COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	5	**3 338 248**	3 294 442
Deferred tax asset	7.1	**18 703**	19 953
		3 356 951	3 314 395
Current assets			
Trade and other receivables	4.1	**28 413**	28 681
Income tax asset		**1 689**	2 377
		30 102	31 058
Total assets		**3 387 053**	3 345 453
EQUITY			
Stated capital		**1 877 597**	1 877 597
BEE reserve		**20 000**	20 000
Employee share-based payment reserve		**71 176**	55 852
Retained earnings		**1 351 261**	1 322 424
Total equity		**3 320 034**	3 275 873
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	6	**66 796**	69 511
		66 796	69 511
Current liabilities			
Trade and other payables		**223**	69
		223	69
Total liabilities		**67 019**	69 580
Total equity and liabilities		**3 387 053**	3 345 453

COMPANY STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017

	Notes	2017 R'000	2016 R'000
Revenue		**120 116**	114 029
Administrative expenses	2.2	**(14 469)**	(10 857)
Operating profit		**105 647**	103 172
Taxation	7.2	**(30 483)**	(28 888)
Net profit for the year attributable to equity holders of the company		**75 164**	74 284

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	2017 R'000	2016 R'000
Net profit for the year attributable to equity holders of the company	**75 164**	74 284
Other comprehensive income/(loss) for the year		
Items that will not be reclassified to profit or loss:	**2 174**	(3 660)
Remeasurement of post-retirement medical obligation	**3 020**	(5 082)
Income tax effect	**(846)**	1 422
Total comprehensive income for the year attributable to equity holders of the company	**77 338**	70 624

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Stated capital 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 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**
Net profit for the year	–	–	–	75 164	**75 164**
Other total comprehensive income for the year after tax	–	–	–	2 174	**2 174**
Value of employee services of subsidiaries	–	32 966	–	–	**32 966**
Settlement of employee share incentives	–	(17 642)	–	–	**(17 642)**
Dividends paid	–	–	–	(48 501)	**(48 501)**
Balance at 31 December 2017	**1 877 597**	**71 176**	**20 000**	**1 351 261**	**3 320 034**

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2017

		2017 R'000	2016 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**A**	**144 801**	108 101
Income tax paid		**(29 391)**	(30 434)
Post-retirement medical aid benefits paid (note 6)		**(5 461)**	(6 360)
Net cash inflow from operating activities		**109 949**	71 307
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investments in subsidiaries		**(43 806)**	(54 454)
Net cash outflow from investing activities		**(43 806)**	(54 454)
CASH FLOWS FROM FINANCING ACTIVITIES			
Settlement of employee share incentives		**(17 642)**	(16 853)
Dividends paid		**(48 501)**	–
Net cash outflow from financing activities		**(66 143)**	(16 853)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**–**	–
A: CASH GENERATED BEFORE WORKING CAPITAL CHANGES			
Operating profit		**105 647**	103 172
Adjusted for:			
Post-retirement medical aid accrued expense (note 6)		**5 766**	6 635
Value of employee services of subsidiaries		**32 966**	26 998
Cash generated before working capital changes		**144 379**	136 805
Changes in working capital	**B**	**422**	(28 704)
Cash generated from operations		**144 801**	108 101
B: CHANGES IN WORKING CAPITAL			
Decrease/(increase) in trade and other receivables		**268**	(28 681)
Increase/(decrease) in trade and other payables		**154**	(23)
		422	(28 704)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. GENERAL

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 Listings Requirements of the JSE Limited.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 1.2 to the group financial statements. All of which had no material impact on the company's reported results or financial position.

The company financial statements are prepared using the historical cost basis except as set out in the accounting policies which follow i.e. share based payments.

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 NEW ACCOUNTING STANDARDS

New and revised standards and interpretations have been highlighted in note 1.2 to the group financial statements. These standards and interpretations will have an immaterial impact on the company financial statements.

1.3 ACCOUNTING FOR ASSETS AND LIABILITIES

Recognition of assets and liabilities

Assets and liabilities are recognised when it is probable that future economic benefits associated with them will flow to and from the company respectively, and when their costs or fair values can be measured reliably.

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are recognised based on trade dates.

Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised when the contractual rights to receive the cash flows have expired, been transferred and or control has passed.

All other assets are derecognised on disposal or when they no longer meet the definition of an "asset" as prescribed by the Framework.

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

1.4 JUDGEMENTS MADE BY MANAGEMENT

The key judgements, assumptions and sources of estimation uncertainty at the statement of financial position date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Post-retirement benefit obligations

Actuarial valuations of post-retirement benefit obligations are based on assumptions which include employee turnover, mortality rates, discount rate, expected long-term rate of return on retirement plan assets, health care costs, inflation rates and salary increments. Management experts are used to assist with valuations of post-retirement benefit obligations.

Share-based payment transactions

The critical estimates and assumptions used in the IFRS 2 calculations are disclosed in note 8.1 of the group financial statements. Management experts are used to determine the grant date fair value of options granted. Management assesses the likelihood of achieving non-market performance measures based on approved budgets and business plan.

2. PERFORMANCE: Measures used to assess performance

2.1 REVENUE

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

Revenue is measured at the fair value of the consideration received or receivable.

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

Interest income comprises interest earned on a loan to a subsidiary. Interest income is accrued on a time basis using the effective interest rate method. 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.

2.2 EXPENSES BY NATURE

	2017 R'000	2016 R'000
Post-retirement medical aid costs	**5 766**	6 635
Auditors' remuneration	**154**	171
Other costs	**8 549**	4 051
	14 469	10 857
Auditors' remuneration		
Audit fees	**154**	145
Expenses	**–**	26
	154	171
Directors' emoluments		
Non-executives Fees	**5 772**	3 945
	5 772	3 945

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 December 2017

3. DEBT/EQUITY: Measures to assess group leverage

3.1 SHARE CAPITAL AND SHARE PREMIUM

Transactions relating to the acquisition and sale of shares in the company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards.

Consolidated shares represent the A and B class ordinary shares issued to the BEE investor company and the ESOP Trust. Accordingly, the subscription value of these shares is deducted from equity attributable to the equity holders of the company until the shares are cancelled, disposed of or reissued.

Authorised

800 000 000 ordinary shares of no par value (2016: 800 000 000 ordinary shares of no par value)
31 477 333 A ordinary shares of no par value (2016: 31 477 333 ordinary shares of no par value)
36 072 000 B ordinary shares of no par value (2016: 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.

	2017 R'000	2016 R'000
Issued		
Ordinary shares		
Opening balance: 319 596 836 ordinary shares of no par value (2016: 319 596 836 ordinary shares of no par value)	**1 817 580**	1 817 580
Issued during the year: nil (2016: nil)	**–**	–
Transfer from share premium	**–**	–
Closing balance: 319 596 836 ordinary shares of no par value (2016: 319 596 836 ordinary shares of no par value)	**1 817 580**	1 817 580
A ordinary shares		
Opening balance and closing balance: 4 271 600 A1 and 26 755 733 A2 shares of no par value (2016: 4 271 600 A1 and 26 755 733 A2 shares of no par value)	**59 656**	59 656
B ordinary shares		
Opening balance and closing balance: 90 018 000 B1, 9 018 000 B2 and 18 036 000 B3 shares of no par value (2016: 90 018 000 B1, 9 018 000 B2 and 18 036 000 B3 shares of no par value)	**361**	361
Total issued capital	**1 877 597**	1 877 597

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 2017, 6 801 529 unissued ordinary shares (2016: 6 801 529) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

3.2 DIVIDENDS PER SHARE

Dividends to equity holders are only recognised as a liability when approved by the board of directors and are included in the statement of changes in equity.

	2017 R'000	2016 R'000
Dividends per share declared		
Final dividend: 15 cents on 319 596 836 ordinary shares (2016: 15 cents on 319 596 836 ordinary shares)	**47 940**	47 940
Final dividend: 15 cents on 4 721 600 A1 ordinary shares (2016: 15 cents on 4 721 600 A1 ordinary shares)	**708**	708
Total	**48 648**	48 648

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

4. WORKING CAPITAL: Measures used to assess liquidity

4.1 TRADE AND OTHER RECEIVABLES

Financial assets are initially measured at fair value plus transaction costs. Except for financial assets designated as fair value through profit or loss, in which case, these are expensed.

Loans and receivables, which include trade receivables, are subsequently measured at amortised cost less impairment losses, which are recognised in the income statement.

Financial assets carried at amortised cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In particular, the trade receivables provision is established where there is objective evidence that the company will not collect all amounts due according to the original terms of receivables. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty.

	2017 R'000	2016 R'000
Financial assets		
Trade receivables	**28 413**	**28 681**

Trade receivables represent accrued interest on a loan to a subsidiary.

5. INVESTMENTS: Investments in subsidiaries

5.1 INVESTMENT IN 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.

	2017 R'000	2016 R'000
Investment in shares in subsidiaries	**2 498 523**	2 483 512
Loan to subsidiary	**839 725**	810 930
	3 338 248	3 294 442

Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares of Hulamin Operations (Pty) Ltd.

The effective interest rate on the loan to subsidiary for the year was 13,7% variable interest (2016: 13,7%).

No repayment terms have been set, and consequently no portion of the loan is considered past due.

The loan to subsidiary is subordinated in favour of Nedbank as security for group borrowings.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 December 2017

6. BENEFITS AND REMUNERATION: Our investment in employees

6.1 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.

	2017 R'000	2016 R'000
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	**66 796**	69 511
Liability in the balance sheet	**66 796**	69 511
The liability can be reconciled as follows:		
Balance at beginning of year	**69 511**	64 154
Total expense accrued	**5 766**	6 635
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(1 483)**	2 338
Actuarial (gains)/losses arising from changes in experience adjustments	**(1 537)**	2 744
Benefit payments	**(5 461)**	(6 360)
Balance at end of year	**66 796**	69 511
Amounts recognised in the income statement are as follows:		
Interest costs	**5 766**	6 635
	5 766	6 635
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(1 483)**	2 338
Actuarial (gains)/losses arising from changes in experience adjustments	**(1 537)**	2 744

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.

Changes in the principal financial assumptions are detailed below:

		2017 R'000	2016 R'000
Principal financial assumptions:			
Discount rate	(%)	**10,00**	9,70
Future company subsidy rate – in service	(%)	**8,15**	8,15
Future company subsidy rate – pensioners	(%)	**8,45**	8,45
Sensitivity of future medical inflation rate			
1% increase in future medical inflation rate			
effect on the aggregate of the service and interest costs		**542**	575
1% increase in future medical inflation rate – effect on the obligation		**5 420**	5 934
1% decrease in future medical inflation rate			
effect on the aggregate of the service and interest costs		**(479)**	(507)
1% decrease in future medical inflation rate – effect on the obligation		**(4 789)**	(5 221)

The above sensitivity analysis is 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 2017 is 8,3 years (2016: 8,6 years).

	2017 R'000	2016 R'000
Estimated benefits payable by the company in the next financial year	**6 660**	6 602

7. OTHER: Other detailed disclosure requirements

7.1 DEFERRED TAX

Deferred tax is provided on temporary differences arising between tax the bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

	2017 R'000	2016 R'000
DEFERRED TAX ASSET		
At beginning of year	**19 953**	17 968
Income statement:		
Current year charge (note 7.2)	**(85)**	562
Prior year over provision	**(319)**	–
Deferred tax (charge)/credit on other comprehensive items	**(846)**	1 423
At end of year	**18 703**	19 953
Comprising:		
Post-retirement medical aid provision	**18 703**	19 945
Other	**–**	8
	18 703	19 953
Deferred tax asset to be recovered after more than 12 months	**18 703**	19 945
Deferred tax asset to be recovered within 12 months	**–**	8
	18 703	19 953

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 December 2017

7.2 TAXATION

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income. Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

		2017 R'000	2016 R'000
South African normal taxation:			
Current			
Current year		**30 049**	29 450
Prior year under provision		**30**	–
Deferred			
Current year (note 7.1)		**85**	(562)
Prior year under provision		**319**	–
		30 483	28 888
Effective rate of taxation	(%)	**28**	28

7.3 RELATED PARTY TRANSACTIONS

During the year the company, in the ordinary course of business, entered into the following related party transactions:

	2017 R'000	2016 R'000
Interest received from subsidiary	**112 424**	109 186
Agency fees received from subsidiary	**104**	104
Management fees received from subsidiary	**7 588**	4 739

Transactions with non-executive directors are detailed in the group annual financial statements.

	2017 R'000	2016 R'000
The following balances were outstanding at the end of the reporting period:		
Loan balance owing by subsidiary (note 5)	**839 725**	810 930