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The Operating Entities' interest rate swaps are classified as Level 2 since all significant inputs are observable for similar instruments. The fair value is determined based on observable market prices for interest rates. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. There were no transfers between Level 1, Level 2 and Level 3 financial instruments during the year ended December 31, 2014 and for the three months ended March 31, 2015 and 2014.

The Operating Entities maintain various financial instruments recorded at cost in the December 31, 2014 and March 31, 2015 combined balance sheets that are not required to be recorded at fair value. For these instruments, the Operating Entities used the following methods and assumptions to estimate the fair value:

- Cash and cash equivalents, restricted cash, accounts receivable and accounts payable, the carrying amount approximates fair value because of the short-term maturity of the instruments.
- Long-term debt fair value is based on the amount of future cash flows associated with each debt instrument discounted at the current borrowing rate for similar debt instruments of comparable terms. As at March 31, 2015, the fair value of the Operating Entities' long-term debt with unrelated parties is approximately 7.7% greater than its carrying value. At December 31, 2014, the fair value was approximately 8.0% greater than its carrying amount.
- Given that the shareholder loan agreements do not contain a fixed or determinable repayment schedule, the amortized cost carrying value of loans from shareholders is deemed to approximate fair value.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in ZAR '000	March 31, 2015	December 31, 2014
Bank balances	112,358	147,764

The full value of cash and cash equivalents has been pledged as collateral against the long-term debt of the Operating Entities.

4. Restricted cash

Restricted cash consists of:

Figures in ZAR '000	March 31, 2015	December 31, 2014
Restricted cash	130,156	128,251

In terms of the relevant loan agreements, the Operating Entities were required to maintain separate bank accounts with minimum balances to at least fully cover all scheduled debt repayments due in the immediate six month period. Refer to note 9 for further details on these loans.

The full value of restricted cash has been pledged as collateral against the long-term debt of the Operating Entities.