Kagiso Sizanani Capital Limited (RF)
(Registration number 2003/028948/07)

Financial Statements
for the year ended 30 June 2015

CONTENTS

The reports and statements set out below comprise the financial statements presented to the shareholder:

* Does not form part of the financial statements

These financial statements for the year ended 30 June 2015 were internally prepared under the supervision of the Chief Financial Officer.

These financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

CORPORATE INFORMATION

Country of incorporation and domicile

South Africa

Company registration number

2003/028948/07

Non-executive directors

FF Gillion
V Nkonyeni
JB Hinson

Company secretary

M Manjingolo (appointed 1 August 2014)

Business address

Kagiso Tiso House
100 West Street
Wierda Valley
Sandton
2196

Level of assurance

These applicable statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

Nature of business and principal activities

Financing activities

Auditors

PricewaterhouseCoopers Incorporated
Chartered Accountants (S.A.)
Registered Auditors

Holding Company

Kagiso Tiso Holdings Proprietary Limited
incorporated in South Africa

Postal address

P.O. Box 55276
Northlands
Johannesburg
2116

Preparer

The financial statements were internally compiled by:
Joelene Pillay CA (S.A.)
Financial Manager

Published

27 October 2015

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation of the financial statements.

The financial statements are prepared, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act No. 71 of 2008, on the going concern basis and incorporate full and responsible disclosure. The financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared under the supervision of the Chief Financial Officer.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the period then ended and the financial position of the company at the reporting date.

The directors are also responsible for the company's system of internal financial controls. The system was developed to provide reasonable, but not absolute assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

To the best of their knowledge, the board of directors confirm that they have every reason to believe that the company has adequate resources in place to continue as a going concern in the future. The financial statements have accordingly been prepared on this basis.

The financial statements were audited by the company's independent auditor, PricewaterhouseCoopers Incorporated, to whom unrestricted access were given to all financial records and related information. The auditor's report is presented on page 7.

The financial statements set out on pages 5 - 23 were approved by the board of directors and were signed on its behalf by:

Director - FF Gillion

Director – V Nkonyeni

27 October 2015

Date

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(e) of the Companies Act No.71 of 2008, as amended (Companies Act), I, Mlawuli Manjingolo, in my capacity as company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2015, has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

M Manjingolo
Company secretary

27 October 2015

Date

DIRECTORS' REPORT

The directors have pleasure in presenting their report of the company for the year ended 30 June 2015.

1. Nature of the business

The principal activity of the company is that of providing funding to Kagiso Tiso Holdings Proprietary Limited under the Domestic Note and Redeemable Preference Share Programme.

2. Share Capital

Ordinary shares

Authorised share capital

Kagiso Sizanani Capital Limited (RF) is authorised to issue 1 000 ordinary shares of R 1.00 par value.

Issued share capital

No shares were issued during the year (2014:1 ordinary share was issued for a total consideration of R 5,000,000). The company has 401 ordinary shares in issue at a total issue consideration of R 20,699 per share (2014: 401 ordinary shares issued at R 20,699 per share).

3. Dividends

No dividends were declared and paid to the shareholder by the board of directors of the company (2014: Nil).

4. Shareholders

The entire issued ordinary share capital is held by Kagiso Tiso Holdings Proprietary Limited incorporated in South Africa.

5. Directors

The names of the directors in office at the date of this report appear on the corporate information page.

Directors' interests

No director has any interest in any of the contracts entered into with the company or its group companies.

Directors' remuneration

Refer to Annexure A.

6. Special resolutions

All special resolutions taken during the financial period are available for inspection at the company's registered office.

7. Company secretary

The company secretary is M Manjingolo and the details of the registered office and postal address appear on the corporate information page.

8. Auditors

PricewaterhouseCoopers Incorporated will continue in office in accordance with section 90(6) of the Companies Act No. 71 of 2008.

9. Going concern

The financial statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors assess the company's future financial performance and financial position on an on-going basis and have no reason to believe that the company will not be a going concern in the year ahead.

10. Material events after reporting date

Subsequent to year end, the directors of Kagiso Tiso Holdings Proprietary Limited engaged in processes to raised additional funding through the Domestic Medium Term Note Programme. A sum of R 800 million was raised on 5 August 2015 at a rate of 3 month JIBAR plus 385 basis points.

DIRECTORS' REPORT

11. Audit committee

Kagiso Sizanani Capital Limited (RF) does not have its own audit committee. The functions duly performed by an audit committee are performed by the audit and risk committee of Kagiso Tiso Holdings Proprietary Limited (holding company).

12. Compliance with the King III Report on corporate governance for South Africa 2009

The company does not comply with King III except for section 2.9 of the King III Report on Corporate Governance for South Africa 2009 ("King III code") (laws, rules, codes and standards in terms of governance principle 2.9 of the King III code). The company is a wholly-owned subsidiary of Kagiso Tiso Holdings Limited ("KTH"), which is responsible for compliance with the remaining principles of the King III code, to the extent that the board of KTH has deemed such principles as appropriate.

The financial statements of the company are available for inspection at the offices of the company and on KTH's website www.kth.co.za.

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF KAGISO SIZANANI CAPITAL LIMITED (RF)

We have audited the financial statements of Kagiso Sizanani Capital Limited (RF) set out on pages 8 to 23, which comprise the statement of financial position as 30 June 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 judgement, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kagiso Sizanani Capital Limited (RF) as at 30 June 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 30 June 2015, we have read the Directors' Report, and the Company Secretary's Certificate 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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Roshan Ramdhany
Registered Auditor
Sunninghill
27 October 2015

STATEMENT OF FINANCIAL POSITION

	Notes	2015 R	2014 R
ASSETS			
Non-current assets			
Amounts due from group companies	6	849 900 000	849 900 000
Total non-current assets		**849 900 000**	849 900 000
Current assets			
Loans and receivables	6	-	279 991
Amounts due from group companies	6	16 546 598	16 075 856
Cash and cash equivalents	7	3 947 363	11 166 816
Total current assets		**20 493 961**	27 522 663
Total Assets		**870 393 961**	877 422 663
EQUITY AND LIABILITIES			
Equity			
Stated capital	8	8 300 300	8 300 300
Accumulated loss		(4 543 180)	(3 688 428)
Total equity		**3 757 120**	4 611 872
Liabilities			
Non-current liabilities			
Borrowings	9	850 000 000	850 000 000
Current liabilities			
Other payables	10	90 242	100 434
Amounts due to group companies	6	-	6 634 501
Accrued interest		16 546 598	16 075 856
Total current liabilities		**16 636 841**	22 810 791
TOTAL EQUITY AND LIABILITIES		**870 393 961**	877 422 663

The accounting policies and notes on pages 12 to 23 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2015 R	2014 R
Other operating expenses - net	11	(854 753)	(405 792)
Finance income	12	78 277 215	72 675 736
Finance costs	13	(78 277 215)	(72 658 072)
(Loss) before taxation		**(854 752)**	(388 128)
Income tax expense	14	-	-
(Loss) for the year		**(854 752)**	(388 128)
Other comprehensive income/(losses)		-	-
Total comprehensive (loss) for the year		**(854 752)**	(388 128)

The accounting policies and notes on pages 12 to 23 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
Balance at 1 July 2013	400	3 299 900	3 300 300	(3 300 300)	-
Issue of shares	1	4 999 999	5 000 000	-	**5 000 000**
Total comprehensive loss	-	-	-	(388 128)	**(388 128)**
(Loss) for the year	-	-	-	(388 128)	**(388 128)**
Other comprehensive income	-	-	-	-	-
Balance at 1 July 2014	401	8 299 899	8 300 300	(3 688 428)	**4 611 872**
Total comprehensive loss	-	-	-	(854 752)	**(854 752)**
(Loss) for the year	-	-	-	(854 752)	**(854 752)**
Other comprehensive income	-	-	-	-	-
Balance at 30 June 2015	**401**	**8 299 899**	**8 300 300**	**(4 543 180)**	**3 757 120**
Notes			8		

The accounting policies and notes on pages 12 to 23 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2015 R	2014 R
Cash flows generated from operating activities			
Cash receipts from customers		-	-
Cash paid to suppliers and employees		(496 523)	(191 142)
Cash (used in) operations		(496 523)	(191 142)
Finance income		77 806 474	61 501 463
Dividends received		-	800 000
Finance costs paid		(77 806 474)	(61 483 799)
Net cash (used in)/generated from operating activities		**(496 523)**	626 523
Cash flows (used in)/generated from investing activities			
Movement in group company loans		(6 722 931)	4 150 049
Net cash (used in)/generated from investing activities		**(6 722 931)**	4 150 049
Cash flows generated from financing activities			
Proceeds on issue of ordinary share		-	5 000 000
Net cash generated from financing activities		-	5 000 000
Net movement in cash and cash equivalents		(7 219 454)	9 776 572
Net cash and cash equivalents at the beginning of year		11 166 816	1 390 244
Cash and cash equivalents at the end of the year	7	**3 947 362**	11 166 816

The accounting policies and notes on pages 12 to 23 are an integral part of these financial statements.

ACCOUNTING POLICIES

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies are consistent with those reported in the previous year except for the preparation of the statement of cash flows. The current year presentation method was changed from the indirect method to the direct method, therefore the comparative figures have been appropriately represented.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act No. 71 of 2008.

These financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with IFRS necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and statement of comprehensive income. Although estimates are based on management's best knowledge and judgements of current facts as at reporting date, the actual outcome may differ from those estimates. Where appropriate, details of estimates are presented in the accompanying notes to the financial statements.

The financial statements are presented in South African Rands.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

1.2 Financial instruments

Financial instruments disclosed in the financial statements include cash and cash equivalents, receivables, other payables, amounts due to and from group companies and borrowings. Financial assets are initially recognised at fair value plus directly attributable transaction cost on transaction date. Financial instruments are initially recognised at fair value, including transaction costs, when the company becomes party to the contractual terms of the instruments. All purchases and sales of financial instruments are recognised at the trade date. The transaction costs relating to the acquisition of financial instruments held at fair value through profit or loss are expensed. Subsequent to initial recognition, these instruments are measured as follows:

1.2.1 Financial assets – classification

The company classifies its financial assets in the following category: loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are carried at amortised cost using the effective interest rate method.

1.2.2 Financial liabilities

Other payables and borrowings

Other payables and borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Debt securities

Debt securities which carry a mandatory coupon, or are redeemable at specific dates at the option of the holder are recognised initially at fair value, net of transaction costs incurred. Debt securities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Interest paid on these debt securities is charged to profit or loss at the effective interest rate method.

The company's debt issued debt securities are classified as liabilities due to their mandatory interest and redemption.

1.2.3 Derecognition of financial instruments

Financial assets (or portions thereof) are derecognised when the company realises the rights to the benefits specified in the contract, the rights expire or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, is included in the statement of comprehensive income.

Financial liabilities (or portions thereof) are derecognised when the company's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is included in the statement of comprehensive income.

1.2.4 Loans to and from group companies

These include loans to and from the holding company and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables and carried at amortised cost.

1.2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.2.6 Offsetting of financial instruments

Where a current legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.3 Current income tax

The tax expense on the profit or loss for the prior financial year comprises current tax. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Tax expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

1.4 Share capital

Ordinary shares of the company are classified as equity. Costs directly attributable to the issue of new shares are accounted for in equity as a deduction from the proceeds.

1.5 Finance income

Finance income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Interest income on loans is recognised using the original effective interest rate. Dividends are recognised when the right to receive payment is established.

1.6 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.7 Current/Non-current distinction

Items are classified as current when it is expected to be realised, traded, consumed or settled within twelve months after the reporting date, or the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date.

1.8 Impairment of assets

Financial instruments carried at amortised cost

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the statement of comprehensive income.

ACCOUNTING POLICIES

2. New and amended accounting standards and interpretations

International Financial Reporting Standards and amendments effective for the first time for the 30 June 2015 year-end: The amendments do not have a material impact on the financial statements.

IFRS	Effective date	Executive summary
Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities	01 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. A subsequent amendment of the consolidation exception for investment entities and their subsidiaries.(Effective 1 January 2016 referred to below)
Amendments to IAS 32 – 'Financial Instruments: Presentation' on financial instruments asset and liability offsetting	01 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures	01 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting	01 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.

International Financial Reporting Standards and amendments issued but not effective for the 30 June 2015 year-end. The impacts of these amendments have not yet been assessed:

IFRS	Effective date	Executive summary
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets	01 January 2016	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on applying the consolidation exemption	01 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

ACCOUNTING POLICIES

2. New and amended accounting standards and interpretations (continued)

IFRS	Effective date	Executive summary
Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	01 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
IFRS 9 – Financial Instruments (2009 &2010) · Financial liabilities · Derecognition of financial instruments · Financial assets · General hedge accounting	01 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting	01 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: · The own credit risk requirements for financial liabilities. · Classification and measurement (C&M) requirements for financial assets. · C&M requirements for financial assets and financial liabilities. · The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

Improvements to IFRSs (Issued December 2013) was issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, and effective for the first time for the 30 June 2015 year-ends: The amendments do not have a material impact on the financial statements.

IFRS	Effective Date	Subject of amendment
Amendment to IFRS 13, 'Fair value measurement'	01 July 2014	When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
IAS 24, 'Related party disclosures'	01 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

3 Financial risk management

Various financial risks have an impact on the company's results: market risk (including interest rate risk), credit risk and liquidity risk. The company's risk management programmes, of which key aspects are explained below, acknowledge the unpredictability of financial markets and are aimed to minimise any negative effect thereof.

3.1 Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

Interest rate risk arises from the re-pricing of floating rate debt securities as well as incremental funding/new borrowings and the roll-over of maturing debt securities/refinancing of existing borrowings. All material borrowings are at floating rates.

The company's borrowings are secured by a back to back funding agreement with its shareholder. Any interest rate risk associated with the funding is passed on to Kagiso Tiso Holdings Proprietary Limited.

The company's sensitivity to market risk

The company has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in the JIBAR interest rates, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant.

Changes in JIBAR interest rates affect the interest income or expense of floating rate financial instruments. Changes in JIBAR interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above JIBAR interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

	Change	2015 R	2014 R
Jibar interest rate	1.00%	8 112 262	7 180 283
		8 112 262	7 180 283

3.2 Capital management

The company manages its shareholders' equity, i.e. its stated capital as capital. The company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholder in the form of dividends and capital appreciation.

Kagiso Sizanani Capital Limited (RF) is a funding vehicle which on lends funds through the bond programme to Kagiso Tiso Holdings Proprietary Limited. Capital management and the gearing ratio of the company is not managed at the individual special purpose vehicle level but by Kagiso Tiso Holdings Proprietary Limited.

3.3 Credit risk

The company's exposure to credit risk is the fair value of loans, other receivables and cash and cash equivalents. Credit risk associated with the funding in terms of the Domestic Note and Redeemable Preference Share Programme is concentrated to the company's shareholder due to a back to back funding arrangement.

Loans to holding company

Loans provided to the holding company are in terms of financing obtained under the Domestic Note and Redeemable Preference Share Programme listed on the Johannesburg Stock Exchange. Kagiso Tiso Holdings Proprietary Limited, the holding company, has a Baa2 rating for domestic long term credit rating and P-2 for domestic short term credit rating as assigned on the 17th of January 2012 by Moody's Investors Service.

Cash and cash equivalents

Cash and cash equivalents are only held by approved institutions with an acceptable credit-worthiness. The group treasury policy sets the limit for each financial institution.

The company's cash and cash equivalents are invested with Standard Bank which has a BBB credit rating.

3.4 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Liquidity risk arises from existing commitments associated with financial instruments and the management of funds in order to meet these commitments. The company manages liquidity risk by maintaining counterparty relations on a professional and sound basis and only issues specifically defined instruments within set limits and policy guidelines being set by the company's holding company.

The table below analyses the company's financial liabilities and assets and net-settled financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All balances reprice within 12 months and as a result their carrying balances are not significantly affected by discounting. In calculating the undiscounted cash flows, the company has applied no change to the JIBAR rate.

	Carrying value	**Total**	**Less than 1 year**	**Between 1 and 5 years**
	R		**R**	**R**
30 June 2015				
Financial liabilities				
Borrowings	850 000 000	1 007 180 021	-	850 000 000
Accrued interest	16 546 598	16 546 598	16 546 598	-
Other payables	90 242	90 242	90 242	-
	866 636 841	**866 636 841**	**16 636 841**	**850 000 000**

	Carrying value	**Total**	**Less than 1 year**	**Between 1 and 5 years**
	R		**R**	**R**
30 June 2014				
Financial liabilities				
Borrowings	850 000 000	850 000 000	-	850 000 000
Accrued interest	16 075 856	16 075 856	16 075 856	-
Amounts due to group companies	6 634 501	6 634 501	6 634 501	-
Other payables	100 434	100 434	100 434	-
	872 810 791	872 810 791	22 810 791	850 000 000

4 Financial instruments by category

Financial instruments on the statement of financial position include cash, other payables, amounts due to/(from) group companies and borrowings. Details of the nature, extent and terms of these instruments are explained in the notes to the relevant items. The carrying amount of all financial instruments listed approximates its fair value.

The accounting policy for financial instruments was applied to the following statement of financial position line items.

	Loans and receivables	Carrying value
	R	R
Financial assets		
30 June 2015		
Amounts due from group companies	866 446 598	866 446 598
Cash and cash equivalents	3 947 363	3 947 363
	870 393 961	**870 393 961**

	Loans and receivables	Carrying value
	R	R
Financial assets		
30 June 2014		
Loans and receivables	279 991	279 991
Amounts due from group companies	865 975 856	865 975 856
Cash and cash equivalents	11 166 816	11 166 816
	877 422 663	877 422 663

	Liabilities at amortised cost	Carrying value
	R	R
30 June 2015		
Financial liabilities		
Borrowings	850 000 000	850 000 000
Accrued interest	16 546 598	16 546 598
Other payables	90 242	90 242
	866 636 841	**866 636 841**

	Liabilities at amortised cost	Carrying value
	R	R
30 June 2014		
Financial liabilities		
Borrowings	850 000 000	850 000 000
Accrued interest	16 075 856	16 075 856
Amounts due to group companies	6 634 501	6 634 501
Other payables	100 434	100 434
	872 810 791	872 810 791

5 Critical accounting estimations and judgements

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and statement of comprehensive income. Although estimates are based on management's best knowledge and judgements of current facts as at reporting date, the actual outcome may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

6 Loans and receivables

	2015 R	2014 R
Donation receivable - Tiso Power Services Proprietary Limited	-	279 991
	-	279 991

	2015 R	2014 R
Holding company		
Kagiso Tiso Holdings Proprietary Limited	**866 446 598**	859 341 356
Net indebtedness due from group company	**866 446 598**	859 341 356

The total of the above amounts due (to) group companies are classified as follows:

	2015 R	2014 R
Non-current assets	849 900 000	849 900 000
Current assets	16 546 598	16 075 856
Current liabilities	-	(6 634 501)
	866 446 598	859 341 355

Amounts are due from KTH in respect of funding that has been provided on the same terms and conditions associated with the issuing of debt securities. Such advances are governed by proper approval and loan agreements that incorporate the same terms and conditions attached to the Domestic Note and Redeemable Preference share Programme "DMTNP".

Included in amounts due from related parties, in terms of the DMTNP are the following:

Interest receivable - Kagiso Tiso Holdings Proprietary Limited [KTH]
Interest receivable from KTH of R 16,546,598 (2014:R 16,075,856) on funds provided through the DMTNP to the holding company by Kagiso Sizanani Capital Limited (RF). Interest receivable is calculated at the same terms and conditions as finance costs due on the instruments in issue under the DMTNP. Refer to note 9 for the terms and conditions.

7 Cash and cash equivalents

	2015 R	2014 R
Cash and cash equivalents consist of:		
Current bank balances	3 947 363	11 166 816
	3 947 363	11 166 816

NOTES TO THE FINANCIAL STATEMENTS

8 Share capital

	2015 R	2014 R
Authorised		
1 000 ordinary shares with R 1.00 par value	1 000	1 000
Issued		
401 (2014: 401) Ordinary shares of R 1.00 each	401	401
Share premium	8 299 899	8 299 899
	8 300 300	8 300 300
Movement of ordinary shares for the period		
Total number of shares issued at the beginning of the period	401	400
Shares issued	-	1
	401	401

Unissued shares remain under the control of the directors.

9 Borrowings

	2015 R	2014 R
Debt securities	850 000 000	850 000 000
	850 000 000	850 000 000

Debt securities

On 16 September 2005, Kagiso Sizanani Capital Limited (RF) ["KSC"] established a Domestic Note and Redeemable Preference share programme for a total programme value of R 1 billion. On 17 August 2012, the programme memorandum was restated and the programme value was increased to R 2 billion.

As part of the refinancing arrangements, all instruments (KSP003, KSP004, KSP005, KSB004 and KSB005) that were in issue at 30 June 2012 were early redeemed and refinanced. The company currently holds two listed bonds: KSB 007 for R 250 million and KSB 008 for R 600 million.

	2015 R	2014 R
KSB007	250 000 000	250 000 000
KSB008	600 000 000	600 000 000
Total issued preference shares	**850 000 000**	850 000 000

KSB007, for a nominal value of R 250 million is a floating rate note. The note bears interest which is payable six monthly but repriced quarterly at a fixed margin of 2.75% above a 3 month (Johannesburg Interbank Agreed Rate) JIBAR rate. The instrument was issued on 31 August 2012 and matures on 31 August 2017 and is listed on the JSE.

KSB008, for a nominal value of R 600 million is a floating rate note. The note bears a coupon which is payable and repriced quarterly at a fixed margin of 3.30% above a 3 month JIBAR rate. The instrument was issued on 1 November 2012 and matures on 1 November 2017 and is listed on the JSE.

KTH has provided a guarantee on issued notes KSB 007 and KSB 008. Both notes are redeemable at nominal value.

10 Other payables

	2015 R	2014 R
Other payables	21 842	-
Audit fees	68 400	100 434
	90 242	100 434

NOTES TO THE FINANCIAL STATEMENTS

11 Other operating expenses - net

	2015 R	2014 R
Other operating expenses is stated after taking the following into account:		
Expenses		
Auditors' remuneration	(68 400)	(116 114)
Consulting and professional fees	(621 300)	(170 836)
Bond programme expenses	(123 507)	(112 942)
Bank charges	(5 442)	(5 901)

12 Finance income

	2015 R	2014 R
Finance income from banks	-	18 171
Finance income from group companies - KTH	78 277 215	72 657 565
	78 277 215	72 675 736

13 Finance costs

	2015 R	2014 R
Interest on loans	(78 277 215)	(72 658 072)
	(78 277 215)	(72 658 072)

14 Income tax expense

	2015 R	2014 R
Major components of the tax expense		
Current income tax		
Reconciliation between accounting profit and tax expense		
(Loss) before income tax	(854 752)	(388 128)
Tax at the applicable tax rate of 28%	(239 331)	(108 676)
Tax effect of adjustments on taxable income		
Non-deductible expenditure	239 331	108 676
	-	-

15 Related party information

Key management personnel
The directors of the company are as follows:
FF Gillion
V Nkonyeni
JB Hinson

Shareholder
The company is held 100% by Kagiso Tiso Holdings Proprietary Limited.

Refer to notes 6, 7 and 13 for amounts due to/(from) the company and transactions with related parties.

NOTES TO THE FINANCIAL STATEMENTS

16 Subsequent events

Subsequent to year end, the directors of Kagiso Tiso Holdings Proprietary Limited engaged in processes to raised additional funding through the Domestic Medium Term Note Programme. A sum of R 800 million was raised on 5 August 2015 at a rate of 3 month JIBAR plus 385 basis points.

17 Compliance with the King III Report on corporate governance for South Africa 2009

The company does not comply with King III except for section 2.9 of the King III Report on Corporate Governance for South Africa 2009 ("King III code") (laws, rules, codes and standards in terms of governance principle 2.9 of the King III code). The company is a wholly-owned subsidiary of Kagiso Tiso Holdings Limited ("KTH"), which is responsible for compliance with the remaining principles of the King III code, to the extent that the board of KTH has deemed such principles as appropriate.

The financial statements of the company are available for inspection at the offices of the company and on KTH's website www.kth.co.za.

18 Going concern

The financial statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors have assessed the company's future financial performance and financial position on an on-going basis and have no reason to believe that the company will not be a going concern for the year ahead.

19 Directors emoluments

Refer to Annexure A.

ANNEXURE A

	Emoluments	Performance related payments	Pension and other contributions	Total
	R'000	R'000	R'000	R'000
30 June 2015				
Non-executive directors				
Vuyisa Nkonyeni	3 288	3 835	365	7 488
Jacob Hinson	3 090	3 835	564	7 488
Frencel Gillion	3 172	3 835	481	7 488
For services as directors	**9 550**	**11 505**	**1 410**	**22 465**

	Emoluments	Performance related payments	Pension and other contributions	Total
	R'000	R'000	R'000	R'000
30 June 2014				
Non-executive directors				
Vuyisa Nkonyeni	3 082	4 320	342	7 744
Jacob Hinson	2 813	4 320	611	7 744
Frencel Gillion	2 984	4 320	440	7 744
For services as directors	8 879	12 960	1 393	23 232

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2015 R	2014 R
Other income		
Expenses		
Other operating expenses - net	(854 753)	(405 793)
Auditors' remuneration	(68 400)	(100 434)
Auditors' remuneration - prior year	-	(15 680)
Bank charges	(5 444)	(5 901)
Tax services	(36 102)	-
Consulting and professional fees	(621 300)	(170 836)
Bond programme related expenses	(123 507)	(112 942)
Operating (loss)	**(854 753)**	(405 793)
Finance income	78 277 215	72 675 736
Finance costs	(78 277 215)	(72 658 072)
(Loss) before taxation	**(854 752)**	(388 128)
Income tax expense	-	-
Lossfor the year	**(854 752)**	(388 128)

The detailed statement of financial performance does not form part of the financial statements and is unaudited.