Notes to the financial statements

for the year ended 31 March

1 Accounting policies

Deneb Investments Limited (the company) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 March 2016 and comparative figures for the year ended 31 March 2015 comprise the company and its subsidiaries (together referred to as the Group). The company's registered office is on 5th floor, Deneb House, 368 Main Road, Observatory, 7925, Cape Town.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

Background

The Group was established during the prior reporting period when Deneb acquired the Property, Branded Product Distribution, Textile manufacturing and Industrial manufacturing businesses from Seardel Investment Corporation Limited ("Seardel") through a internal reorganisation that occurred on 1 October 2014.

Deneb unbundled from Seardel on 1 December 2014 and listed on the JSE Limited ("JSE") under the Financial Services - Speciality Finance sector.

Basis of preparation

The consolidated financial statements are presented in South African Rands, which is the company's functional currency, rounded to the nearest thousand.

They have been prepared on the going concern and historical cost bases under IFRS, except for those assets and liabilities which are stated at fair value as disclosed in the notes to the financial statements.

The Group has consistently applied the accounting policies set out here to all periods presented in these consolidated financial statements.

The internal reorganisation of the Group represents a common control transaction as Hosken Consolidated Investment Limited ("HCI") is the ultimate controlling entity before and after the transaction. Common control transactions fall outside the scope of IFRS 3 and IFRIC 17 and are not specifically addressed in IFRS.

Deneb has therefore chosen the book value accounting policy, using the hierarchy for the selection of accounting policies in IAS 8: Accounting Policies, Changes and Accounting Estimates and Errors. This accounting policy choice will be applied consistently to all transactions of a similar nature.

Book value accounting

The book value accounting method requires the assets acquired and the liabilities assumed through the reorganisation to be accounted for using the book values in the financial statements of the transferor.

As the Group was established in the prior reporting period it did not prepare separate financial statements in accordance with IFRS for the periods up to and including 30 September 2014. The book value accounting method allows for comparative information to be presented as if the common control transaction had taken place at the start of the first reporting period presented. Accordingly, the comparative figures were prepared on a carve-out basis by extracting the historical assets, liabilities, revenues and expenses reflected in the consolidated financial statements of Seardel up to the date of the actual restructure.

1 Accounting policies (continued)

Common control reserve

The principles of book-value accounting are that no assets or liabilities are restated to their fair values. The Group incorporates the transferor carrying values.

The transaction is not seen as a change of control from the date of the reorganisation, therefore no goodwill beyond that recorded by Seardel in relation to the acquiree can arise.

The result is that the difference between the consideration paid and the capital of the acquirer are recognised in the equity under common control reserve.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving information about significant areas of estimation, uncertainty and critical judgements are given in note 2, Use of judgements and estimates.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.

Goodwill and bargain purchase

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is subsequently measured at cost less accumulated impairment losses.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Loss of control

Upon the loss of control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for acquisitions of non-controlling interests

The Group applies IFRS 10: Consolidated Financial Statements in accounting for acquisitions of non-controlling interests.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Property, plant and equipment

Recognition and measurement

Owner-occupied buildings are initially recognised at cost and are subsequently revalued to approximate fair value. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Other items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably.

Notes to the financial statements

for the year ended 31 March (continued)

1 Accounting policies (continued)

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Depreciation

Land is not depreciated while buildings are depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset is ceased. Depreciation is resumed when the expected residual value falls below the asset's carrying value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for resale in the ordinary course of business, use in the production or supply of goods or services or administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property interests held under operating leases are not treated as investment properties.

Costs include expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on the disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is recognised in profit or loss and reflected in an allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in other reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets except for investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

1 Accounting policies (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs not capitalised in terms of IAS 23 are recognised in profit or loss using the effective interest method.

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI, in which case it is recognised in equity or OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future and to the extend that it is probable that the amount will reverse in the foreseeable future but outside the control of the Group. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2013. The company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

Inventory

Raw materials and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in, first-out principle and includes direct material costs together with appropriate allocations of labour and overheads based on normal operating capacity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are determined by discounting the expected future cost. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current or best estimate.

Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value for those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Measurement

Subsequent to initial recognition these instruments are measured as follows:

Investments

Listed investments classified as available-for-sale financial assets are carried at fair value, which is calculated by reference to stock exchange quoted selling prices at the close of business at the reporting date. Unlisted investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses. Gains and losses are recognised in OCI in a other reserve except for impairment losses, which are expensed in profit or loss.

Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

Trade, long-term and other receivables

Trade and other receivables originated by the Group are stated at amortised cost less impairment losses using the effective interest rate method (see accounting policy on impairment).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are measured at amortised cost. Bank overdrafts that are payable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the consolidated statement of cash flows.

Financial liabilities, trade and other payables

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments and amortisations.

Derivative instruments

Derivative instruments are measured at fair value. Changes in the fair value are recognised in profit or loss.

Offset

In the instance that the Group has a current legal right to apply an amount due from a third party against the amount due to a creditor, provided that there is an agreement among the two parties that clearly establishes the contractual right to set-off, and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related amounts are offset and the net amounts reported in the consolidated statement of financial position.

1 Accounting policies (continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliable, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Lease income

Revenues from finance leases are recognised using the effective yield method. Revenues from operating leases are recognised on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

Earnings per share

Basic earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, excluding any non-trading capital items and the tax effect thereon, and is calculated as above. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

These potentially dilutive shares relate to the options issued in terms of the share incentive scheme.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rands at rates of exchange ruling at the reporting date. Translation gains and losses, whether realised or unrealised, are taken to profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest rate and payments during the year, and amortised cost in foreign currency translated at the exchange rate at the end of the year.

Leases

Finance leases

The Group as lessee

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the consolidated statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

The Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group enters into finance leasing arrangements for its copiers, faxes and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is four to five years.

Operating leases – the Group is the lessee
Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease. The leased assets are not recognised in the Group's consolidated statement of financial position.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefits medical aid plan

Where the Group has an obligation to provide post-retirement medical aid benefits to employees, the Group recognises the costs of these benefits in the year in which the employees render the service.

Actuarial gains or losses in respect of the defined benefit medical plan are recognised directly in OCI in the year in which they arise.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted and disclosed as long-term benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The Deneb Investments Long-term Incentive Plan was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1 Accounting policies (continued)

The fair value of the employee share options are measured using an Actuarial Binomial Model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Recharge-arrangement
IFRS does not provide any guidance on the accounting for recharge arrangements.

The policy adopted by the Group is to make use of the guidance in IFRS 2 relating to cash-settled share-based payments (by analogy). This means that the Group will determine the fair value of the recharge liability at the date that the recharge arrangement is entered into, and will recognise this value over the vesting period. At each reporting date, the recharge liability is remeasured taking into account items such as the time value of money, expected vesting and changes in the estimated future cash flows under the arrangement. The revised liability is recognised over the remaining vesting period.

The recharge was recognised through equity as a share-based liability recharge.

Dividends to shareholders
Dividends are accounted for in the period in which the dividends are declared.

Segmental reporting
The Group follows the management approach to segmental reporting with segment financial information being disclosed as it is being used internally by the entity's chief operating decision-maker ("CODM") in order to assess performance and allocate resources.

Segments are determined on the basis of products and services offered.

Inter-segment pricing is determined on an arm's length basis.

The segment report has been presented on page 62.

Intangible assets
Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Intangible assets with indefinite useful lives are tested for impairment annually regardless of whether there is an impairment indicator.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. it shall be recognised in profit or loss when the asset is derecognised.

Amortisation
Amortisation is recognised in profit or loss on a straight-line basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Government grants
Government grants are recognised as other income when there is a reasonable assurance that the Group will comply with the relevant conditions attached to them and that the grant will be received.

Borrowing costs
Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalised.

2 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1 – Accounting policies: Basis of preparation
- Note 10 – Property, plant and equipment
- Note 11 – Investment property

The Deneb Group was established on 1 October 2014 when Deneb, a wholly owned subsidiary of Seardel Investment Corporation Limited ("Seardel"), acquired all the non-media assets from Seardel through a reorganisation. The reorganisation represents a common control transaction as Hosken Consolidated Investments Limited ("HCI") is the ultimate controlling entity before and after the transaction. Common control falls outside the scope of IFRS 3 and IFRIC 17 and is not specifically addressed in IFRS. Deneb has elected the Book value accounting. Refer to Basis of preparation for more information.

Judgement is required to determine whether a property is classified as investment property or property, plant and equipment. The Group's intention regarding the property is the main consideration in determining the classification.

Assumptions and estimation uncertainties

Properties classified as having a duel purpose, whereby part of the property is used for own-use activities and part is used as an investment property, are only split between investment property and property, plant and equipment if the investment portion can be sold or leased out separately under a finance lease. If a portion cannot be sold or leased out separately under a finance lease, then the entire property is classified as investment property only if the portion of the property held for own use is insignificant.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2016 is included in the following notes:

- Note 5 – Impairment test; key assumptions underlying recoverable amounts
- Note 7 – Recognition of deferred tax assets; availability of future taxable profit against which carry-forward tax losses can be used
- Note 19 – Measurement of defined benefit obligation; key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values that are reviewed on an ongoing basis. Review includes significant unobservable inputs and valuations adjustments. If third party information, such as an external property valuator, is used to measure fair values, then it's assessed if the evidence obtained from the third parties support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2 Use of judgements and estimates (continued)

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 – Property, plant and equipment
- Note 11 – Investment property
- Note 13 – Other investments
- Note 20 – Financial instruments
- Note 34 – Share-base payment arrangements

3 Operating profit before impairments, restructuring and revaluation of investment property

		2016 R000's	2015 R000's
The following items have been taken into account in determining operating profit for continuing and discontinuing operations before impairments, restructuring and revaluation of investment property:			
Revenue			
– Sale of goods		**2 531 141**	2 512 868
– Rental income		**97 712**	95 519
– Dividend income		**110**	–
– Services		**86 677**	57 012
Total revenue		**2 715 640**	2 665 399
Income			
Compensation for property, plant and equipment that were impaired, lost or given up		**–**	122
Dividends – unlisted investments		**110**	–
Government grants		**33 933**	34 860
Finance lease income		**15 786**	13 141
Foreign exchange gains – realised		**17 559**	4 680
Foreign exchange gains – unrealised		**7 027**	9 756
Rental income from investment property		**97 712**	95 519
Profit on disposal of property, plant and equipment		**510**	352
Expenditure			
Amortisation		**3 182**	5 044
Bad debts – net recoveries and reversals of allowance account		**2 486**	5 329
Bank charges		**6 626**	3 757
Depreciation	– buildings	**2 948**	2 505
	– plant and machinery	**24 154**	22 694
	– equipment and fittings	**8 945**	8 708
	– motor vehicles	**1 460**	1 527
Total depreciation		**37 507**	35 434
Total depreciation on owned assets		**36 748**	34 267
Total depreciation on leased assets		**759**	1 167
Employment costs*		**492 563**	456 326
Loss on disposal of property, plant and equipment		**586**	511
Foreign exchange losses	– realised	**5 602**	5 680
Foreign exchange losses	– unrealised	**12 849**	5 723
Operating lease charges	– property	**20 562**	25 795
	– equipment and vehicles	**3 390**	3 494
Technical and consulting fees		**7 697**	10 657
Write-down of inventory to net realisable value		**4 568**	7 565
Reversal of write-down of inventory to net realisable value		**(2 650)**	(112)

* Includes contributions of R39,3 million (2015: R41 million) to medical, pension, provident and benefit funds. These contributions are after a R9,5 million charge (2015: R8,6 million) in respect of post-employment medical aid benefits relating to a defined benefit obligation and an IFRS 2 charge in respect of the share option scheme of R3,3 million (2015: R6,3 million).

4 Segment report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

The Textile and Industrial segments derive their revenue from manufacturing activities. The Branded Product Distribution segment derives its revenue from the distribution of branded toys, electronics, stationery and clothing. The Property segment derives its revenue from property rental.

There are varying levels of integration between all segments. This integration includes sale of goods and services, renting and development of industrial and commercial properties and shared head office services. Inter-segmental pricing is determined on an arm's length basis.

	Gross revenue R000's	Inter-segment revenue R000's	External revenue R000's	Operating profit before taxation R000's	Interest revenue R000's
Year ended 31 March 2016					
CONTINUED OPERATIONS					
Property	**136 715**	**(39 003)**	**97 712**	**129 444**	**—**
Branded Product Distribution	**1 401 039**	**(4 835)**	**1 396 204**	**1 743**	**—**
Textiles	**733 109**	**—**	**733 109**	**27 108**	**—**
Industrials	**488 505**	**—**	**488 505**	**36 638**	**—**
Head office	**110**		**110**	**(102 326)**	**10 174**
Total continued operations	**2 759 478**	**(43 838)**	**2 715 640**	**92 607**	**10 174**
Total	**2 759 478**	**(43 838)**	**2 715 640**	**92 607**	**10 174**
Year ended 31 March 2015					
CONTINUED OPERATIONS					
Property	129 114	(33 595)	95 519	153 082	—
Branded Product Distribution	1 408 968	(863)	1 408 105	19 576	—
Textiles	718 310	(7 568)	710 742	40 614	—
Industrials	451 033	—	451 033	24 618	—
Head office	—		—	(85 698)	11 271
Total continued operations	2 707 425	(42 026)	2 665 399	152 192	11 271
DISCONTINUED OPERATIONS					
Clothing	9 581	—	9 581	(17 284)	—
Total discontinued operations	9 581	—	9 581	(17 284)	—
Total	2 717 006	(42 026)	2 674 980	134 908	11 271

Interest expense R000's	Operating profit/(loss) before finance costs R000's	Depre-ciation R000's	Amorti-sation R000's	Impair-ments R000's	Reversal of impairments R000's	Restructuring and retrenchment costs R000's	Revaluation of investment properties R000's	Operating profit/loss before depreciation, amortisation, impairments, restructuring and revaluation of investment properties R000's
—	**129 444**	**(3 022)**	**—**	**—**	**—**	**—**	**30 648**	**101 818**
—	**1 743**	**(8 088)**	**(1 970)**	**(2 248)**	**—**	**(5 882)**	**–**	**19 931**
—	**27 108**	**(14 918)**	**—**	**—**	**—**	**(54)**	**–**	**42 080**
—	**36 638**	**(10 930)**	**—**	**—**	**—**	**(17)**	**–**	**47 585**
(73 105)	**(39 395)**	**(549)**	**(1 212)**	**—**	**—**	**—**	**–**	**(37 634)**
(73 105)	**155 538**	**(37 507)**	**(3 182)**	**(2 248)**	**—**	**(5 953)**	**30 648**	**173 780**
(73 105)	**155 538**	**(37 507)**	**(3 182)**	**(2 248)**	**—**	**(5 953)**	**30 648**	**173 780**
—	153 082	(2 570)	—	(3 807)	—	—	70 187	89 272
—	19 576	(6 402)	(3 930)	—	—	—	–	29 908
—	40 614	(14 669)	—	—	12 771	—	–	42 512
—	24 618	(10 369)	—	(3 410)	—	—	–	38 397
(58 158)	(38 811)	(684)	(1 114)	—	—	—	–	(37 013)
(58 158)	199 079	(34 694)	(5 044)	(7 217)	12 771	—	70 187	163 076
—	(17 284)	(740)	—	(2 647)	—	—	–	(13 897)
—	(17 284)	(740)	—	(2 647)	—	—	–	(13 897)
(58 158)	181 795	(35 434)	(5 044)	(9 864)	12 771	—	70 187	149 179

Notes to the financial statements

for the year ended 31 March (continued)

4 Segment report (continued)

	Write-down of inventory R000's	Reversal of write-down of inventory R000's	Gain on disposal of property, plant and equipment R000's	Loss on disposal of property, plant and equipment R000's	Profit or loss after tax for the year R000's
Year ended 31 March 2016					
CONTINUED OPERATIONS					
Property	—	—	272	(18)	129 444
Branded Product Distribution	(1 864)	2 557	44	—	2 009
Textiles	(2 482)	93	174	—	26 674
Industrials	(222)	—	20	(181)	27 240
Head office	—	—	—	(387)	(131 916)
Total continued operations	(4 568)	2 650	510	(586)	53 451
Total	(4 568)	2 650	510	(586)	53 451
Year ended 31 March 2015					
CONTINUED OPERATIONS					
Property	—	—	85	—	153 082
Branded Product Distribution	(6 558)	—	75	(137)	13 858
Textiles	(977)	—	178	—	40 614
Industrials	(30)	—	—	(285)	24 568
Head office	—	—	14	—	(7 525)
Total continued operations	(7 565)	—	352	(422)	224 597
DISCONTINUED OPERATIONS					
Clothing	—	112	—	(89)	(17 284)
Total discontinued operations	—	112	—	(89)	(17 284)
Total	(7 565)	112	352	(511)	207 313

All property, plant and equipment, investment property and intangible assets are held within South Africa.

				Geographical segments based on customer location				
				Revenue from external customers			Holdings of property, plant and equipment, investment property and intangible assets	
Segment assets R000's	Segment liabilities R000's	Capital expenditure R000's	Conside-ration paid for business combina-tions R000's	South Africa R000's	Direct exports R000's	Total R000's	Within South Africa R000's	Total R000's
1 196 518	**17 287**	**48 611**	**—**	**97 712**	**—**	**97 712**	**1 171 934**	**1 171 934**
899 392	**266 633**	**18 805**	**—**	**1 275 233**	**120 971**	**1 396 204**	**55 113**	**55 113**
529 193	**126 833**	**4 229**	**—**	**715 524**	**17 585**	**733 109**	**157 560**	**157 560**
304 198	**81 303**	**15 040**	**—**	**473 774**	**14 731**	**488 505**	**119 398**	**119 398**
212 689	**699 588**	**1 418**	**—**	**110**	**—**	**110**	**2 700**	**2 700**
3 141 990	**1 191 644**	**88 103**	**—**	**2 562 353**	**153 287**	**2 715 640**	**1 506 705**	**1 506 705**
3 141 990	**1 191 644**	**88 103**	**—**	**2 562 353**	**153 287**	**2 715 640**	**1 506 705**	**1 506 705**
1 129 952	15 219	42 810	—	95 519	—	95 519	1 050 770	1 050 770
812 405	224 406	37 893	1 400	1 211 657	196 448	1 408 105	47 352	47 352
521 469	150 593	10 097	—	688 324	22 418	710 742	168 896	168 896
279 199	64 201	27 586	—	437 083	13 950	451 033	115 912	115 912
286 109	708 600	698	—	—	—	—	3 052	3 052
3 029 134	1 163 019	119 084	1 400	2 432 583	232 816	2 665 399	1 385 982	1 385 982
4 673	2 061	100	—	9 581	—	9 581	514	514
4 673	2 061	100	—	9 581	—	9 581	514	514
3 033 807	1 165 080	119 184	1 400	2 442 164	232 816	2 674 980	1 386 496	1 386 496

5 Net (impairment)/impairment reversal of assets

Reconciliation of carrying amount

	2016 R000's	2015 R000's
The following impairments were recognised during the year:		
Category of asset		
Property, plant and equipment	–	6 057
Assets held for sale – property, plant and equipment	–	3 807
Goodwill	2 248	–
Total	2 248	9 864
Included in discontinued operations	–	(2 647)
Impairments from continuing operations	2 248	7 217
The following impairments were reversed during the year:		
Category of asset		
Property, plant and equipment	–	12 771
Total	–	12 771
Net impairment (loss)/reversal from continuing operations	(2 248)	5 554

Impairment testing

The Group has performed impairment testing on:

- all cash-generating units ("CGUs") where there is an indication that they may be impaired or impairment should be reversed; and
- all CGUs that contains goodwill.

For the purposes of determining the CGUs of the Group, the guidelines as per IAS 36 were followed and the below considerations were given:

- how the Group reports its financial management accounts;
- how management make day-to-day operational decisions; and
- how management makes decisions about continuing or disposing of the entity's assets.

CGUs where there is an indication that they may be impaired or the impairment reversed

The recoverable amount of a CGU is determined based on a fair value less cost to sell, or value-in-use calculation as appropriate.

Value-in-use calculations use cash flow projections approved by management. These cash flow forecast cover four years and the cash flows after the forecast period are extrapolated into the future over the useful life of the CGU, using steady growth rates that are consistent with that of the industry and country.

In determining value in use, projected cash flows are discounted using the Group's pre-tax discount rate. Projected cash flows were adjusted for each CGU's specific risks. The pre-tax discount rate was calculated as 11,37% for the current period (2015: 8,02%) and a terminal value growth rate of 4,5% (2015: 4,5%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amount.

Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

Events and circumstances that led to the recognition of the impairment losses
Poor results and/or budgeted future results triggered an assessment of realisable value.

Events and circumstances that led to the reversal of impairments
There were no impairment reversals in the current year. During the prior year, internal restructuring, combined with changes in the dynamics of the market in which certain businesses within the textile segment operate, resulted in better than expected performances. Impairment testing of these plants resulted in the impairment losses recorded in previous reporting periods, totalling R12 771, to be reversed.

Impairment testing for CGUs containing goodwill
There were two CGUs containing goodwill in the current period:

Branded Product Distribution investment
The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In percent	2016 R000's	2015 R000's
Discount rate	**11,37**	8,02
Terminal value growth rate	**4,5**	4,5
Budgeted EBITDA growth rate (average of the next 5 years)	**6**	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R14,5 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Industrials investment
The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In percent	2016 R000's	2015 R000's
Discount rate	**11,37**	8,02
Terminal value growth rate	**4,5**	4,5
Budgeted EBITDA growth rate (average of the next 5 years)	**6**	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R172,5 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Notes to the financial statements

for the year ended 31 March (continued)

6 Finance income and expenses

	2016 R000's	2015 R000's
Recognised in profit or loss		
Finance income		
Interest received from financial institutions	**291**	1 723
Interest received from related parties	**9 831**	9 548
Other interest received	**52**	–
	10 174	11 271
Finance expenses		
Interest paid on finance leases and instalment sale agreements	**132**	261
Interest paid to financial institutions	**69 559**	53 071
Interest paid to related parties	**3 414**	2 963
Other interest paid	**–**	1 863
	73 105	58 158

The finance expenses relate to financial liabilities which are categorised as being measured at amortised cost.

7 Taxation and deferred taxation

	2016 R000's	2015 R000's
Income tax		
South African normal taxation		
– Current	**(9 451)**	(12 914)
– Prior year	**(654)**	806
Deferred taxation	**(29 051)**	84 513
	(39 156)	72 405

	%	%
Reconciliation between actual and normal taxation rates		
Taxation as a percentage of loss before taxation	**42,3**	(53,7)
Rate change	**(10,8)**	—
Prior period	**(0,7)**	0,6
Specific tax deductible expenses	**(3,9)**	(2,9)
Non-deductible expenses	**1,0**	2,8
Exempt income	**—**	7,3
Capital gains tax on revaluation of investment property	**1,9**	—
(Utilisation)/restricted recognition of tax loss	**(1,8)**	73,9
Normal taxation rate	**28,0**	28,0

7 Taxation and deferred taxation (continued)

	2016 R000's	2015 R000's
Deferred taxation		
Balance at beginning of the year	**131 143**	52 691
– Asset	**134 152**	58 738
– Liability	**(3 009)**	(6 047)
Current movements recognised in profit and loss	**(29 051)**	84 513
– Rate changes	**(10 040)**	—
– Capital allowances	**16 270**	(12 464)
– Provision for post-employment medical aid benefits	**804**	587
– Tax losses (utilised)/recognised during the period	**(34 640)**	115 526
– Capital allowances on intangible asset	**305**	17
– Shares and investments	**—**	4 153
– Revaluations – investment property	**(1 405)**	(4 937)
– Share incentive scheme	**751**	(339)
– Working capital differences	**(1 096)**	(18 030)
Current movements recognised in other comprehensive income	**(17 323)**	(6 061)
– Rate changes – investment property	**(4 579)**	
– Provision for post-employment medical aid benefits	**(4 028)**	2 674
– Share incentive scheme	**1 369**	(7 402)
– Reclassification of revaluation surplus	**4 646**	—
– Revaluations – owner-occupied property	**(14 731)**	(1 333)
Balance at end of the year	**84 769**	131 143
– Asset	**89 929**	134 152
– Liability	**(5 160)**	(3 009)
Deferred tax assets and liabilities are attributable to the following:		
– Provision for post-employment medical aid benefits	**27 326**	30 550
– Working capital allowances	**(7 271)**	(6 175)
– Share incentive scheme	**4 356**	2 236
– Tax losses	**252 915**	287 554
– Capital allowances	**(71 379)**	(87 649)
– Capital allowances on intangible asset	**(92)**	(397)
– Revaluations – owner occupied property	**(121 086)**	(94 976)
Net deferred tax at end of the year	**84 769**	131 143

Unrecognised tax losses, reflected at 28% of the underlying tax loss, exist in Seartec Trading Proprietary Limited (R9 million) and Limtech Biometric Solutions Proprietary Limited (R3 million).

8 Discontinued operations

Operations classified as discontinued operations in the prior-year consolidated financial statements consist of the clothing factory stores and the apparel manufacturing businesses, the latter of which was disposed to a related party (an associated company of the South African Clothing and Textile Workers' Union) as a going concern.

The results of the discontinued operations have been separately disclosed on the face of the consolidated statement of profit or loss and other comprehensive income.

	2016 R000's	2015 R000's
Results of discontinued operations		
Revenue	–	9 581
Cost of revenue	–	(15 903)
Gross loss	–	(6 322)
Other income	–	150
Distribution costs	–	(4 740)
Administrative and other expenses	–	(3 725)
Operating loss before impairments and restructuring and retrenchment costs	–	(14 637)
Impairment of assets	–	(2 647)
Restructuring and retrenchment costs	–	–
Loss on sale of plant, equipment and inventory		–
Operating loss before finance costs	–	(17 284)
Finance income	–	–
Finance expenses	–	–
Loss before taxation	–	(17 284)
Income tax expense	–	–
Loss for the period from discontinued operations	–	(17 284)
Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	–	(21 985)
Net cash from investing activities	–	39 518
Net cash from financing activities	–	–
Net cash used in discontinued operations	–	17 533

The loss from discontinued operations is attributable entirely to equity holders of the parent.

9 Earnings per share

	Gross R000's	Net R000's	Number of shares 000's	Per share (cents)
2016				
Number of shares in issue				
Net number of shares at 31 March 2016			561 490	
Number of shares in issue at 31 March 2016			561 490	
Weighted average number of shares				
Weighted average number of shares at 31 March 2016			561 207	
Shares as at 1 April 2015			560 812	
Effect of share options exercised			395	
Diluted average number of shares				
Diluted weighted average number of shares			562 263	
Weighted average number of shares			561 207	
Dilution effect of share options granted			1 056	
Earnings per share				
Basic earnings				
Profit attributable to equity holders of the parent		56 722	561 207	10,11
Continued operations		56 722		10,11
Discontinued operations		–		–
Diluted earnings				
Profit attributable to equity holders of the parent		56 722	562 263	10,09
Continued operations		56 722		10,09
Discontinued operations		–		–
Headline earnings				
Reconciliation between profit and headline earnings				
Profit attributable to equity holders of the parent		56 722		
Impairment of assets	2 248	2 248		
Reversal of impairment of assets	–	–		
Remeasurement of investment property	(30 648)	(23 783)		
Changes in the deferred tax balance resulting from the change in CGT rates that relates to previous remeasurement of investment property	10 040	10 040		
Profit on disposal of property, plant and equipment	(510)	(367)		
Loss on disposal of property, plant and equipment	586	422		
Headline earnings		45 282	561 207	8,07
Continued operations		45 282		8,07
Discontinued operations		–		–
Diluted headline earnings		45 282	562 263	8,05
Continued operations		45 282		8,05
Discontinued operations		–		–

Issued shares

During the period 677 746 shares were issued in terms of the Group's share incentive scheme.

9 Earnings per share (continued)

	Gross R000's	Net R000's	Number of shares 000's	Per share (cents)
2015				
Number of shares				
Net number of shares in issue			560 812	
Number of shares at 31 March 2015			560 812	
Weighted average number of shares			547 315	
Shares as at 1 April 2014			539 776	
Effect of recapitalisation			7 018	
Effect of share options exercised			521	
Diluted average number of shares				
Diluted weighted average number of shares			553 242	
Weighted average number of shares			547 315	
Dilution effect of share options granted			5 927	
Earnings/loss per share				
Basic earnings/(loss)				
Profit attributable to equity holders of the parent		208 750	547 315	38,14
Earnings from continued operations		226 034		41,30
Loss from discontinued operations		(17 284)		(3,16)
Diluted earnings/(loss)				
Profit attributable to equity holders of the parent		208 750	553 242	37,73
Earnings from continued operations		226 034		40,86
Loss from discontinued operations		(17 284)		(3,12)
Headline loss				
Reconciliation between profit and headline loss				
Profit attributable to equity holders of the parent		208 750		
Impairment of assets	9 864	7 102		
Reversal of impairment of assets	(12 771)	(9 195)		
Insurance claim for capital asset	—	—		
Remeasurement of investment property	(70 187)	(56 449)		
Profit on disposal of property, plant and equipment	(352)	(253)		
Loss on disposal of property, plant and equipment	511	368		
Loss on disposal of investment property	601	489		
Headline earnings		150 812	547 315	27,55
Earnings from continued operations		166 127		30,35
Loss from discontinued operations		(15 315)		(2,80)
Diluted headline earnings		150 812	553 242	27,26
Earnings from continued operations		166 127		30,03
Loss from discontinued operations		(15 315)		(2,77)

Issued shares

As part of the Internal Restructure, 539 776 349 shares were issued to Seardel Investment Corporation Limited ("Seardel") on 1 October 2014 for the exchange of all Seardel's non-media investments.

Subsequent to the Internal Restructuring, 18 115 848 shares were issued by Deneb to Seardel on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb is appropriately capitalised prior to its listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Seardel. Seardel shareholders were entitled to receive 12,91952 Deneb shares for every 100 Seardel shares. No fractions of shares were issued and Deneb shares were issued based on the rounding principle. Accordingly, 64 shares were delisted on 1 December 2014 due to rounding.

During the 2015 period, 2 919 619 shares were issued in terms of the Group's share incentive scheme.

10 Property, plant and equipment

Reconciliation of carrying amount	Notes	Owner-occupied properties at valuation R000's	Plant and machinery at cost R000's	Equipment and fittings at cost R000's	Motor vehicles at cost R000's	Total R000's
2016						
Cost/valuation at 31 March 2016		434 075	553 552	96 150	16 514	1 100 291
Opening balance		283 566	533 743	100 052	16 958	934 319
Additions		27 778	20 598	14 343	2 038	64 757
Revaluations		41 979	—	—	—	41 979
Reclassification from investment property	11	80 752		—	—	80 752
Disposals		—	(789)	(18 245)	(2 482)	(21 516)
Accumulated depreciation and impairment at 31 March 2016		—	283 986	59 377	9 993	353 356
Opening balance		—	260 029	68 220	10 139	338 388
Current period depreciation		2 948	24 154	8 945	1 460	37 507
Revaluations		(2 948)	—	—	—	(2 948)
Disposals and assets reclassified as held for sale		—	(197)	(17 788)	(1 606)	(19 591)
Carrying value at 31 March 2016		434 075	269 566	36 773	6 521	746 935
Rate of (straight-line) depreciation		0 — 3.5%	4 — 7%	10 — 20%	20%	
Residual values		40 — 65%	0%	0%	20%	
2015						
Cost/valuation at 31 March 2015		283 566	533 743	100 052	16 958	934 319
Opening balance		335 718	511 082	93 677	17 383	957 860
Additions		—	34 605	20 112	2 472	57 189
Acquisition through business combination	24	—	—	91	2	93
Revaluations		5 923	—	—	—	5 923
Reclassification to assets held for sale		(58 075)	(11 169)	—	—	(69 244)
Disposals		—	(775)	(13 828)	(2 899)	(17 502)
Accumulated depreciation and impairment at 31 March 2015		—	260 029	68 220	10 139	338 388
Opening balance		—	255 560	69 460	10 758	335 778
Current year depreciation		2 505	22 694	8 708	1 527	35 434
Revaluations		(2 505)	—	—	—	(2 505)
Impairment		—	3 410	2 647	—	6 057
Reversal of impairment		—	(12 771)	—	—	(12 771)
Reclassification to assets held for sale		—	(8 864)			(8 864)
Disposals		—	—	(12 595)	(2 146)	(14 741)
Carrying value at 31 March 2015		283 566	273 714	31 832	6 819	595 931

Owner-occupied properties – Cost less accumulated depreciation

The cost less accumulated depreciation of the owner-occupied properties is provided below. The allowed alternative method as described in IAS 16 is the revaluation model, which has been adopted by the Group.

	2016 R000's	2015 R000's
Cost	271 577	163 047
Accumulated depreciation	(2 017)	(2 017)
Carrying value	269 560	161 030
Reconciliation of cost of land and buildings:		
Opening cost at beginning of the year	163 047	172 921
Additions	27 778	–
Additions through business combination	–	–
Disposals, transfers to investment property and assets reclassified as held for sale	80 752	(9 874)
Closing cost at end of the year	271 577	163 047

Capitalised leased assets included in the above are:

	Plant and machinery R000's	Equipment and fittings R000's	Motor vehicles R000's	Total R000's
2016				
Cost	1 151	–	4 924	6 075
Accumulated depreciation	(333)	–	(1 592)	(1 925)
Carrying value at 31 March 2016	818	–	3 332	4 150
2015				
Cost	8 133	9 029	4 532	21 694
Accumulated depreciation	(1 031)	(8 996)	(1 234)	(11 261)
Carrying value at 31 March 2015	7 102	33	3 298	10 433

10 Property, plant, and equipment (continued)

Impairment losses and subsequent reversal – Plant and equipment

The Group has performed impairment testing on all cash-generating units ("CGUs") where there is an indication that they may be impaired.

The recoverable amount of a CGU is determined based on a fair value less cost to sell, or value-in-use calculation as appropriate.

Value-in-use calculation use cash flow projections approved by management. These cash flow forecasts cover four years, the cash flows after the forecast period are extrapolated into the future over the useful life of the CGU using a steady growth rate that is consistent with that of the industry and country.

In determining value in use, projected cash flows are discounted using the Group's pre-tax discount rate. Projected cash flows were adjusted for each CGU's specific risks.

The pre-tax discount rate was calculated as 11,37% for the current period (2015: 8,02%) with a terminal value growth rate of 4,5% (2015: 4,5%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amount.

Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

Refer to note 5 for impairments and reversals.

Measurement of fair value – Land and buildings

Fair value hierarchy

The fair value of owner-occupied property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's owner-occupied property portfolio on an annual basis, the valuation was done on 31 March 2016.

The fair value measurement of owner-occupied property of R434 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Level 3 fair value

The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Carrying value at 31 March 2015	**283 566**
Additions	**27 778**
Reclassification from investment property	**80 752**
Disposals and depreciation	**(2 948)**
Revaluation recognised directly in equity	
– Changes in fair value	**44 927**
Carrying value at 31 March 2016	**434 075**

Carrying value at 31 March 2014	335 718
Acquisitions and acquisitions through business combinations	–
Disposals, depreciation and reclassification to investment property and assets held for sale	(60 580)
Revaluation recognised directly in equity	
– Changes in fair value	8 428
Carrying value at 31 March 2015	**283 566**

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income	The estimated fair value would increase/(decrease) if: – the capitalisation rate was higher (lower) [see sensitivity analysis below] – the occupancy rate was higher (lower) – projected income was higher (lower)

Sensitivity analysis on the fair value of owner-occupied buildings

The capitalisation rates for the fair value of the properties were between 8,5% and 14,0%. The table below presents the sensitivity of the valuation on the carrying value of the owner-occupied property to changes in the capitalisation rate.

	Carrying value	
	2016 R000's	2015 R000's
Increase of 1% in the capitalisation rate	**395 583**	261 581
Decrease of 1% in the capitalisation rate	**477 964**	308 706

Refer to note 32 which relates to security provided for the benefit of the Group's bankers.

11 Investment properties

Reconciliation of carrying amount	2016 R000's	2015 R000's
Opening carrying value	**766 804**	669 619
Development cost	**20 807**	42 387
Capitalised borrowing costs	**–**	211
Fair value adjustments	**30 648**	70 187
Transfer to owner-occupied property	**(80 752)**	–
Disposals/Transfers to held for sale	**–**	(15 600)
Closing carrying value	**737 507**	766 804

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contain an initial non-cancellable period of between one to five years. One property was transferred to property, plant and equipment from investment property (see note 10).

Included in profit and loss	2016 R000's	2015 R000's
Rental income from investment property	**97 711**	95 519
Direct operating expenses (including repairs and maintenance) relating to investment properties	**21 426**	20 864
Direct operating expenses (including repairs and maintenance) relating to owner-occupied properties	**10 766**	6 368
Rates relating to investment properties	**10 730**	10 314
Rates relating to owner-occupied properties	**3 957**	2 417

Borrowing cost
The capitalisation rate used to capitalise borrowing costs during the prior year was the prime rate.

Capital commitments
There are no commitments to further develop our investment properties (2015: R39,4 million).

Measurement of fair value – Investment properties
Fair value hierarchy
The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

The fair value measurement of investment property of R738 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Level 3 fair value

The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Opening value at 31 March 2015	766 804
Development cost and capitalised borrowing cost	20 807
Reclassification to owner-occupied property	(80 752)
Gain included in profit or loss	
– Changes in fair value	30 648
Closing value at 31 March 2016	737 507

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs
Capitalisation of income: The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income

Sensitivity analysis on the fair value of investment buildings

The capitalisation rates for the fair value of the properties were between 9% and 11%. The table below presents the sensitivity of the valuation on the carrying value of the investment property to changes in the capitalisation rate.

	Carrying value	
	2016 R000's	2015 R000's
Increase of 1% in the capitalisation rate	668 599	704 843
Decrease of 1% in the capitalisation rate	817 053	842 899

Refer to note 32 which relates to security provided for the benefit of the Group's bankers.

12 Intangible assets and goodwill

	Notes	Brand names/ Trade-marks R000's	Software R000's	Licences R000's	Goodwill R000's	Total intangibles R000's
Cost at 31 March 2016		**10 880**	**2 470**	**20 856**	**17 271**	**51 477**
Opening balance		10 880	6 147	19 999	17 271	54 297
Assets acquired separately		—	932	1 607	—	2 539
Disposals and assets reclassified as held for sale		—	(4 609)	(750)	—	(5 359)
Accumulated amortisation and impairment at 31 March 2016		**3 241**	**1 375**	**7 327**	**2 248**	**14 191**
Opening balance		1 744	4 502	7 019	—	13 265
Current period amortisation		1 497	1 377	308	—	3 182
Disposals and assets reclassified as held for sale		—	(4 504)	—	—	(4 504)
Impairment losses recognised in profit or loss	5	—	—	—	2 248	2 248
Carrying value at 31 March 2016		**7 639**	**1 095**	**13 529**	**15 023**	**37 286**
Nature of useful lives		Finite	Finite	Finite		
Amortisation method		Straight line	Straight line	Straight line		
Rate of amortisation		Period of contract	20%	Period of licence		
Residual values		0%	0%	0%		
Cost at 31 March 2015		10 880	6 147	19 999	17 271	54 297
Opening balance		—	5 919	11 499	14 204	31 622
Assets acquired separately		10 880	228	8 500	—	19 608
Acquired through business combinations	24	—		—	3 067	3 067
Accumulated amortisation and impairment at 31 March 2015		1 744	4 502	7 019	—	13 265
Opening balance		—	3 387	4 834	—	8 221
Current period amortisation		1 744	1 115	2 185	—	5 044
Carrying value at 31 March 2015		9 136	1 645	12 980	17 271	41 032

The amortisation of intangible assets is included in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	2016 R000's	2015 R000's
Administrative and other expenses	**3 182**	5 044
	3 182	5 044

13 Other investments

	2016 R000's	2015 R000's
Business Partners Limited (unlisted)	**3 026**	3 329
Old Mutual (listed)	**365**	315
	3 391	3 644

	Number of shares	Number of shares
Business Partners Limited (unlisted)	**605 220**	605 220
Old Mutual (listed)	**8 900**	8 900
	614 120	614 120

Investments are classified as available for sale and are reconciled as follows:

	R000's	R000's
Opening balance	**3 644**	43 709
Distribution	**–**	(43 435)
Revaluations	**(253)**	3 370
Closing balance	**3 391**	3 644

Refer to note 20 for additional disclosure.

14 Long-term receivables

Reconciliation of carrying amount	2016 R000's	2015 R000's
Net investment in finance leases	**74 093**	58 808
Other loans	**–**	123 232
	74 093	182 040

Fair value of long-term receivables

The fair value of long-term interest-bearing receivables approximates the carrying value as market related rates of interest are charged on these outstanding amounts. There were no impairment provisions on long-term receivable financial assets during the current or prior years.

Other loans	2016 R000's	2015 R000's
Included in other loans are:		
Loan to Hosken Consolidated Investments Limited ("HCI")	**–**	55 003
Loan to the South African Clothing and Textile Workers' Union ("SACTWU")	**–**	68 071
Other	**–**	158
Total	**–**	123 232

Net investment in finance leases is reconciled with the gross investment in leases as follows:

	Gross investment in leases R000's	Unearned finance income R000's	Net investment in leases R000's
2016			
Lease payments receivable			
– Not later than one year	**63 157**	**14 988**	**48 169***
– Later than one year but not later than five years	**99 191**	**25 098**	**74 093**
	162 348	**40 086**	**122 262**
2015			
Lease payments receivable			
– Not later than one year	39 546	8 957	30 589*
– Later than one year but not later than five years	67 841	9 033	58 808
	107 387	17 990	89 397

* Included in trade and other receivables.

Interest is charged at rates varying between 14% and 25%.

There were no contingent rents recognised as income during the year.

The Group enters into finance leasing arrangements for its copiers, faxes and point-of-sale equipment.

All leases are denominated in South African Rands. The average term of finance leases entered into is four to five years.

15 Assets held for sale

The categories of property, plant and equipment are as follows:

	2016 R000's	2015 R000's
Land and buildings	**935**	55 628
Plant and machinery	**1 240**	2 305
	2 175	57 933

The segmental classification of the non-current assets held for sale is as follows:

	Industrials R000's	Property R000's	Total R000's
2016			
Land and buildings	**–**	**935**	**935**
Plant and machinery	**1 240**	**–**	**1 240**
	1 240	**935**	**2 175**
2015			
Land and buildings	–	55 628	55 628
Plant and machinery	2 305	–	2 305
Motor vehicles	–	–	–
	2 305	55 628	57 933

Refer to note 4 for additional segmental disclosure.

Reconciliation of carrying amount	Land and buildings at valuation R000's	Plant and machinery at cost R000's	Total R000's
Carrying value at 31 March 2015	**55 628**	**2 305**	**57 933**
Disposal	**(54 693)**	**(1 065)**	**(55 758)**
Impairment		**–**	**–**
Carrying value at 31 March 2016	**935**	**1 240**	**2 175**
Carrying value at 31 March 2014	53 985	551	54 536
Reclassification from property, plant and equipment	58 075	11 169	69 244
Disposal	(52 625)	(9 415)	(62 040)
Impairment	(3 807)	–	(3 807)
Carrying value at 31 March 2015	55 628	2 305	57 933

15 Assets held for sale (continued)

Measurement of fair value – Assets held for sale

Fair value hierarchy

The fair value of land and buildings classified as assets held for sale was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's owner-occupied property portfolio on an annual basis. The valuation was done on the 31 March 2016.

The fair value measurement of land and building of R1 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	– Capitalisation rate – Occupation rate – Projected income	The estimated fair value would increase/(decrease) if: – the capitalisation rate was higher (lower) – the occupancy rate was higher (lower) – projected income was higher (lower)

Refer to note 32 which relates to security provided for the benefit of the Group's bankers.

16 Inventories

	2016 R000's	2015 R000's
Raw materials and consumables	**142 795**	147 919
Work-in-progress	**60 205**	52 894
Finished goods	**480 732**	409 401
	683 732	610 214
Inventories stated at net realisable value	**210 039**	126 873
Inventories acquired through business combinations (refer to note 24)	**–**	701
Carrying amount of inventory pledged as security for liabilities	**683 732**	594 197
Write-down of inventory to net realisable value during the year	**4 568**	7 565
Reversals of previous write-down of inventory to net realisable value during the year*	**(2 650)**	(112)

* This inventory was realised during the year and the earlier write-down reversed.

17 Trade and other receivables

Reconciliation of carrying value	2016 R000's	2015 R000's
Trade receivables	472 247	497 890
Lease receivables	48 169	30 589
Other receivables	112 580	86 112
Fair value of outstanding foreign exchange contracts	–	3 670
Prepayments	21 400	22 594
Trade and other receivables	654 396	640 855
Loan to Hosken Consolidated Investments Limited ("HCI")	61 148	–
Loan to the South African Clothing and Textile Workers' Union ("SACTWU")	21 953	–
Loan receivables*	83 101	–
Carrying values approximate fair values for all classes.		
Business acquisition		
Trade and other receivables acquired through business combination (refer to note 24)	–	3 211
Other receivables		
Included under other receivables are:		
Income receivable from Production Incentive programme (refer to note 22)	38 950	38 486
Lease smoothing asset	16 085	16 268
VAT	22 715	10 439

Refer to note 32 which relates to security provided for the benefit of the Group's bankers.

* Loan receivables were included under long-term receivables in prior period (refer to note 14).

18 Stated capital

	2016 R000's	2015 R000's
Authorised		
10 000 000 000 (2015: 10 000 000 000) ordinary shares of no par value	**–**	–
Each ordinary share has the right to one vote at general meetings		
Issued stated capital		
561 489 618 (2015: 560 811 872) ordinary shares of no par value	**1 717 286**	1 716 713
Balance at beginning of the year – 560 811 872 (2015: 120)	**1 716 713**	–
Issued during the year – 677 746 (2015: 560 811 752)	**573**	1 716 713
	1 717 286	1 716 713

Issue of shares
Current period
During the period, 677 746 shares were issued in terms of the Group's share incentive scheme.

Prior period
As part of the Internal Restructure, 539 776 349 shares were issued by Deneb to Seardel Investment Corporation Limited ("Seardel") on 1 October 2014.

Subsequent to the Internal Restructure, 18 115 848 shares were issued by Deneb to Seardel on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb is appropriately capitalised prior to its Listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Seardel. Seardel shareholders were entitled to receive 12,91952 Deneb shares for every 100 Seardel shares. No fractions of shares were issued and Deneb shares were issued based on the rounding principle. Accordingly, 64 shares were delisted on 1 December 2014 due to rounding.

During the period, 2 919 619 shares were issued in terms of the Group's share incentive scheme.

Reserved under options (see note 34)
28 146 932 ordinary shares of no par value each have been placed under the control of the directors, who are authorised to allot and issue all or any or such shares in accordance with the terms and conditions of The Deneb Share Incentive Scheme Plan and any amendments thereto.

The remainder of the unissued shares are under the control of the directors until the next annual general meeting.

19 Post-employment medical aid benefits

General description of plan

The post-employment subsidy policy is summarised below:

- qualifying medical scheme members who joined the Group before 1 July 1996 are eligible for a 50% retirement subsidy of their total medical scheme contributions;
- dependants of eligible continuation members receive a subsidy before and after the death of the principal member; and
- if a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

	2016 R000's	2015 R000's
Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:		
Current service cost	**489**	444
Interest on the obligation	**9 056**	8 178
Total included in staff costs	**9 545**	8 622
Reconciliations in the net liability recognised in the consolidated statement of financial position are as follows:		
Liability at beginning of year	**109 107**	97 460
Net expense recognised in profit or loss	**9 545**	8 622
Contributions from employer	**(6 673)**	(6 524)
Actuarial (gains)/losses recognised in other comprehensive income – changes from financial assumptions	**(14 387)**	9 549
Liability in the consolidated statement of financial position	**97 592**	109 107
Represented by:		
Liability due within 12 months	**6 789**	6 413
Liability due after 12 months	**90 803**	102 694
	97 592	109 107
Present value of unfunded obligations	**97 592**	109 107
Fair value of plan assets	**–**	–
Recognised liability for defined benefit obligations	**97 592**	109 107

The net cumulative actuarial loss recognised in other comprehensive income is R3,64 million.

19 Post-employment medical aid benefits (continued)

Forecast reconciliation of the plan to 31 March 2017 is as follows:

	2017 R000's
Liability at 31 March 2016	97 592
Net expense in the consolidated statement of profit or loss and other comprehensive income	9 816
Contributions	(7 110)
Forecast liability at 31 March 2017	100 298

		2016	2015
The principal actuarial assumptions at the reporting date:			
Discount rate	(%)	**9,68**	8,30
Medical inflation	(%)	**8,49**	8,60
Sensitivity of results			
A 1% increase in medical aid inflation would result in:			
An increase in the accrued liability of	(R000's)	**10 438**	13 274
	(%)	**10,70**	12,20
An increase in the service and interest cost of	(R000's)	**1 083**	1 212
	(%)	**11,00**	12,70
A 1% decrease in medical aid inflation would result in:			
A decrease in the accrued liability of	(R000's)	**(8 921)**	(11 164)
	(%)	**(9,10)**	(10,20)
A decrease in the service and interest cost of	(R000's)	**(922)**	(1 013)
	(%)	**(9,40)**	(10,60)
A 1% decrease in the discount rate would result in:			
An increase in the accrued liability of	(R000's)	**10 418**	13 449
	(%)	**10,68**	12,30
A 1% increase in the discount rate would result in:			
A decrease in the accrued liability of	(R000's)	**(8 757)**	(11 098)
	(%)	**(8,97)**	(10,20)

20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established a risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Interest bearing liabilities	Final repayment dates	Average rate of interest p.a.	2016 R000's	2015 R000's
Secured				
Instalment sale and finance lease agreements	2019	9 to 11	**5 147**	4 481
			5 147	4 481
Unsecured				
Other loans	2018	Prime	**159**	–
HCI Treasury Proprietary Limited*	2017	Prime	**37 334**	33 920
Contingent payments relating to business combinations	2017	Prime	**242**	9 462
			37 735	43 382
Total interest-bearing liabilities			**42 882**	47 863
Current portion of interest-bearing liabilities			**38 733**	45 063
Non-current portion of interest-bearing liabilities			**4 149**	2 800

* The loan has no fixed terms of repayment.

20 Financial instruments (continued)

Instalment sales and finance lease agreements are payable as follows:

	Principal R000's	Interest R000's	Gross instalments R000's
2016			
Less than one year	**1 399**	**116**	**1 515**
Between one and five years	**3 748**	**785**	**4 533**
	5 147	**901**	**6 048**
2015			
Less than one year	2 148	247	2 395
Between one and five years	2 333	328	2 661
	4 481	575	5 056

Under the terms of the lease agreements, no contingent rentals are payable. Finance leases are repayable in monthly instalments.

Financial risk management

Foreign currency management: Operating subsidiaries undertake transactions denominated in foreign currencies and hence exposures to exchange rate fluctuations arise. Material exchange rate exposure on imported goods, trade debtors/creditors, foreign currency assets and liabilities and capital equipment is hedged through the use of forward exchange contracts ("FECs"). Trade exports are hedged using FECs and customer foreign currency accounts. FECs are not used for speculative purposes. FECs act as natural hedges and formal hedge accounting is not performed.

Interest rate management: The Group is exposed to interest rate risk as it borrows and places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

Credit risk management: Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash and cash equivalents, investments and receivables. A significant amount of the Group's trade debt is in respect of sales to retailers, in particular Amic Trading Proprietary Limited (R13,9 million (2015: R60,5 million)), Shoprite Holdings Limited (R10,4 million (2015: R15,4 million)), Massmart Limited (R51,1 million (2015: R46,3 million)), Edcon Limited (R24,4 million (2015: R8,4 million)), Kingsgate Clothing Proprietary Limited (R11,8 million (2015: R1 million)) and Clicks Group Limited (R14,4 million (2015: R12,4 million)). The risk on cash and cash equivalents is managed through dealing with established financial institutions with high credit standing.

The vast majority of trade debtors relate to sales made in the local market, with R451 million (91,6%) (2015: R472 million (89%)) being denominated in South African Rands.

Trade receivables denominated in USD accounted for 8,2% (2015: 10%), and those in EUR accounted for 0,2% (2015: 0,2%)).

Receivables are presented net of impairment provisions. The risk arising on trade receivables is managed through a Group policy on the granting of credit limits, continual review and monitoring of these limits.

Capital management: The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital base of the business is viewed as being the shareholder equity and non-current liabilities amounting to R2 051,3 million (2015: R1 980,4 million).

Collateral

Finance lease receivable balances are secured over the electronic and office automation equipment leased. The Group does not hold any significant collateral other than electronic and office automation equipment securing finance lease receivable balances. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

During the period the Group did not obtain any assets by taking possession of any collateral held as security.

Repossessed electronic and office automation equipment is taken into stock and becomes available for lease or sale.

	2016 R000's	2015 R000's
Allowances for credit losses		
The movement in the allowance for impairment in respect of trade receivables during the period was as follows:		
Opening balance	**5 741**	3 682
Written off as irrecoverable	**(1 666)**	(303)
Disposal of subsidiary	**(258)**	(73)
Increase in allowance for impairment	**3 186**	3 357
Decrease in allowance for impairment	**(812)**	(922)
Closing balance	**6 191**	5 741
Past due but not impaired financial assets		
The following analysis reflects the aging of trade receivables as at year-end which have exceeded their credit terms, but have not been impaired.		
30+ days	**948**	55
60+ days	**332**	1 590
90+ days	**15 798**	16 752
120+ days	**12 818**	7 564
	29 896	25 961
The following analysis reflects the aging and remaining value of trade receivables as at year-end which are considered to have been impaired and against which an impairment for non-recovery has already been made.		
30+ days	**26**	–
60+ days	**–**	–
90+ days	**511**	413
120+ days	**4 493**	3 010
	5 030	3 423

In determining the impairments, the Group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts and customers placed under liquidation.

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

20 Financial instruments (continued)

	2016 R000's	2015 R000's
Cash flow and funding risk management		
This risk is managed through cash flow forecasts and ensures that adequate borrowing facilities are maintained. In terms of the memorandum of incorporation, the Group's borrowing powers are unlimited. Refer to note 26 for borrowing facilities.		
Categories of financial assets		
The carrying amount of financial assets, which also represent the maximum credit exposure and reasonably approximate their fair values, are as follows:		
Loans and receivables	**713 676**	786 629
Fair value through profit or loss (FECs)	**–**	3 670
Available for sale	**3 391**	3 644
	717 067	793 943

Reconciliation with line items presented in the consolidated statement of financial position:

	Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Non-financial assets R000's	Total R000's
2016					
Investments	**–**		**3 391**	**–**	**3 391**
Long-term receivables	**74 093**		**–**	**–**	**74 093**
Trade and other receivables	**610 281**	**–**	**–**	**44 115**	**654 396**
Cash and cash equivalents	**29 302**		**–**	**–**	**29 302**
	713 676	**–**	**3 391**	**44 115**	**761 182**
2015					
Investments	–		3 644	–	3 644
Long-term receivables	182 040		–	–	182 040
Trade and other receivables	604 152	3 670	–	33 033	640 855
Cash and cash equivalents	437		–	–	437
	786 629	3 670	3 644	33 033	826 976

	2016 R000's	2015 R000's
Categories of financial liabilities		
The carrying amount of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Measured at amortised cost	**1 074 602**	1 046 844
	1 074 602	1 046 844

	Measured at amortised cost R000's	Non-financial liability R000's	Total R000's
2016			
Interest-bearing liabilities – non-current	**4 149**	**–**	**4 149**
Interest-bearing liabilities – current	**38 733**	**–**	**38 733**
Trade and other payables	**483 956**	**5 900**	**489 856**
Bank overdrafts	**547 764**	**–**	**547 764**
	1 074 602	**5 900**	**1 080 502**
2015			
Interest-bearing liabilities – non-current	2 800	–	2 800
Interest-bearing liabilities – current	45 063	–	45 063
Trade and other payables	469 102	4 327	473 429
Bank overdrafts	529 879	–	529 879
	1 046 844	4 327	1 051 171

20 Financial instruments (continued)

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 31 March is summarised as follows:

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2016					
Assets					
Investments	–	3 391	–	–	3 391
Long-term receivables	–	99 191	–	–	99 191
Trade and other receivables	610 281	–	–	–	610 281
Cash and cash equivalents	29 302	–	–	–	29 302
Total financial assets	639 583	102 582	–	–	742 165
Liabilities					
Interest-bearing borrowings	38 733	4 149	–	–	42 882
Trade and other payables	478 187	–	–	–	478 187
Bank overdrafts	547 764	–	–	–	547 764
Total financial liabilities – non-derivatives	1 064 684	4 149	–	–	1 068 833
Trade and other payables	5 769	–	–	–	5 769
Total financial liabilities – derivatives	5 769	–	–	–	5 769
Net financial (liabilities)/assets	(430 870)	98 433	–	–	(332 437)

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2015					
Assets					
Investments	–	3 644	–	–	3 644
Long-term receivables	–	191 073	–	–	191 073
Trade and other receivables	607 822	–	–	–	607 822
Cash and cash equivalents	437	–	–	–	437
Total financial assets	608 259	194 717	–	–	802 976
Liabilities					
Interest-bearing borrowings	45 063	2 800	–	–	47 863
Trade and other payables	464 773	–	–	–	464 773
Bank overdrafts	529 879	–	–	–	529 879
Total financial liabilities – non-derivatives	1 039 715	2 800	–	–	1 042 515
Trade and other payables	4 329	–	–	–	4 329
Total financial liabilities – derivatives	4 329	–	–	–	4 329
Net financial (liabilities)/assets	(435 785)	191 917	–	–	(243 868)

Contractual undiscounted cash flows

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2016					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	**43 236**	**5 020**	**–**	**–**	**48 256**
Trade and other payables	**478 187**	**–**	**–**	**–**	**478 187**
Bank overdrafts	**605 365**	**–**	**–**	**–**	**605 365**
Total financial liabilities – non-derivatives	**1 126 788**	**5 020**	**–**	**–**	**1 131 808**
Trade and other payables	**5 769**	**–**	**–**	**–**	**5 769**
Total financial liabilities – derivatives	**5 769**	**–**	**–**	**–**	**5 769**
2015					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	49 490	3 318	–	–	52 808
Trade and other payables	464 773	–	–	–	464 773
Bank overdrafts	582 010	–	–	–	582 010
Total financial liabilities – non-derivatives	1 096 273	3 318	–	–	1 099 591
Trade and other payables	4 329	–	–	–	4 329
Total financial liabilities – derivatives	4 329	–	–	–	4 329

Fair value of financial instruments

The fair value of short-term financial assets and liabilities approximate their carrying values as disclosed in the consolidated statement of financial position.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities	Quoted prices for the instrument	Not applicable	Not applicable
Forward exchange contracts	Forward pricing: the fair value is determined using quoted prices.	Not applicable	Not applicable

20 Financial instruments (continued)

Fair value of financial instruments (continued)

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying value				
	Notes	Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Measured at amortised cost R000's	Total R000's
2016						
Financial assets measured at fair value						
Equity securities	13	—	—	3 391	—	3 391
Forward exchange contracts	17	—	—	—	—	—
Financial assets not measured at fair value						
Long-term receivables	14	74 093	—	—	—	74 093
Trade and other receivables	17	610 281	—	—	—	610 281
Cash and cash equivalents		29 302	—	—		29 302
		713 676	—	3 391	—	717 067
Financial liabilities measured at fair value						
Forward exchange contracts		—	(5 769)	—	—	(5 769)
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		—	—	—	(5 147)	(5 147)
Secured bank loans		—	—	—	—	—
Unsecured loans		—	—	—	(37 735)	(37 735)
Trade and other payables	21	—	—	—	(478 187)	(478 187)
Bank overdrafts	26	—	—	—	(547 764)	(547 764)
		—	(5 769)	—	(1 068 833)	(1 074 602)
2015						
Financial assets measured at fair value						
Equity securities	13	—		3 644	—	3 644
Forward exchange contracts	17	—	3 670	—	—	3 670
Financial assets not measured at fair value						
Long-term receivables	14	182 040	—	—	—	182 040
Trade and other receivables	17	604 152	—	—	—	604 152
Cash and cash equivalents		437	—	—	—	437
		786 629	3 670	3 644	—	793 943
Financial liabilities measured at fair value						
Forward exchange contracts		—	(4 329)	—	—	(4 329)
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		—	—	—	(4 481)	(4 481)
Secured bank loans		—	—	—	—	—
Unsecured loans		—	—	—	(43 382)	(43 382)
Trade and other receivables	21	—	—	—	(464 773)	(464 773)
Bank overdrafts	26	—	—	—	(529 879)	(529 879)
		—	(4 329)	—	(1 042 515)	(1 046 844)

Fair value			
Level 1 R000's	Level 2 R000's	Level 3 R000's	Total R000's
365	3 026	–	3 391
–	–	–	–
			74 093
			610 281
			29 302
365	3 026	–	717 067
–	(5 769)	–	(5 769)
			(5 147)
			–
			(37 735)
			(478 187)
			(547 764)
–	(5 769)	–	(1 074 602)
315	3 329		3 644
–	3 670	–	3 670
			182 040
			604 152
			437
315	6 999	–	793 943
–	(4 329)	–	(4 329)
			(4 481)
			–
			(43 382)
			(464 773)
			(529 879)
–	(4 329)	–	(1 046 844)

20 Financial instruments (continued)

Reclassification of financial assets

No financial assets were reclassified from fair value to at cost or amortised cost or vice-versa during the year.

Pledges of financial assets

No financial assets were pledged as collateral for liabilities or contingent liabilities.

Determination of fair value for financial assets and liabilities

Receivables are impaired based on the estimated credit losses on a debtor by debtor basis. Receivables and liabilities denominated in foreign currencies are restated based on the year-end exchange rate. Publically traded investments are revalued to their market values on an annual basis. Included in the Group's trade receivable balance are debtors which are past due at the reporting date for which the Group has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2016 R000's	2015 R000's
These "past due, but not impaired debtors" amount to:	**29 896**	25 961

Derecognition of financial assets

There has been no transfer by the Group of financial assets to any outside party where such financial assets do not qualify for derecognition.

Defaults and breaches on loans

There were no breaches or defaults on repayment of any loans payable during the current or prior period.

Market risk

Market risk is the risk that changes in the market prices such as foreign exchange rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the import of goods and raw materials; and
- interest rate caps to mitigate the risk of rising interest rates.

	2016 R000's	2015 R000's
The fair value of the derivatives at year-end, determined by marking-to-market of contracts, amounted to	**(5 769)**	(660)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Adequate liquidity is managed through the use of cash flow forecasts and by the maintenance of adequate borrowing facilities.

The Group is exposed to a number of risks including market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Sensitivity analysis

Equity price sensitivity analysis

The Group faces a equity risk in that it holds investments in both Old Mutual and Business Partners as disclosed under the investments note. Net profit/loss for the period would be unaffected by equity price volatility as revaluations to the equity investment are taken directly to equity.

Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk in the form of trade receivables and trade payables denominated in foreign currencies as well as related forward exchange contracts and customer foreign currency accounts. Details of the Group's exposure in this regard is contained in note 28 of these financial statements.

Interest rate sensitivity analysis

At year-end the Group's net interest-bearing borrowings amounted to R561 million (2015: R577 million). In the main the interest rates applicable to these loans are variable. Consequently, in the event of a 10% change in interest rates, (i.e. an increase of 1,05%) there will be an additional interest charge of R5,89 million (2015: R5,19 million) before tax.

21 Trade and other payables

	2016 R000's	2015 R000's
Trade payables	**318 902**	300 957
Fair value of outstanding foreign exchange contracts	**5 769**	4 329
Accruals and other current liabilities	**165 185**	168 143
	489 856	473 429
The operating lease liabilities are payable as follows:		
Less than one year (included under trade and other payables)	**(1 035)**	670
Between one and five years (shown separately as operating lease accruals on the balance sheet)	**864**	925
	(171)	1 595
Trade and other payables acquired through business combinations (refer to note 24).	**–**	6 673

22 Government grants

	2016 R000's	2015 R000's
Receivable balance for government grants brought forward	**38 486**	33 875
Total income from government grants, included in other income, recognised during the year amounted to	**33 933**	34 860
Total cash received during the year from government grants amounted to	**(33 469)**	(30 249)
Amount outstanding as at year-end	**38 950**	38 486

The government grants received related to the Production Incentive Scheme established by the Department of Trade and Industry.

Amounts outstanding at the year-end is included under Other receivables (refer to note 17).

There are no unfulfilled conditions or contingencies relating to the production incentive recognised.

23 Provisions

	2016 R000's	2015 R000's
Restructuring and retrenchment costs		
Carrying amount at beginning of the year	–	23 116
Additional provisions made in the year, including increases to existing provisions	5 705	–
Amounts utilised during the year	–	(23 116)
Carrying amount at end of the year	5 705	–

The Group concluded a restructure of its office automation operation that affected approximately 85 employees. Consultation commenced before year-end and was concluded during the first quarter of the 2017 financial year.

24 Business combinations

Subsidiaries acquired in the prior period include:

Subsidiary name	Acquisition date	Segment	Description	Voting power %	Revenue contributed to the Group R000's	Net profit/(loss) contribution to the Group R000's	Revenue contributed to the Group had the acquisition been effective on 1 April 2014 R000's	Net profit/(loss) contribution to the Group had the acquisition been effective on 1 April 2014 R000's
2016								
There were no acquisitions during the current period								
2015								
Limtech Biometric Solutions Proprietary Limited	1 Apr 2014	Branded Product Distribution	Provider of access security solutions, specialising in biometric fingerprint recognition	100	10 597	(859)	10 597	(859)
OfficeBox Proprietary Limited	1 Aug 2014	Branded Product Distribution	Online distributor of stationery	51	8 499	(1 496)	8 499	(1 496)

Consideration transferred

The following table summarises the consideration paid for the entities in the period, and the amount of the assets acquired and liabilities assumed recognised at the acquisition date.

	Branded Product Distribution R000's	Industrials R000's	Total R000's
2015			
Contingent consideration	1 400	–	1 400
Total consideration	1 400	–	1 400

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners a fixed amount based on future operational profits. The potential undiscounted amount of all future payments that the group could be required to make under this arrangement is between RNil and R1 530 000.

The fair value of the contingent consideration arrangement of R1 400 000 was estimated by applying a discount rate of 9,25%.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Branded Product Distribution R000's
2015	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property plant and equipment	93
Inventories	701
Trade and other receivables	3 211
Cash and cash equivalents	256
Trade and other payables	(6 673)
Bank overdrafts	(70)
Total identifiable net assets	(2 482)
Less non-controlling interest	815
Goodwill	3 067
Total consideration	1 400
Cash flow from this investing activity	
Less cash and cash equivalents in the business acquired	256
Add overdraft in the business acquired	(70)
Net cash inflow from investing operations	186

25 Leases

	Nominal Amount	
	2016 R000's	2015 R000's
The Group as Lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**22 721**	19 240
Between one and five years	**28 128**	36 565
More than five years	**1 596**	–
	52 445	55 805
The Group as Lessor		
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	**99 262**	95 111
Between one and five years	**139 881**	190 858
More than five years	**16 439**	9 568
	255 582	295 537

No future sublease payments are expected to be received under non-cancellable subleases.

No contingent rentals were recognised as income in the period.

The Group leases a number of premises as distribution warehouses, factory and retail facilities, as well as office equipment, motor vehicles and fork lifts under operating leases.

26 Borrowing facilities

	2016 R000's	2015 R000's
Available facility	**820 000**	825 000
Net utilised	**(547 764)**	(588 363)
Unutilised balance	**272 236**	236 637

These facilities have been secured in terms of note 32.

27 Directors' emoluments

Paid by a subsidiary company Name	Salary R000's	Bonus R000's	Retirement and medical aid contributions R000's	Share option expense R000's	Directors' fees R000's	Total R000's
2016						
Executive directors* **						
S A Queen (CEO)*	3 825	1 456	—	1 927	—	7 208
A M Ntuli	936	79	189	—	—	1 204
G D T Wege	1 757	783	256	608	—	3 404
D Duncan	2 691	275	364	491	—	3 821
	9 209	2 593	809	3 026	—	15 637
Non-executive directors						
J A Copelyn (Chairman)**	—	—	—	—	158	158
M H Ahmed	—	—	—	—	193	193
T G Govender**	—	—	—	—	112	112
L Govender	—	—	—	—	133	133
N B Jappie	—	—	—	—	150	150
R D Watson	—	—	—	—	150	150
Y Shaik	—	—	—	—	112	112
	—	—	—	—	1 008	1 008
						16 645
Executive committee members						
K Robson	1 538	600	52	256	—	2 446
I Morris	1 830	3 720	229	169	—	5 948
	3 368	4 320	281	425	—	8 394
						25 039
2015						
Executive directors* **						
S A Queen (CEO)*	3 551	3 201	—	3 190	—	9 942
A M Ntuli	886	75	172	—	—	1 133
G D T Wege	1 657	1 711	248	1 052	—	4 668
D Duncan	2 565	1 581	312	11		4 469
	8 659	6 568	732	4 253	—	20 212
Non-executive directors						
J A Copelyn (Chairman)**	—	—	—	—	144	144
M H Ahmed	—	—	—	—	167	167
L Govender	—	—	—	—	—	—
T G Govender**	—	—	—	—	103	103
N B Jappie	—	—	—	—	75	75
R D Watson	—	—	—	—	145	145
Y Shaik**	—	—	—	—	144	144
	—	—	—	—	778	778
Executive committee members						
K Robson	1 421	560	54	204	—	2 239
I Morris	1 742	3 799	208	—	—	5 749
	3 163	4 359	262	204	—	7 988
						28 978

27 Directors' emoluments (continued)

Additional disclosure in terms of the share options granted during the year:

	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Number of shares cancelled 000's	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2016							
Executive directors* **							
S A Queen (CEO)*	4 734	1 591	—	—	6 325	1,75	—
A M Ntuli	—	164	—	—	164	1,75	—
G D T Wege	2 677	668	—	—	3 345	1,75	—
D Duncan	2 627	891	—	—	3 518	1,75	—
Non-executive directors							
J A Copelyn (Chairman)**	—	—	—	—	—	—	—
M H Ahmed	—	—	—	—	—	—	—
L Govender	—	—	—	—	—	—	—
T G Govender**	—	—	—	—	—	—	—
R D Watson	—	—	—	—	—	—	—
N B Jappie	—	—	—	—	—	—	—
Y Shaik	—	—	—	—	—	—	—
2015							
Executive directors* **							
S A Queen (CEO)*	—	6 469	(1 735)	—	4 734	0,93	2,10
A M Ntuli	—	—	—	—	—	—	—
G D T Wege	—	3 052	(375)	—	2 677	1,01	2,10
D Duncan	—	2 627	—	—	2 627	1,54	—
Non-executive directors							
J A Copelyn (Chairman)**	—	—	—	—	—	—	—
N B Jappie	—	—	—	—	—	—	—
L Govender	—	—	—	—	—	—	—
M H Ahmed	—	—	—	—	—	—	—
T G Govender**	—	—	—	—	—	—	—
R D Watson	—	—	—	—	—	—	—
Y Shaik	—	—	—	—	—	—	—
Executive committee members							
K Robson	—	1 192	—	—	1 192	1,31	—
I Morris	—	1 315	(232)	—	1 083	1,53	2,10

	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Number of shares cancelled 000's	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2015							
Executive directors* **							
S A Queen (CEO)*	8 820	—	(2 000)	(6 820)	—	—	1,79
A M Ntuli	—	—	—	—	—	—	—
G D T Wege	2 773	—	—	(2 773)	—	—	—
D Duncan	2 047	—	(700)	(1 347)	—	—	1,79
Non-executive directors							
J A Copelyn (Chairman)**	—	—	—	—	—	—	—
N B Jappie	—	—	—	—	—	—	—
L Govender	—	—	—	—	—	—	—
M H Ahmed	—	—	—	—	—	—	—
T G Govender**	—	—	—	—	—	—	—
R D Watson	—	—	—	—	—	—	—
Y Shaik	—	—	—	—	—	—	—
Executive committee members							
K Robson	1 086	—	(250)	(836)	—	—	1,90
I Morris	1 549	—	(699)	(850)	—	—	1,80

* The remuneration of S A Queen is included in the managerial services provided by HCI referred to in note 30, Related parties.

** Ceded to HCI.

*** There is no distinction made in the remuneration packages of executive directors for services as directors and services for carrying on the business of the Group and/or subsidiary companies.

For the interest of directors in the company's share capital, please refer to the Analysis of Shareholders report.

Directors' interest in contracts is disclosed in note 30, Related parties.

The following table reflects the remuneration received by directors who also serve on the board of HCI and its subsidiaries for the year ended 31 March 2016:

Director	Board fees R000's	Salary R000's	Other benefits R000's	Share option expense R000's	Bonus R000's	Total 31 March 2016 R000's	Total 31 March 2015 R000's
J A Copelyn	–	6 114	877	3 488	2 751	13 230	13 906
T G Govender	–	3 183	607	1 500	525	5 815	6 389
Y Shaik	–	3 159	–	1 212	1 232	5 603	14 130
R D Watson	609	–	–	–	–	609	376
L Govender	283	–	–	–	–	283	–

28 Foreign currency commitments

	Currency	Uncovered R000's	Covered R000's	Total R000's
2016				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	–	**11**	**11**
	EUR	–	**1 630**	**1 630**
	USD	–	**53 609**	**53 609**
		–	**55 250**	**55 250**
Foreign payables	AUD	–	–	–
	EUR	–	**3 395**	**3 395**
	GBP	–	**1 004**	**1 004**
	USD	–	**107 182**	**107 182**
	CHF	–	**7**	**7**
		–	**111 588**	**111 588**
2015				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	518	–	518
	EUR	834	–	834
	USD	58 233	19 118	77 351
	GBP	–	–	–
		59 585	19 118	78 703
Foreign payables	AUD	–	–	–
	EUR	832	891	1 723
	GBP	873	11	884
	USD	65 438	14 616	80 054
	CHF	–	66	66
		67 143	15 584	82 727

Sensitivity analysis

All foreign currency receivables and payables were covered at year-end. Foreign exchange contracts are used as a natural hedge and hedge accounting was not applied.

	Currency	Spot rate 31 March 2016	Spot rate 31 March 2015	Average for the period
The exchange rates were as follows:				
	EUR	**16,89600**	13,04070	15,21460
	GBP	**21,20020**	18,00060	20,72240
	USD	**14,76370**	12,14780	13,77640

29 Commitments

	Capital expenditure		Contractual commitments	
	2016 R000's	2015 R000's	2016 R000's	2015 R000's
Investment Property	**20 807**	42 387	**–**	39 435
Land and buildings	**27 778**	–	**–**	–
Plant and equipment	**36 979**	57 189	**140**	–
Intangible assets	**2 539**	19 608	**3 253**	–
Business combinations	**–**	1 400	**–**	–
	88 103	120 584	**3 393**	39 435

The capital commitments are expected to be incurred during the coming financial year. Commitments will be funded through banking facilities.

30 Related parties

Transactions between Group companies

During the year, in the ordinary course of business, certain companies within the Group entered into transactions with one another. These intra-group transactions have been eliminated on consolidation.

Transactions with Hosken Consolidated Investments Limited ("HCI") (ultimate holding company), entities in which HCI has an interest and SACTWU (shareholder)

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2016 R000's	2015 R000's	2016 R000's	2015 R000's
SACTWU loan	**3 687**	7 508	**21 953**	68 070
HCI – loan from HCI	**(3 414)**	(2 936)	**(37 334)**	(33 920)
HCI – loan to HCI	**6 145**	5 003	**61 148**	55 003
Management fees paid				
HCI – managerial and secretarial services	**(4 200)**	(3 850)	**(399)**	(399)
Management fees received				
Formex Industries – a subsidiary of HCI	**1 380**	1 296	**141**	–
HCI Invest 8 HoldCo	**180**	–	**–**	–
Risk Management to HCI	**765**	813	**–**	–

SACTWU loan

The loan attracts interest at prime and will be repaid out of any cash payments or distributions receivable by SACTWU from eMedia Holdings Limited or HCI.

HCI loan

Loans between HCI and the Group attracted interest at prime.

The loan advanced to HCI during the year has no fixed terms of repayment.

30 Related parties (continued)

Transactions with companies with common directors or fellow subsidiaries of HCI

	Transaction values for the year ended 31 March Income/(Expense)		Balance outstanding as at 31 March Balance receivable/(owing)	
	2016 R000's	2015 R000's	2016 R000's	2015 R000's
Sale of goods and services				
Zenzeleni Clothing – a company of which J A Copelyn, T G Govender and A M Ntuli are directors	**8 545**	5 527	**3 941**	1 633
KWV South Africa Proprietarily Limited – HCI subsidiary	**260**	–	**143**	
Vukani Gaming Corporation Proprietary Limited – HCI subsidiary	**106**	–	**38**	–

Remuneration of key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration (all short-term benefits) paid by the Group to its key management personnel is as follows:

	2016 R000's	2015 R000's
Basic	**48 382**	57 301
Benefits	**7 732**	3 188
	56 114	60 489

A share incentive scheme has been implemented for key management personnel. See note 34 for further details.

The percentage of shares held by directors of the company and their related entities at the reporting date are disclosed in the Analysis of shareholders report on page 117.

31 Contingencies

There are no material contingencies at the date of signing this report.

32 Securitisation of assets

Security has been provided to a special purpose company (Seardel Security (Pty) Ltd ("SPV")), which has guaranteed the obligations of the Group companies in favour of The Standard Bank of South Africa Limited ("Standard Bank") for the facilities provided to Deneb and its subsidiary companies.

Sargas Proprietary Limited ("Sargas") and Prima Toy and Leisure Trading Proprietary Limited ("Prima") have indemnified the security SPV in respect of any claim which may be made against the security SPV.

Continuing Covering Mortgage Bonds ("CCMBs") have been registered in favour of the Security SPV in respect of Sargas's KwaZulu-Natal and Cape Town properties.

Prima has provided an unlimited security cession in favour of Standard Bank for rights to all book debts and other debts due.

Each group company, comprising the borrower group, has guaranteed the payment of all indebtedness of other group companies to Standard Bank in terms of an interlinking demand guarantee.

The impact of the above on the figures disclosed in the consolidated statement of financial position is as follows:

	Per consolidated statement of financial position R000's	Securitised R000's	Unsecuritised R000's
2016			
Property, plant and equipment	**746 935**	**723 935**	**23 000**
Investment property	**737 507**	**737 507**	**—**
Intangible assets	**22 263**	**—**	**22 263**
Other investments	**3 391**	**—**	**3 391**
Long-term receivables	**74 093**	**—**	**74 093**
Inventories	**683 732**	**—**	**683 732**
Trade and other receivables	**654 396**	**161 817**	**492 579**
Non-current assets held for sale	**2 175**	**—**	**2 175**
2015			
Property, plant and equipment	595 931	584 711	11 220
Investment property	766 804	766 804	—
Intangible assets	23 761	23 761	—
Other investments	3 644	3 644	—
Long-term receivables	182 040	181 882	158
Inventories	610 214	594 197	16 017
Trade and other receivables	640 855	624 588	16 267
Non-current assets held for sale	57 933	57 933	—

33 Events after year-end

The Group has entered into an agreement in terms of which it has acquired the entire issued share capital of Premier Rainwatergoods Proprietary Limited ("Premier"). The acquisition is in line with the Group's growth strategy and will allow Deneb to deepen its distribution channels within the industrial manufacturing segment. For further information, refer to SENS announcements dated 9 March 2016 and 24 May 2016.

Deneb has concluded an agreement with the Southern African Clothing and Textile Workers' Union ("SACTWU") in terms of which Deneb will acquire 133 507 226 Deneb ordinary shares from SACTWU at a price of R2,00 per Deneb Share. The agreement is subject to certain conditions precedent being fulfilled. For further information, refer SENS announcement dated 14 June 2016.

34 Share incentive scheme

Basis of accounting

The Deneb Share Incentive Scheme was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014.

Options were accounted for as equity-settled.

Equity-settled

The Deneb Share Incentive Scheme was established on 10 October 2014.

The Deneb Incentive Plan provides selected employees with the opportunity to acquire ordinary shares in Deneb Investments Limited, thereby ensuring that such employees are encouraged and motivated to pursue the continued growth and profitability of Group companies.

During the financial year 8 135 448 ordinary options (2015: 32 914 664) were allotted in terms of the Deneb Incentive Plan.

The exercise of the options by the employees is subject to them meeting performance targets relating to the profitability of the relevant business unit or division or Group profitability, as well as the continued employment of the employee as at the date on which the option is exercised, in which case the employee may exercise:

- 9 010 771 options issued on 14 October 2014 which refers to the Seardel Investment Corporation Limited ("Seardel") options issued on the 18 March 2010 and 16 July 2010 by Seardel and which vested immediately.
- 6 105 501 options issued on 14 October which relates to the 4 July 2011 issued Seardel options which vested on 4 July 2015.
- 7 235 388 options issued on 14 October 2014 which relating to the 20 June 2012 issued Seardel options which vest as follows:
  – up to 30% of the options granted vest immediately;
  – up to a further 30% of the option shares vest from the third anniversary date; and
  – the balance, namely 40% of the option shares, vest from the fourth anniversary date.
- 10 563 004 options issued on 27 January 2015 which vest as follows from the grant date:
  – up to 10% of the option shares from the first anniversary of the option date;
  – up to a further 20% of the option shares from the second anniversary date;
  – up to a further 30% of the option shares from the third anniversary date; and
  – the balance, namely 40% of the option shares, from the fourth anniversary date.
- 8 135 448 options issued on 29 June 2015 which vest as follows from the grant date:
  – up to 10% of the option shares from the first anniversary of the option date;
  – up to a further 20% of the option shares from the second anniversary date;
  – up to a further 30% of the option shares from the third anniversary date; and
  – the balance, namely 40% of the option shares, from the fourth anniversary date.

Options in issue are as follows:

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Life of option
S A Queen	14 October 2014	–	0	Immediately	3 years
	14 October 2014	546 457	53	Immediately	3 years
	14 October 2014	1 382 584	96	Continued employment	4 years
	14 October 2014	1 713 759	139	Continued employment	5 years
	27 January 2015	1 091 401	184	2 years' profitability and continued employment	8 years
	29 June 2015	1 591 233	175	2 years' profitability and continued employment	8 years
Total for S A Queen		6 325 434			
G D T Wege	14 October 2014	413 539	0	Immediately	3 years
	14 October 2014	227 691	53	Immediately	3 years
	14 October 2014	576 077	96	Continued employment	4 years
	14 October 2014	594 286	193	Continued employment	5 years
	27 January 2015	865 413	184	2 years' profitability and continued employment	8 years
	29 June 2015	668 258	175	2 years' profitability and continued employment	8 years
Total for G D T Wege		3 345 264			
D Duncan	14 October 2014	–	0	Immediately	3 years
	14 October 2014	159 383	53	Immediately	3 years
	14 October 2014	403 254	96	Continued employment	4 years
	14 October 2014	499 846	139	Continued employment	5 years
	27 January 2015	1 564 245	184	2 years' profitability and continued employment	8 years
	29 June 2015	891 388	175	2 years' profitability and continued employment	8 years
Total for D Duncan		3 518 116			
A M Ntuli	29 June 2015	164 099	175	2 years' profitability and continued employment	8 years
Total for A M Ntuli		164 099			
Other, not being directors	14 October 2014	3 532 655	0	Immediately	3 years
	14 October 2014	849 754	53	Immediately	3 years
	14 October 2014	2 230 569	96	Continued employment	4 years
	14 October 2014	3 252 512	139	Continued employment	5 years
	27 January 2015	7 041 945	184	2 years' profitability and continued employment	8 years
	29 June 2015	4 820 470	175	2 years' profitability and continued employment	8 years
Total other		**21 727 905**			
Total options in issue		**35 080 818**			

34 Share incentive scheme (continued)

Reconciliation of movements in options

	2016 R000's	2015 R000's
Opening balance	**28 146 932**	–
Awarded during the period	**8 135 448**	32 914 664
Exercised during the period	**(677 746)**	(3 264 288)
Options used for strike price	**(523 816)**	
Lapsed/forfeited during the period	**–**	(1 503 444)
Closing balance	**35 080 818**	28 146 932
Exercisable at year-end	**9 984 973**	5 966 041
Amount expensed during the year (included in employment costs)	**3 255 367**	6 261 203
Value of shares issued during the year	**573 313**	6 015 993
Weighted average share price of share options exercised during the year	**2,09**	1,84

The weighted average remaining contractual life of all potentially exercisable options amounts to 9,6 years.

Valuation methodology

The fair value of the options granted was determined as follows:

A stochastic model, based on the standard "binomial" options pricing model (which is mathematically consistent with the Black-Schöles-Merton model), but allows for the particular features of employee share options to be modelled realistically, was used.

The key principles of the Black-Schöles model are incorporated into this Actuarial Binomial Model. They include:

- risk-neutral valuation;
- the underlying share price is assumed to follow a log-normal distribution of returns;
- stock returns are independently distributed;
- a risk-free return can be earned and is known in advance;
- the market is efficient and thus an investor cannot make risk-free profits; and
- the underlying share price follows a Markov process, i.e. where the share price has been in the past does not have a bearing on where it will go in the future. All relevant information is contained in the share price at the grant date.

It follows then that if the actuarial binomial model is being used to value a call option that:

- can only be exercised on a single date;
- has no performance conditions or vesting period;
- has a constant volatility and dividend yield throughout its life; and
- may not be forfeited,

the value produced by the Actuarial Binomial Model will be exactly equal to that produced by the Black-Schöles formula.

The inability of the Black-Schöles formula to value American options was remedied by Cox, Ross and Rubinstein who devised a binomial lattice technique for valuing share options using the underlying financial economic principles of Black, Schöles and Merton.

The binomial model has proved over time to be the most flexible, intuitive and popular approach to option pricing. It is based on the simplification that over a single period (of possibly very short duration), the underlying asset can only move from its current price to two possible levels.

Using the concept of hedging to replicate the option value at each step (using a combination of a risky and risk-free asset), it is possible to calculate the value of the option by working recursively backwards from the expiry of the option.

The lattice provides a tremendously flexible framework for valuing employee share options. This is because the possible share price at each point over the option lifetime is considered. The framework also allows for the division of the option lifetime into distinct periods, e.g. vesting period, closed period and eligible exercise period.

Valuation assumptions

The model used for valuing the employee share option arrangements requires a number of financial assumptions to be made.

The main assumptions together with a detailed description of the derivation of each of these assumptions have been set out below.

Share price

The closing share price, as at the acceptance date of each option granted was, used as available on I-Net Bridge.

Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate with a term equal to the expected lifetime of the option. The Nominal Bond Curve as completed by the JSE Limited and obtained from I-Net Bridge was used. The rates used in the valuation are based on the yield curve provided at the acceptance date of each option granted. The Nominal Bond Curve was determined by the appropriate risk-free rate corresponding with the expected option lifetime of each grant.

Expected option lifetime

Our valuers have estimated the expected option lifetime by considering separately each of the tranches available within the grant. The expected lifetime was rounded to the nearest complete year.

Volatility of share price

Volatility is a measure of the amount by which a share price is expected to fluctuate during the lifetime of the option. The estimate of the expected volatility over the term of the option is a significant assumption needed in determining the fair value of an employee share option. To be consistent with the definition of volatility used in option pricing models and the requirements of IFRS 2, an annualised standard deviation of the continuously compounded rates of return of the share was used.

In terms of IFRS 2, some of the factors that need to be considered in estimating the expected volatility include:

- the historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option; and
- the tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility.

In order to estimate the share price volatility to be used in the valuation our valuers have considered the expected option lifetime of all the grants over the vesting period. As each grant is made up of four distinct tranches, being the staggered vesting periods, they have made use of the expected lifetime for each of these tranches.

Only share price data from 1 November 2008 has been considered due to the rights issue that occurred during October 2008.

Dividend yield

IFRS 2 requires an expected dividend or dividend yield to be taken into account in the valuation of share options in those arrangements where employees are not entitled to the dividend declared during the vesting period or the period before exercise. The dividend yield used should be the best estimate of the forward-looking dividend yield over expected life of the option, determined at the grant date. A dividend yield assumption of 0,00% has been used.

Employee turnover

The main effect of allowing for employee turnover is that, in respect of the proportion of employees who are assumed to leave before the option (or part of the option) vests, the cost of that option (or part of the option) would be zero.

34 Share incentive scheme (continued)

Employee turnover (continued)

A forfeiture rate of 5% per annum compound during the vesting period has been assumed. Our valuers' experience has been that employee turnover for staff included in share option schemes is generally between 5% and 15% although acknowledging that this varies between industries and sectors.

Further, where an employee leaves during the exercise period, he is assumed to exercise immediately if the option is "in-the-money". A withdrawal assumption of 5% per annum compound as above has again been used.

It should be noted that the assumption of employee turnover is a non-market condition and therefore, in accordance with IFRS 2, is adjusted during the period over which the expense is recognised (i.e. the vesting period). Each year, the employee turnover assumption should reflect the actual result of leavers in that year and to allow for the effect that actual experience would have on the future assumptions.

Ultimately, at the end of the particular vesting period, the actual number of options that eventually vest would need to have been expensed and the appropriate liability raised.

During the period over which the options vest, any differences in actual leavers to the assumption will be accounted for in the consolidated statement of comprehensive income at the end of the vesting period on a true-up basis.

Exercise behaviour

Option valuation theory implies that the optimal time to exercise the option (and maximise value) is generally towards the end of the allowable exercise period. However, individual behaviour often results in employees exercising their options relatively early (especially after a sudden share price rise), provided the options are "in-the-money".

Our valuers have relied on a fairly general assumption for exercise behaviour based on internal investigations and a wide set of data provided by their international colleagues.

The following assumptions were used to reflect exercise behaviour in any given year:

- one-third of scheme participants will exercise their options when they are 20% "in-the-money" (i.e. the share price is equal to 120% of the offer price);
- one-third of scheme participants will exercise their options when they are 50% "in-the-money" (i.e. the share price is equal to 150% of the offer price); and
- the remaining one-third of scheme participants will exercise their options at the theoretically "optimal" time.

35 New standards

At the date of authorisation of the financial statements, the following standards and interpretations that were applicable to the Group were in issue, but not yet effective:

Standard/Interpretation		Date issued by IASB (1)	Effective date
IFRS 15	Revenue from Contracts with Customers	May 2014	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 16	Leases	January 2016	1 January 2019

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have an impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 March 2017 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The above amendment will not have any material impact on the Group's results.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application. Early adoption is permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the consolidated statement of financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The group and company are assessing the potential impact on the financial statements resulting from the application of IFRS 16.

36 Non-controlling interest

In February 2016, the Group increased its shareholding in OfficeBox to 79,8% from 51% through a rights issue. The carrying amount of OfficeBox's net assets in the Group's financial statements on the date of the rights issue was negative R11,2 million and subsequent to the rights issue it was positive R3,1 million.

No dividends were paid to non-controlling interests ("NCI") during the current period (2015: Nil).

The Group recognised an increase in NCI of R6,1 million and an equal decrease in retained earnings attributable to owners of the Group.

	2016 R000's
Carrying amount of NCI before the rights issue	**(5 475)**
Carrying amount of NCI subsequent to rights issue	**631**
A decrease in equity attributable to owners of the group	**(6 106)**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI

	OfficeBox Proprietary Limited 2016 %	OfficeBox Proprietary Limited 2015 %
31 March 2016		
NCI percentage	**20,2**	49

	2016 R000's	2015 R000's
Non-current assets	**728**	1 875
Current assets	**4 836**	2 956
Non-current liabilities	**(99)**	–
Current liabilities	**(3 171)**	(2 746)
Net assets attributable to the shareholders of OfficeBox	**2 294**	2 085
Total carrying amount of NCI	**583**	(2 252)
Net assets attributable to the shareholders	**1 711**	4 337
Revenue	**16 188**	8 499
Loss for the year	**(7 302)**	(2 933)
Other comprehensive income for the year	**–**	–
Total comprehensive income	**(7 302)**	(2 933)
Loss allocated to NCI	**(3 271)**	(1 437)
Other comprehensive income allocated to NCI	**–**	–