Nexia SAB&T
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CEPPWAWU INVESTMENTS PROPRIETARY LIMITED
(Registration number 1999/022473/07)
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment Holding
Directors	I.O Shongwe R.P Tsotetsi S. Mofokeng
Registered office	1 Sixth Avenue Melville 2092
Postal address	P.O. Box 1441 Northcliff 2115
Bankers	First National Bank Limited
Auditors	Nexia SAB&T Registered Auditors
Secretary	J.R Hollis and Company
Company registration number	1999/022473/07
Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2017

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

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 4.

The consolidatedannual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the board of directors on 17 August 2017 and were signed on their behalf by:

Director

Director

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2017

Group Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

JR Hollis and Company
Company Secretary
17 August 2017

Nexia SAB&T
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Independent Auditors' Report

To the Shareholders of Ceppwawu Investments (Pty) Limited

Report on the Audit of the Consolidated and separate Annual Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of Ceppwawu Investments Proprietary Limited and its subsidiaries (the "group"), set out on pages 7 to 33, which comprise the consolidated statement of financial position as at 28 February 2017 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary significant accounting policies.

In our opinion, the accompanying consolidated and separate annual financial statements present fairly, in all material respects, the consolidated financial position of the group as at 28 February 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies Act of South Africa and the supplementary information. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Incorporating: indyebo

Directors: B Adam (CEO), A Aboobaker, Z Abrams, C Chigora, A Darmalingam, T de Kock, J Engelbrecht, Y Hassen, N Hassim, S Ismail, B Jhetam, H Kajie, S Kleovoulou, S Makamure, P Mawire, T Mayet, N Medupe, K Rama, Y Soma, Z Sonpra, N Soopal, M F Sulaman, I Theron, H van der Merwe, M Wessels

Offices in: Bloemfontein, Cape Town, Centurion, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
SAB&T Chartered Accountants Incorporated is an independent member firm of Nexia International
Company Registration Number: 1997/016869/21 | IRBA Registration Number: 921297

Responsibilities of the Directors for the Consolidated and separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the Consolidated and separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia SAB&T

Nexia SAB&T
Per: S. Kleovoulou
Director
Registered Auditor
Date: 17 August 2017

Nexia SAB&T

Directors' Report

The directors submit their report for the year ended 28 February 2017.

1. Nature of business

The group is engaged in investment holding and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached consolidated annual financial statements and do not in our opinion require any further comment.

2. Authorised and Issued share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends Paid

No dividends were paid or declared during the current year.

4. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality
I.O Shongwe	South African
R.P Tsotetsi	South African
S. Mofokeng	South African

5. Interests in subsidiaries

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated annual financial statements in notes 3 and 4.

There were no significant acquisitions or divestitures during the year ended 28 February 2017.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

8. Auditors

Nexia SAB&T will continue in office in accordance with section 90 of the Copmanies Act 71 of 2008.

9. Secretary

The company secretary is J.R Hollis and Company.

Business address: 1 Sixth Avenue
Melville
2092

10. Borrowing limitations

In terms of the Memorandum of Incoporation of the company, the directors may exercise all powers of the company to borrow money as they consider appropriate.

11. Liquidity and Solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 and are satisfied that the group will have sufficient funds available in order to continue as a going concern.

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2017

Statement of Financial Position as at 28 February 2017

		Group		Company	
	Note(s)	2017 R	2016 R	2017 R	2016 R
Assets					
Non-Current Assets					
Investments in subsidiaries	3	-	-	3,551,680	3,551,680
Investments in associates	4	4,156,308	4,174,848	3,635,908	3,654,448
Loans to group companies	5	-	-	1,002,705	1,064,300
Loans to shareholders	6	988,598	988,598	988,598	988,598
Other financial assets	7	3,076,628,151	2,986,152,557	3,043,777,867	2,986,152,557
		3,081,773,057	**2,991,316,003**	**3,052,956,758**	**2,995,411,583**
Current Assets					
Trade and other receivables	9	1,002,705	919,406	-	-
Current tax receivable		1,101,245	2,987	-	-
Cash and cash equivalents	10	129,576,477	285,728,563	106,325,157	97,305,015
		131,680,427	**286,650,956**	**106,325,157**	**97,305,015**
Total Assets		**3,213,453,484**	**3,277,966,959**	**3,159,281,915**	**3,092,716,598**
Equity and Liabilities					
Equity					
Share capital	11	100	100	100	100
Reserves		2,561,161,955	2,518,785,646	(423,671,445)	(466,047,754)
Retained income		25,680,364	80,439,210	2,955,833,345	3,044,606,498
		2,586,842,419	**2,599,224,956**	**2,532,162,000**	**2,578,558,844**
Liabilities					
Non-Current Liabilities					
Loans from group companies	5	-	-	1,504,200	206,320
Deferred tax	8	600,744,605	489,292,010	600,704,829	489,292,010
Other liability		528,218	528,218	528,218	528,218
		601,272,823	**489,820,228**	**602,737,247**	**490,026,548**
Current Liabilities					
Trade and other payables	12	7,439,220	6,756,833	6,499,453	6,550,257
Current tax payable		17,899,022	182,164,942	17,883,215	17,580,949
		25,338,242	**188,921,775**	**24,382,668**	**24,131,206**
Total Liabilities		**626,611,065**	**678,742,003**	**627,119,915**	**514,157,754**
Total Equity and Liabilities		**3,213,453,484**	**3,277,966,959**	**3,159,281,915**	**3,092,716,598**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2017 R	2016 R	2017 R	2016 R
Fair value adjustments	13	3,455,881	(232,248,852)	3,278,312	(232,248,852)
Other operating expenses		(3,430,405)	(23,455,851)	(32,249,073)	(6,179,556)
Operating profit (loss)	14	**25,476**	**(255,704,703)**	**(28,970,761)**	**(238,428,408)**
Investment income	15	76,765,652	63,834,587	39,321,332	4,076,324,768
Finance costs	16	(6,849,348)	(6,810)	-	-
Income from equity accounted investments		887,113	1,123,140	887,113	1,123,140
Realisation of fair value on the sale of shares		-	2,741,698,673	-	15,159,616
Profit before taxation		**70,828,893**	**2,550,944,887**	**11,237,684**	**3,854,179,116**
Taxation	17	(125,587,739)	284,721,191	(100,010,837)	(637,230,705)
(Loss) profit for the year		**(54,758,846)**	**2,835,666,078**	**(88,773,153)**	**3,216,948,411**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		54,608,645	1,007,033,960	54,608,645	(628,934,937)
Income tax relating to items that may be reclassified		(12,232,336)	355,885,556	(12,232,336)	162,887,183
Total items that may be reclassified to profit or loss		**42,376,309**	**1,362,919,516**	**42,376,309**	**(466,047,754)**
Other comprehensive income for the year net of taxation	18	**42,376,309**	**1,362,919,516**	**42,376,309**	**(466,047,754)**
Total comprehensive (loss) income for the year		**(12,382,537)**	**4,198,585,594**	**(46,396,844)**	**2,750,900,657**
Total comprehensive (loss) income attributable to:					
Owners of the parent		(12,382,537)	1,625,258,540	(46,396,844)	2,750,900,657
Non-controlling interest		-	2,573,327,054	-	-
		(12,382,537)	**4,198,585,594**	**(46,396,844)**	**2,750,900,657**

Statement of Changes in Equity

	Share capital	Fair value adjustment assets-available-for-sale reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R	R	R	R	R	R
Group						
Balance at 01 March 2015	**100**	**3,590,002,095**	**1,107,082,443**	**4,697,084,638**	**3,439,006,769**	**8,136,091,407**
Loss for the year	-	-	(288,478,568)	(288,478,568)	3,124,144,646	2,835,666,078
Other comprehensive income	-	1,913,737,108	-	1,913,737,108	(550,817,592)	1,362,919,516
Total comprehensive Loss for the year	**-**	**1,913,737,108**	**(288,478,568)**	**1,625,258,540**	**2,573,327,054**	**4,198,585,594**
Purchase of own / treasury shares	-	-	(3,061,011,902)	(3,061,011,902)	-	(3,061,011,902)
Transfer between reserves	-	(2,984,953,561)	(2,726,402,490)	(5,711,356,051)	-	(5,711,356,051)
Equity participation payments (Refer to note 26)	-	-	(963,084,096)	(963,084,096)	-	(963,084,096)
Changes in ownership interest - control not lost	-	-	6,012,333,823	6,012,333,823	(6,012,333,823)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(2,984,953,561)**	**(738,164,665)**	**(3,723,118,226)**	**(6,012,333,823)**	**(9,735,452,049)**
Balance at 01 March 2016	**100**	**2,518,785,646**	**80,439,210**	**2,599,224,956**	**-**	**2,599,224,956**
Loss for the year	-	-	(54,758,846)	(54,758,846)	-	(54,758,846)
Other comprehensive income	-	42,376,309	-	42,376,309	-	42,376,309
Total comprehensive Loss for the year	**-**	**42,376,309**	**(54,758,846)**	**(12,382,537)**	**-**	**(12,382,537)**
Balance at 28 February 2017	**100**	**2,561,161,955**	**25,680,364**	**2,586,842,419**	**-**	**2,586,842,419**
Note(s)	11	18	18			

Statement of Changes in Equity

	Share capital	Fair value adjustment assets-available-for-sale reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R	R	R	R	R	R
Company						
Balance at 01 March 2015	**100**	**-**	**790,742,183**	**790,742,283**	**-**	**790,742,283**
Profit for the year	-	-	3,216,948,411	3,216,948,411	-	3,216,948,411
Other comprehensive income	-	(466,047,754)	-	(466,047,754)	-	(466,047,754)
Total comprehensive income for the year	**-**	**(466,047,754)**	**3,216,948,411**	**2,750,900,657**	**-**	**2,750,900,657**
Equity participation payments (Refer to note 26)	-	-	(963,084,096)	(963,084,096)	-	(963,084,096)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(963,084,096)**	**(963,084,096)**	**-**	**(963,084,096)**
Balance at 01 March 2016	**100**	**(466,047,754)**	**3,044,606,498**	**2,578,558,844**	**-**	**2,578,558,844**
Loss for the year	-	-	(88,773,153)	(88,773,153)	-	(88,773,153)
Other comprehensive income	-	42,376,309	-	42,376,309	-	42,376,309
Total comprehensive Loss for the year	**-**	**42,376,309**	**(88,773,153)**	**(46,396,844)**	**-**	**(46,396,844)**
Balance at 28 February 2017	**100**	**(423,671,445)**	**2,955,833,345**	**2,532,162,000**	**-**	**2,532,162,000**
Note(s)	11	18	18			

Statement of Cash Flows

	Note(s)	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
Cash flows from operating activities					
Cash (used in) generated from operations	19	(1,664,018)	(26,236,596)	(31,394,224)	(8,959,127)
Interest income		7,552,748	34,377,180	4,397,142	14,206,466
Dividend income		36,540,190	29,457,407	34,924,190	4,062,118,302
Finance costs		(6,849,348)	(6,810)	-	-
Tax (paid) received	20	(191,731,658)	(675,351,007)	(528,088)	(176,787,172)
Net cash from operating activities		**(156,152,086)**	**(637,759,826)**	**7,399,020**	**3,890,578,469**
Cash flows from investing activities					
Movement in related party loans		-	-	1,359,475	(2,615,229)
Net movement in other financial assets		-	875,174,891	261,647	(4,033,960,038)
Realisation of fair value on sale of shares		-	(192,680,111)	-	15,159,615
Net cash from investing activities		**-**	**682,494,780**	**1,621,122**	**(4,021,415,652)**
Cash flows from financing activities					
Repayment of shareholders loan		-	(9,372,350)	-	-
Net cash from financing activities		**-**	**(9,372,350)**	**-**	**-**
Total cash movement for the year		**(156,152,086)**	**35,362,604**	**9,020,142**	**(130,837,183)**
Cash at the beginning of the year		285,728,563	250,365,959	97,305,015	228,142,198
Total cash at end of the year	10	**129,576,477**	**285,728,563**	**106,325,157**	**97,305,015**

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The consolidated consolidated annual financial statements have been prepared on the historical cost basis, except for cash flow statement which is prepared on a cash basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Accounting Policies

1.1 Consolidation (continued)

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued.Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Accounting Policies

1.1 Consolidation (continued)

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Fair Value of Investment in Associate

The group assesses the investment in associate at each statement of financial position date as indicated in note 5 of the consolidated annual financial statements. The group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset and are accounted for by equity accounting these investments in the financial statements of the group as disclosed in note 5.

1.3 Investments in subsidiaries

Group annual financial statements

In the company's separate consolidated annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Accounting Policies

1.4 Investments in associates

Company consolidated annual financial statements

An investment in an associate is carried at cost less any accumulated impairment. Under the equity method, the investment is initially recognised at cost and the carrying amounts is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date.

The use of the equity method is discounted from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from the associate reduce the carrying amount of the investment. Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investor's interests in the associate. The excess of the groups' interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.5 Financial instruments (continued)

Financial instruments designated as available-for-sale

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned. These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain and loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit and loss are for debt instruments classified as available for sale are subsequently reversed if an increasing the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans to related parties

These include loans to and from holding company, subsidiaries, and associates and are recognised initially at fair value plus direct transaction costs.

Loans to related parties are classified as loans and receivables.

Loans from related parties are classified as financial liabilities measured at amortised cost.

Loans to shareholders

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, 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. These are initially and subsequently recorded at fair value.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Impairment of non - financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.7 Impairment of non - financial assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Accounting Policies

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.11 Consolidated statement of cash flows

The statement of cash flows is prepared on the direct method.

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2017 or later periods:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

It is unlikely that the standard will have a material impact on the group's consolidated annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract

Notes to the Consolidated Annual Financial Statements

2. New Standards and Interpretations (continued)

- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

It is unlikely that the standard will have a material impact on the group's consolidated annual financial statements.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

2. New Standards and Interpretations (continued)

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group expects to adopt the amendment for the first time in the 2018 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the group will have sufficient taxable profit in future periods. The group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group expects to adopt the amendment for the first time in the 2018 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements.

Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the "investment entity" disclosures provided in IFRS 12. The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the group is for years beginning on or after 01 January 2016.

The group has adopted the amendment for the first time in the 2017 consolidated annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

3. Interests in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	Held by	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Amalgum Investments 35 Proprietary Limited		100.00 %	100.00 %	120	120
Amalgum Investments 36 Proprietary Limited		100.00 %	100.00 %	3,550,120	3,550,120
Amalgum Investments 37 Proprietary Limited		100.00 %	100.00 %	120	120
Amalgum Investments 64 Proprietary Limited		100.00 %	100.00 %	120	120
Ceppawu Pharmaceuticals Investments Proprietary Limited		100.00 %	100.00 %	1,000	1,000
Ceppawu Pharmaceuticals Investments Two Proprietary Limited		100.00 %	100.00 %	100	100
Inyanga Trading 214 Proprietary Limited		100.00 %	100.00 %	100	100
				3,551,680	3,551,680

The carrying amounts of subsidiaries are shown net of impairment losses.

4. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	Held by	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
Cirebelle Proprietary Limited		22.00 %	22.00 %	3,635,908	2,748,795
Investment in Allegra Properties - 50% (no control)		50.00 %	50.00 %	-	905,853
Red Coral Investments Proprietary Limited		20.41 %	20.41 %	200	200
Old Priory Investments Proprietary Limited		20.00 %	20.00 %	520,000	520,000
				4,156,108	4,174,848

Company

Name of company	Held by	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
Cirebelle		22.00 %	22.00 %	3,635,908	2,748,795
Investment in Allegra - 50% (no control)		50.00 %	50.00 %	-	905,653
				3,635,908	3,654,448

The carrying amounts of Associates are shown net of impairment losses.

Fair value

The fair values, determined annually at the end of the reporting period, were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted on a stock exchange were based on the underlying net asset income which consists soley in dividend income.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

5. Loans to (from) group companies

Subsidiaries

CEPPWAWU Pharmaceuticals Investments Two Proprietary Limited	-	-	(100)	(100)
Amalgum Investments 64 Proprietary Limited	-	-	(1,502,980)	101,574
Inyanga Trading 214 Proprietary Limited	-	-	1,002,705	919,406
Amalgum Investments 37 Proprietary Limited	-	-	(120)	(120)
CEPPWAWU Pharmaceuticals Investments Proprietary Limited	-	-	(1,000)	(1,000)
Amalgum Investments 35 Proprietary Limited	-	-	-	(205,100)
Imithi investments Proprietary Limited	-	-	-	43,320
	-	**-**	**(501,495)**	**857,980**

The above loans are unsecured, interest free and have no fixed terms of repayment.

Non-current assets	-	-	1,002,705	1,064,300
Non-current liabilities	-	-	(1,504,200)	(206,320)
	-	**-**	**(501,495)**	**857,980**

Credit quality of loans to / from related parties

The credit quality of loans to and from related parties that are neither past due nor impaired can be assessed by reference to repayment history to/from related parties because the related parties has not defaulted on any contractual obligations in the prior periods and the related parties have not been blacklisted, a credit rating of high has been ascribed to the related parties.

Fair value of loans to and from related parties

The carrying values of loans to and from related parties approximates their fair values.

6. Loans to (from) shareholders

CEPPWAWU Development Trust	988,598	988,598	988,598	988,598

The above loans are unsecured, interest free and have no fixed terms of repayment.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
7. Other financial assets				
At fair value through profit or loss - designated				
Aspen Pharmacare Holdings Proprietary Limited CEPPWAWU Investments Proprietary Limited holds 1,503,813 shares in the current year (2016 : 1,503,813) shares at R283.37 (2016 : R281.19)	426,135,490	422,857,177	426,135,490	422,857,177
Nampak Limited Amalgum Investments 64 Proprietary Limited holds 1,972,990 shares in the current year at R16.65	32,850,284	-	-	-
	458,985,774	**422,857,177**	**426,135,490**	**422,857,177**
Available-for-sale				
Aspen Pharmacare Holdings Limited CEPPWAWU Investments Proprietary Limited holds 8,549,555 (2016:8,549,555) shares in aspen at R283.37 (2016: R281.19). The fair values of listed or quoted investments are based on the quoted market price (Level 1) at the reporting period date. The ordinary shares were acquired at an initial cost of R11 per share and 17 600 000 converted at R21 per share.	2,422,687,400	2,404,049,370	2,422,687,400	2,404,049,370
Transpaco Limited CEPPWAWU Investments Proprietary Limited holds 6,661,225 (2016: 6,661,225)) shares in Transpaco Limited at R28.90 (2016: R23.50)	192,509,403	156,538,788	192,509,403	156,538,788
	2,615,196,803	**2,560,588,158**	**2,615,196,803**	**2,560,588,158**
Loans and receivables				
CEPPAWU The above loan is unsecured interest free and has no fixed terms of repayment.	2,445,574	2,445,574	2,445,574	2,445,574
Letsema Investments Proprietary Limited Contractual payments made in terms of their equity participation right.	-	16,118	-	16,118
Allegra Properties 3 Proprietary Limited The above loan is unsecured interest free and has no fixed terms of repayment	-	245,530	-	245,530
	2,445,574	**2,707,222**	**2,445,574**	**2,707,222**
Total other financial assets	**3,076,628,151**	**2,986,152,557**	**3,043,777,867**	**2,986,152,557**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

7. Other financial assets (continued)

Non-current assets

Designated as at FV through profit (loss) (FV through income)	458,985,774	422,857,177	426,135,490	422,857,177
Available-for-sale	2,615,196,803	2,560,588,158	2,615,196,803	2,560,588,158
Loans and receivables	2,445,574	2,707,222	2,445,574	2,707,222
	3,076,628,151	**2,986,152,557**	**3,043,777,867**	**2,986,152,557**

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

Fair value hierarchy of financial assets at fair value through profit or loss

The group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

The fair values of listed or quoted investments are based on the quoted market price (Level 1) at reporting period date.

Fair values are determined annually at balance sheet date.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

8. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(600,744,605)	(489,292,010)	(600,704,829)	(489,292,010)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(489,292,010)	(1,739,413,411)	(489,292,010)	(152,924,290)
Taxable / (deductible) temporary difference on investments in shares	(111,452,595)	1,250,121,401	(111,412,819)	(336,367,720)
	(600,744,605)	**(489,292,010)**	**(600,704,829)**	**(489,292,010)**

9. Trade and other receivables

Trade receivables	1,002,705	919,406	-	-

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	129,576,477	285,728,563	106,325,157	97,305,015

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions. The group's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above. All bank balances are held with one banking institution increasing the related concentration risk. However, to mitigate the risk of loss, the group only transacts with highly reputable financial institutions.

11. Share capital

Authorised				
1000 Ordinary shares of R1 each	1,000	1,000	1,000	1,000
Issued				
100 Ordinary shares of R1 each	100	100	100	100

12. Trade and other payables

Trade payables	353,665	264,467	353,666	239,470
Other payables	741,000	-	-	-
Accrued expenses	6,155,288	6,155,287	6,145,787	6,145,787
Accrued audit fees	189,267	337,079	-	165,000
	7,439,220	**6,756,833**	**6,499,453**	**6,550,257**

Fair value of trade and other payables

Trade and other payables, are short term in nature. The carrying amount of trade and other payables represents the fair value.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
13. Other operating gains (losses)				
Fair value gains (losses)				
Financial instruments at fair value through profit or loss:				
Designated as such at initial recognition	3,455,881	(232,248,852)	3,278,312	(232,248,852)
14. Operating profit (loss)				
Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:				
Auditor's remuneration - external				
Audit fees	98,220	480,577	61,406	271,799
15. Investment income				
Dividend income				
From group entities:				
Subsidiaries - Local	34,288,714	2,812,824	-	4,035,473,721
From investments in financial assets measured at fair value through profit or loss:				
Listed investments - Local	34,924,190	-	34,924,190	-
Total dividend income	**69,212,904**	**2,812,824**	**34,924,190**	**4,035,473,721**
Interest income				
From investments in financial assets:				
Bank and other cash	7,469,450	34,377,180	4,397,142	14,206,466
From loans to group and other related parties:				
Associates	83,298	-	-	-
Total interest income	**7,552,748**	**34,377,180**	**4,397,142**	**14,206,466**
Total investment income	**76,765,652**	**37,190,004**	**39,321,332**	**4,049,680,187**
16. Finance costs				
Interest and penalties	6,849,348	6,810	-	-
17. Taxation				
Major components of the tax expense (income)				
Current				
Local income tax - current period	1,335,453	622,724,605	830,354	637,230,705
Local income tax - recognised in current tax for prior periods	25,032,027	4,256	-	-
Capital gains tax	-	675,953,567	-	-
	26,367,480	**1,298,682,428**	**830,354**	**637,230,705**
Deferred				
Taxable Temporary difference on revaluation of available for sale financial assets	99,180,483	(1,584,946,370)	99,180,483	-
Other deferred tax	39,776	1,542,751	-	-
	99,220,259	**(1,583,403,619)**	**99,180,483**	**-**
	125,587,739	**(284,721,191)**	**100,010,837**	**637,230,705**

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

18. Other comprehensive income

Components of other comprehensive income - Group - 2017

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Reclassification adjustments for available-for-sale financial assets	54,608,645	(12,232,336)	42,376,309

Components of other comprehensive income - Group - 2016

	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
Items that may be reclassified to profit (loss)					
Available-for-sale financial assets adjustments					
Gains (losses) arising during the year	(1,998,035,423)	376,121,540	(1,621,913,883)	550,817,592	(1,071,096,291)
Reclassification adjustments for available-for-sale financial assets	3,005,069,383	(20,235,984)	2,984,833,399	-	2,984,833,399
	1,007,033,960	**355,885,556**	**1,362,919,516**	**550,817,592**	**1,913,737,108**

Components of other comprehensive income - Company - 2017

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Reclassification adjustments for available-for-sale financial assets	54,608,645	(12,232,336)	42,376,309

Components of other comprehensive income - Company - 2016

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Available-for-sale financial assets adjustments			
Reclassification adjustments for available-for-sale financial assets	(628,934,937)	162,887,183	(466,047,754)

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
19. Cash used in operations				
Profit before taxation	70,828,893	2,550,944,887	11,237,684	3,854,179,116
Adjustments for:				
Gains on disposals, scrappings and settlements of assets and liabilities	-	(2,741,698,673)	-	(15,159,616)
Income from equity accounted investments	(887,113)	(1,123,140)	(887,113)	(1,123,140)
Dividend income	(69,212,904)	(29,457,407)	(34,924,190)	(4,062,118,302)
Interest income	(7,552,748)	(34,377,180)	(4,397,142)	(14,206,466)
Finance costs	6,849,348	6,810	-	-
Fair value (gains) losses	(3,455,881)	232,248,852	(3,278,312)	232,248,852
Impairment losses and reversals	1,167,299	104,513	905,653	-
Changes in working capital:				
Trade and other receivables	(83,299)	(65,388)	-	-
Trade and other payables	682,387	(2,819,870)	(50,804)	(2,779,571)
	(1,664,018)	**(26,236,596)**	**(31,394,224)**	**(8,959,127)**
20. Tax (paid) refunded				
Balance at beginning of the year	(182,161,955)	(489,563)	(17,580,949)	(339,196)
Current tax for the year recognised in profit or loss	(26,367,480)	(857,023,399)	(830,354)	(194,028,925)
Balance at end of the year	16,797,777	182,161,955	17,883,215	17,580,949
	(191,731,658)	**(675,351,007)**	**(528,088)**	**(176,787,172)**

21. Related parties

Relationships	
Ultimate holding company	CEPPWAWU Development Trust
Subsidiaries	Refer to note 3
Associates	Refer to note 4
Members of key management	DJJ Thomas L McLachlan

The company entered into transactions and had balances with related parties as listed below. These include subsidiaries and shareholders. The transactions that are eliminated on consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

Related party balances

Loan accounts - Owing (to) by related parties				
Amalgum Investments 35 Proprietary Limited	-	-	-	(205,100)
Amalgum Investments 37 Proprietary Limited	-	-	(120)	4,457
Amalgum Investments 64 Proprietary Limited	-	-	(1,502,980)	101,574
Ceppwawu Pharmaceuticals Investments One Proprietary Limited	-	-	(1,000)	(1,000)
Ceppwawu Pharmaceuticals Investments Two Proprietary Limited	-	-	(100)	(100)
Inyanga Trading 214 Proprietary Limited	-	-	1,002,705	919,406
Imithi Investments Proprietary Limited	-	-	-	43,320

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

22. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 5 & 6 cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Financial risk management

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group's financial instruments consist mainly of investment in listed shares,accounts receivables,deposits with banks, cash and cash equivalents and accounts payable.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The group maintains a sufficient level of liquidity to be able to meet all obligations. No additional banking facilities or reserve borrowings are considered necessary.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk.

23. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

24. Events after the reporting period

The directors are not aware of any material event which occured after the reporting date and up to the date of the audit report which could affect the financial statements.