed borrowing facilities at 31 December:

Rand	2015	2014
Expiry		
Within 1 year	6 100 000 000	7 582 000 000
Between 1 and 2 years	500 000 000	1 818 000 000
Between 2 and 3 years	10 800 000 000	7 500 000 000
	17 400 000 000	16 900 000 000

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to enable the business to operate effectively.

Market risk

Market risk is the risk that financial instrument fair values and related cash flows will fluctuate due to changes in market prices. The Company manages interest rate risks on borrowings and cash with the use of interest rate swaps in order to ensure that the majority of borrowings are at a floating rate. For more information regarding the Company's financial risk management see note 18.

The table below reflects the exposure of the Company's net cash to currency and interest rate risk.

	2015		
Rand	Financial assets/(liabilities)	Impact of interest derivatives	Total
Cash and cash equivalents	4 240 487	–	4 240 487
Floating rate financial assets ⁽¹⁾	17 871 706 425	–	17 871 706 425
Floating rate borrowings ⁽²⁾	(13 664 367 995)	(1 968 412 924)	(15 632 780 919)
Fixed rate borrowings	(1 968 412 924)	1 968 412 924	–
Non-interest bearing financial instruments ⁽³⁾	(58 030 881)	–	(58 030 881)
Derivatives hedging net debt	(55 515 596)	–	(55 515 596)
Impact of currency derivatives	–	–	–
Total	2 129 619 516	–	2 129 619 516

	2014		
Rand	Financial assets/(liabilities)	Impact of interest derivatives	Total
Cash and cash equivalents	60 056 784	–	60 056 784
Floating rate financial assets ⁽¹⁾	27 439 684 812	–	27 439 684 812
Floating rate borrowings ⁽²⁾	(22 840 575 337)	(3 072 379 818)	(25 912 955 155)
Fixed rate borrowings	(3 072 379 818)	3 072 379 818	–
Non-interest bearing financial instruments ⁽³⁾	(68 821 052)	–	(68 821 052)
Derivatives hedging net debt	29 387 733	–	29 387 733
Impact of currency derivatives	–	–	–
Total	1 547 353 122	–	1 547 353 122

⁽¹⁾ Floating rate financial assets comprise external loans receivable of nil (2014: R42 241 947), loans to group companies of R17 638 136 677 (2014: R27 150 225 623) and amounts due by group companies of R233 569 748 (2014: R247 217 242).

⁽²⁾ Floating rate borrowings comprise bonds of R1 199 024 538 (2014: R1 198 614 195), deposits from group companies of R12 448 635 266 (2014: R21 637 102 289) and amounts due to group companies of R16 708 191 (2014: R4 858 853).

⁽³⁾ Non-interest bearing financial instruments comprise trade and other receivables of R15 309 803 (2014: R17 610 449) and trade and other payables of R73 340 684 (2014: R86 431 501).

Total net financial assets of R2 129 619 516 (2014: R1 547 353 122) are denominated in South African rands.

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS

See notes 19c, 19d and 19e for the Company's accounting policies on financial instruments, impairment of financial assets and derivative financial instruments and hedge accounting.

The carrying amounts of financial assets and financial liabilities are as shown below. Where the carrying amount of a financial asset or liability does not approximate its fair value, this is also disclosed.

For financial assets and liabilities which are traded on an active market, such as listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, and based on observable market data where available, unless carrying value is considered to approximate fair value.

All derivatives that have been designated into hedge relationships have been separately disclosed.

2015

Rand	At fair value through profit and loss	Loans and receivables	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets					
Loans to group companies	—	17 638 136 677	—	—	17 638 136 677
External loan receivable	—	—	—	—	—
Amounts due by group companies	—	233 569 748	—	—	233 569 748
Trade and other receivables	—	15 309 803	—	—	15 309 803
Derivative financial assets	2 202 779	—	—	—	2 202 779
Cash and cash equivalents	—	4 240 487	—	—	4 240 487
	2 202 779	17 891 256 715	—	—	17 893 459 494
Financial liabilities					
Deposits from group companies	—	—	—	(12 448 635 266)	(12 448 635 266)
Amounts due to group companies	—	—	—	(16 708 191)	(16 708 191)
Trade and other payables	—	—	—	(73 340 684)	(73 340 684)
Derivative financial liabilities	(2 202 779)	—	(55 515 596)	—	(57 718 375)
Borrowings ⁽¹⁾	—	—	(1 968 412 924)	(1 199 024 538)	(3 167 437 462)
	(2 202 779)	—	(2 023 928 520)	(13 737 708 679)	(15 763 839 978)
Net financial assets	—	17 891 256 715	(2 023 928 520)	(13 737 708 679)	2 129 619 516

⁽¹⁾ The estimated fair value of borrowings designated into fair value hedges was R2 029 792 800 (Level 2).

⁽²⁾ Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

⁽³⁾ Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

⁽⁴⁾ Level 3: Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS continued

2014

Rand	At fair value through profit and loss	Loans and receivables	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets					
Loans to group companies	—	27 150 225 623	—	—	27 150 225 623
External loan receivable	—	42 241 947	—	—	42 241 947
Amounts due by group companies	—	247 217 242	—	—	247 217 242
Trade and other receivables	—	17 610 449	—	—	17 610 449
Derivative financial assets	2 516 942	—	29 387 733	—	31 904 675
Cash and cash equivalents	—	60 056 784	—	—	60 056 784
	2 516 942	27 517 352 045	29 387 733	—	27 549 256 720
Financial liabilities					
Deposits from group companies	—	—	—	(21 637 102 289)	(21 637 102 289)
Amounts due to group companies	—	—	—	(4 858 853)	(4 858 853)
Trade and other payables	—	—	—	(86 431 501)	(86 431 501)
Derivative financial liabilities	(2 516 942)	—	—	—	(2 516 942)
Borrowings ⁽¹⁾	—	—	(3 072 379 818)	(1 198 614 195)	(4 270 994 013)
	(2 516 942)	—	(3 072 379 818)	(22 927 006 838)	(26 001 903 598)
Net financial assets	—	27 517 352 045	(3 042 992 085)	(22 927 006 838)	1 547 353 122

⁽¹⁾ The estimated fair value of borrowings designated into fair value hedges was R3 116 748 380 (Level 2).

⁽²⁾ Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

⁽³⁾ Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

⁽⁴⁾ Level 3: Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS continued

Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

Rand	2015 ⁽²⁾	2014 ⁽²⁾
Financial assets		
At fair value through profit and loss		
Other derivatives	2 202 779	2 516 942
Designated into hedges		
Derivatives hedging debt	—	29 387 733
Financial liabilities	2 202 779	31 904 675
At fair value through profit and loss		
Other derivatives	(2 202 779)	(2 516 942)
Designated into hedges		
Derivatives hedging debt	(55 515 596)	—
	(57 718 375)	(2 516 942)
Net assets carried at fair value	(55 515 596)	29 387 733

⁽¹⁾ Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

⁽²⁾ Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

⁽³⁾ Level 3: Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

There has been no transfer between fair value levels during the current or prior year.

12. DERIVATIVES

See note 19e for the Company's accounting policy on derivatives.

The fair values of derivatives are separately recorded on the balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the date of expected settlement of the derivative.

The Company utilises derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as 'held for trading' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Fair value hedges

All of the interest rate swaps (taken out to swap the Company's fixed rate borrowings to floating rate, in accordance with the Company's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the income statement.

Held for trading

The Company may choose not to designate certain derivatives as hedges. This may occur where the Company is economically hedged but IAS 39 hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the income statement. Fair value changes on these derivatives are recognised in the income statement as remeasurements and are classified as financing or operating depending on the nature of the associated hedged risk.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS

12. DERIVATIVES continued

The fair value of the Company's open derivative position at 31 December, recorded within 'Derivative financial assets' and 'Derivative financial liabilities' is as follows:

Rand	2015		2014	
	Current	Non-current	Current	Non-current
Financial assets				
At fair value through profit and loss				
Other derivatives ⁽¹⁾	2 202 779	–	2 516 942	–
Designated into hedges				
Derivatives hedging debt ⁽²⁾	–	–	8 017 837	21 369 896
	2 202 779	–	10 534 779	21 369 896
Financial liabilities				
At fair value through profit and loss				
Other derivatives ⁽¹⁾	(2 202 779)	–	(2 516 942)	–
Designated into hedges				
Derivatives hedging debt ⁽²⁾	–	(55 515 596)	–	–
	(2 202 779)	(55 515 596)	(2 516 942)	–
Net assets carried at fair value	–	(55 515 596)	8 017 837	21 369 896

⁽¹⁾ Other derivatives primarily relate to forward foreign currency contracts (2014: forward foreign currency contracts). The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value.

⁽²⁾ Relates to interest rate swaps. The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Company. The valuations represent the cost of transferring all hedge contracts at year end, at market prices and rates available at the time. The Company is exposed in varying degrees to a variety of financial instrument related risks. For more information about these risks and the ways in which the Company manages them, see notes 10 and 18.

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	2015	Number of shares	2014
		Rand		Rand
Authorised:				
Ordinary shares of R1 each	50 000	50 000	50 000	50 000
Issued:				
Ordinary shares of R1 each	20 100	20 100	20 100	20 100
Share premium	–	2 909 979 900	–	2 909 979 900
	20 100	2 910 000 000	20 100	2 910 000 000

The remaining unissued shares are under the control of the Directors until the forthcoming board meeting.

14. COMMITMENTS FOR EXPENDITURE

As at 31 December 2015 the Company had no commitments for expenditure.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company had no contingent liabilities or contingent assets at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

16. EVENTS OCCURRING AFTER END OF YEAR

There have been no reportable events since 31 December 2015 up to the date of the Annual Financial Statements other than the following appointment of Directors:

C.C. Elliott	Appointed 1 January 2016
I.E. French	Appointed 1 January 2016

17. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with other members of the Anglo American plc group. Members of the Board are considered to be related parties.

The Company, in the ordinary course of business, enter into various transactions with other members of the Anglo American plc group. These transactions are under terms that are no less favourable to the Company than those arranged with third parties.

Loans to group companies are disclosed in note 6 and deposits from group companies are disclosed in note 9. Interest received from group companies and interest paid to group companies are disclosed in note 3. Administration fees paid to a group company were R11 209 092 (2014: R11 401 506).

Remuneration and benefits of other key management personnel including Directors are disclosed in note 21.

A guarantee fee, amounting to R10 818 493 (2014: R12 680 959), was due to Anglo American plc in respect of the year under review. As at 31 December 2015 an amount of R2 457 534 (2014: R3 213 698) was outstanding and is included in "Trade and other payables" on the balance sheet.

A commitment fee, amounting to R25 730 762 (2014: R25 760 000), was earned from De Beers Group Services Proprietary Limited in respect of the year under review. As at 31 December 2015 an amount of R14 770 552 (2014: nil) was outstanding and is included in "Trade and other receivables" on the balance sheet.

The Company had the following material related party transactions during the year and balances as at 31 December:

Rand	Interest income	Interest expense	2015	
			Amounts due by group companies	Amounts due to group companies
Anglo American South Africa Limited (holding company)	–	943 453 621	–	–
Anglo American EMEA Shared Services Proprietary Limited	–	6 239 927	–	–
Anglo American Inyosi Coal Proprietary Limited	554 821 282	36 058 874	146 687 495	3 783 427
Anglo American Properties Limited	–	1 317 797	–	–
Anglo Operations Proprietary Limited	505 549 531	328 872 342	–	–
De Beers Group Services Proprietary Limited	248 208	43 575 847	248 208	2 185 130
Holdac Limited	–	1 551 931	–	–
Kumba Iron Ore Limited	–	1 128 230	–	1 128 230
Lansan Investment Holdings Proprietary Limited	–	1 464 976	–	–
Newshelf 480 Proprietary Limited	240 369	728 570	–	57 600
Rustenburg Platinum Mines Limited	1 138 432 392	–	85 349 116	–
Sishen Iron Ore Company Proprietary Limited	66 542 435	119 209 327	1 284 929	9 401 447
Spectrem Air Proprietary Limited	–	1 524 241	–	152 357
	2 265 834 217	1 485 125 683	233 569 748	16 708 191

NOTES TO THE FINANCIAL STATEMENTS**17. RELATED PARTY TRANSACTIONS** continued

			2014	
Rand	Interest income	Interest expense	Amounts due by group companies	Amounts due to group companies
Anglo American South Africa Limited (holding company)	-	1 192 096 220	-	-
Anglo American EMEA Shared Services Proprietary Limited	-	4 842 491	-	-
Anglo American Inyosi Coal Proprietary Limited	514 070 630	32 699 035	131 394 396	1 789 702
Anglo American Properties Limited	-	1 269 611	-	-
Anglo Operations Proprietary Limited	482 225 615	359 948 991	-	-
De Beers Group Services Proprietary Limited	-	105 003 719	-	2 930 730
Haggie Rand Zimbabwe (Pvt) Limited	381 378	-	-	-
Holdac Limited	-	848 902	-	-
Lansan Investment Holdings Proprietary Limited	-	125 544	-	-
Longmeadow Home Farm Proprietary Limited	537 881	-	-	-
Newshelf 480 Proprietary Limited	202 684	662 283	-	56 493
Rustenburg Platinum Mines Limited	964 932 330	-	95 737 818	-
Sishen Iron Ore Company Proprietary Limited	134 245 321	27 637 546	20 085 028	-
Spectrem Air Proprietary Limited	-	1 083 786	-	81 928
	2 096 595 839	1 726 218 128	247 217 242	4 858 853

18. FINANCIAL RISK MANAGEMENT

The Board monitors risk management processes.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at 31 December is provided as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 10 for liquidity risk.

Market risks**a) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will cause a loss to the Company by failing to pay for its obligation. The Company's principal financial assets are cash, trade and other receivables, loans receivable and derivative financial instruments. The Company's maximum exposure to credit risk is limited to the carrying value of its financial assets.

The Company limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings.

b) Commodity price risk

The Company's earnings are not exposed to movements in the prices of commodities.

c) Foreign exchange risk

The Company may use forward exchange contracts, currency swaps and option contracts to limit the effects of movements in exchange rates on foreign currency denominated assets and liabilities as well as to hedge future transactions and cash flows when appropriate.

Analysis of foreign exchange risk associated with net financial assets and the impact of derivatives to hedge against this risk is included within note 10. The impact of derivatives to hedge against foreign exchange risk in 2015 is nil (2014: nil). Total net financial assets of R2 129 619 516 (2014: R1 547 353 122) are denominated in South African rands.

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL RISK MANAGEMENT continued

d) Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. The Company is principally exposed to South African interest rates.

The Company's policy is to borrow funds at floating rates of interest given the link with economic output and therefore the correlation, over the longer term, with commodity prices. The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its existing debt.

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and to maintain cash reserves in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Analysis of interest rate risk associated with net financial assets and the impact of derivatives to hedge against this risk is included within note 10.

e) Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis is intended to illustrate the sensitivity of the Company's financial instruments at 31 December to changes in foreign currencies and interest rates.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity.
- for debt and other deposits carried at amortised cost, carrying value does not change as interest rates move.
- no sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes.
- changes in the carrying value of derivatives (from movements in interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality.
- no sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed to materially offset one another.
- all hedge relationships are assumed to be fully effective on the grounds of materiality.
- debt with a maturity of less than one year is floating rate, unless it is long term fixed rate debt in its final year.

No sensitivity for foreign exchange rate is presented as the Company does not have any net open positions in foreign currency at year end.

Using the above assumptions, the effect on the income statement and equity is R9 718 709 (2014: R6 827 110) for a 50 basis point move in South African interest rates.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:

- fluctuating trade receivable and payable balances
- derivative instruments and borrowings settled throughout the year
- fluctuating cash balances
- changes in currency mix.

Each of the sensitivities is calculated in isolation, whilst in reality interest rates and foreign currencies do not move independently.

Capital management

The Board of Directors monitors the level of capital, which the Company defines as equity, comprising issued share capital and retained earnings. The Company manages its capital to ensure it will be able to continue as a going concern. In order to maintain or adjust this capital structure, the Company may issue new shares. There were no changes in the Company's approach to capital management during the year. The Company is not exposed to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with the requirements of the South African Companies Act, No. 71 of 2008. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments. A summary of the principal Company accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

19a. Net finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense is recognised in the income statement in the period in which it is incurred.

19b. Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis in that taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES continued

19c. Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. The Company's financial instruments consist primarily of cash and cash equivalents, trade and other receivables, loans receivable, borrowings, trade and other payables and certain other derivative instruments.

The Company classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, financial liabilities at fair value through profit or loss and other financial liabilities at amortised costs. The classification depends on the purpose for which the financial assets were acquired / financial liabilities were assumed. Management determines the classification at initial recognition.

19d. Impairment of financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

19e. Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Company enters into forward, option and swap contracts. The Company does not use derivative financial instruments for speculative purposes.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The corresponding entry, along with gains or losses from remeasuring the associated derivative, is recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity (within the cumulative translation adjustment reserve). The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the cumulative translation adjustment reserve are recycled to the income statement on disposal of the foreign operations to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

19. ACCOUNTING POLICIES continued

19e. Derivative financial instruments and hedge accounting continued

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is recycled to the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses (operating costs) or net finance costs depending on the type of risk to which the derivative relates.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

19f. Cash and debt

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

19g. Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

The difference between the carrying amount of the financial asset or liability derecognised and the consideration is recognised in profit or loss.

19h. Foreign currency transactions and translation

The Company's functional and presentation currency is South African rand. Foreign currency transactions by the Company are recognised in the functional currency of the Company at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

20. GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Statutory report.