Notes to the consolidated 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 2018 and comparative figures for the year ended 31 March 2017 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 the 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.

Basis of preparation

The consolidated financial statements are presented in South African Rand, which is the Company's functional currency and presentation 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.

Predecessor accounting

The internal reorganisation of the Group in 2014 represented a common control transaction as Hosken Consolidated Investment Limited ("HCI") was 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.

Acquisitions by the Group of entities which are under common control are accounted for using predecessor accounting. The assets and liabilities of the acquired entity are recognised at the predecessor values; therefore no restatement of the acquiree's assets and liabilities to fair value are required. The difference between the consideration transferred and the carrying value of the net assets is recorded in equity in a common control reserve; as a result no goodwill is recognised on acquisition. The consolidated financial statements incorporate the acquired entity's results from the first day of the month in which the transaction took place. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the prior period are also not restated.

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.

1. ACCOUNTING POLICIES (continued)

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.

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. The split between land and buildings is determined by external, independent property valuers. 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 that 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.

Properties classified as having a dual purpose, whereby part of the property is used for own-use activities and part is used as an investment property, are 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 property held for own use is insignificant. As an internal guide, where more than 25% of a property is internally tenanted, the property is classified as land and building.

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 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 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 in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. 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)

Non-financial assets (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 lass 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.

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 other comprehensive income ("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 the Group is in control of the entity. 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 Group withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Group 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 or 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 an other reserve except for impairment losses, which are expensed in profit or loss.

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 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 statement of cash flows. Cash and cash equivalents are measured at amortised cost.

Financial liabilities, trade and other payables

Non-derivative financial liabilities are recognised at amortised cost using the effective interest 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 statement of financial position.

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 reliably, 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.

1. ACCOUNTING POLICIES (continued)

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.

Rendering of services

Revenue in respect of services rendered is recognised in profit or loss as the services are rendered.

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 are calculated in accordance with Circular 4/2018 issued by the South African Institute of Chartered Accountants as required by the JSE Listings Requirements. 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 Rand 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 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 as 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 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. The 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.

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.

Retirement fund

The Group contributes to several defined contribution plans. Contributions to defined contribution funds are charged against profit or loss as incurred.

Share-based payment transactions

The Deneb Investments Long term Incentive Plan was established on 10 October 2014 and adopted by the Group and the employer companies on 13 October 2014. An initial tranche of first-allocation Deneb options totalling 22 531 660 have been granted to selected participants.

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.

The fair value of the employee share options is 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.

Tax deductions for the share-based payment transactions reflect the carrying amount of the share-based payment liability, which is measured at fair value under IFRS 2 (cash-settled arrangement) in the underlying participating subsidiaries.

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.

The segment report has been presented in note 4.

1. ACCOUNTING POLICIES (continued)

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 is 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.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the cost that they are intended to compensate.

Export incentives

Duty credit certificates used to procure foreign goods serve to adjust the total cost of imported goods. Where these are not required for own import, they are sold and the resulting income is recognised as other income.

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 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. If third party information, such as from an external property valuer, is used to measure fair values, then it is 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.

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 a 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 process 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 35 – Share-based payment arrangements

3. OPERATING PROFIT BEFORE IMPAIRMENTS, RESTRUCTURING AND REVALUATION OF INVESTMENT PROPERTY

	Continued		Discontinued		Total	
	2018	2017*	**2018**	2017*	**2018**	2017*
	R000's	R000's	**R000's**	R000's	**R000's**	R000's
The following items have been taken into account in determining operating profit for continuing and discontinued operations before impairments, restructuring and revaluation of investment property:						
Income						
Revenue						
– Sale of goods	**2 859 408**	2 530 325	**155 418**	190 501	**3 014 826**	2 720 826
– Rental income from investment property	**110 962**	106 165	**–**	–	**110 962**	106 165
– Dividend income – unlisted investments	**102**	113	**–**	–	**102**	113
– Services	**40 199**	41 073	**49 654**	49 500	**89 853**	90 573
Total revenue	**3 010 671**	2 677 676	**205 072**	240 001	**3 215 743**	2 917 677
Other income (expenses)						
– Government grants – production incentive	**12 244**	7 440	**11 720**	1 467	**23 964**	8 907
– Government grants – other	**743**	–	**–**	–	**743**	–
– Finance lease income	**16 392**	17 691	**–**	–	**16 392**	17 691
– Foreign exchange gains – realised	**5 919**	89	**–**	–	**5 919**	89
– Foreign exchange gains – unrealised	**8 192**	12 620	**–**	–	**8 192**	12 620
– Surplus on disposal of property, plant and equipment	**384**	1 512	**–**	–	**384**	1 512
– Loss on disposal of property, plant and equipment	**(966)**	(57)	**–**	–	**(966)**	(57)
– Insurance claim – loss of profits	**6 441**	–	**–**	–	**6 441**	–
– Foreign exchange losses – realised	**(26 012)**	(20 904)	**(71)**	–	**(26 083)**	(20 904)
– Foreign exchange losses – unrealised	**(20 974)**	(25 214)	**–**	–	**(20 974)**	(25 214)
– Other sundry income	**4 439**	4 028	**–**	3 970	**4 439**	7 998
Other income/(expenses)	**6 802**	(2 795)	**11 649**	5 437	**18 451**	2 642
Expenditure						
Cost of sales						
Material cost	**1 835 920**	1 552 113	**82 173**	92 984	**1 918 093**	1 645 097
Production labour	**152 795**	116 394	**10 949**	16 237	**163 744**	132 631
Production overheads	**257 177**	214 485	**50 656**	62 237	**307 833**	276 722
Direct costs associated with rental income	**38 768**	35 750	**–**	–	**38 768**	38 750
Quality cost	**11 034**	12 933	**10 133**	11 876	**21 167**	24 809
Cost of services	**29 228**	28 701	**37 910**	30 283	**67 138**	58 984
Cost of sales	**2 324 922**	1 960 376	**191 821**	213 617	**2 516 743**	2 173 993
Expenses by nature						
Amortisation	**3 922**	3 487	**–**	–	**3 922**	3 487
Bad debts – net of recoveries and reversals of allowance account	**1 182**	3 521	**6 185**	4 241	**7 367**	7 762
Bank charges	**4 691**	3 630	**126**	145	**4 817**	3 775
Total depreciation from owned assets	**42 809**	34 424	**4 217**	4 304	**47 026**	38 728
Total depreciation from leased assets	**1 950**	975	**–**	–	**1 950**	975
Total depreciation	**44 759**	35 399	**4 217**	4 304	**48 976**	39 703

	Continued		Discontinued		Total	
	2018	2017*	**2018**	2017*	**2018**	2017*
	R000's	R000's	**R000's**	R000's	**R000's**	R000's
Employment costs**	**594 240**	488 965	**31 925**	37 833	**626 165**	526 798
– Production	**266 738**	225 660	**10 948**	16 237	**277 686**	241 897
– Sales	**121 052**	108 144	**9 389**	10 644	**130 441**	118 788
– Admin	**206 450**	155 161	**11 588**	10 952	**218 038**	166 113
Operating lease charges – property	**41 304**	23 178	**–**	–	**41 304**	23 178
– equipment and vehicles	**5 911**	4 298	**–**	–	**5 911**	4 298
Technical and consulting fees	**7 303**	6 840	**1 495**	2 240	**8 798**	9 080
Legal provision	**–**	–	**12 500**	–	**12 500**	–
Write-down of inventory to net realisable value	**19 119**	9 527	**10 165**	–	**29 284**	9 527
Reversal of write-down of inventory to net realisable value	**(7 432)**	(771)	**–**	–	**(7 432)**	(771)

** Restated, refer to note 32*

***Includes contributions of R37 million (2017: R32,3 million) to medical, pension, provident and benefit funds*

These contributions are after a R9,9 million charge (2017: R9,8 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 R4,7 million (2017: R2,6 million).

4. SEGMENT REPORT

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

The CODM has identified four reportable segments of its business:

Reportable segments	Operations
Property	Vega Properties owns and manages a portfolio of industrial and commercial properties situated in KwaZulu-Natal, the Western Cape and Gauteng.
Industrials	Manufacturers of specialised industrial products for the mining, agricultural, construction and automotive industries. The businesses operating in this segment are Gold Reef Specialty Chemicals, Brits Nonwoven, Custom Extrusion, Integrated Polypropylene Products and Premier Rainwatergoods.
Textiles	Manufacturers of high-quality home textiles and cotton, worsted and polyester fabrics predominantly for the South African medical, hospitality and retail markets. The businesses operating in this segment are Winelands Textiles, Frame Knitting Manufacturers, Romatex Home Textiles and First Factory Shops.
Branded Product Distribution	This segment is responsible for the sourcing and distribution of branded products. The businesses operating in this segment include Prima Toys, Prima Interactive, The Empire Group, Seartec, Limtech, The Kid Zone, OfficeBox, Clever Little Monkey and Brand ID.

The CODM uses a measure of earnings before interest and tax and return on capital to assess the performance of the operating segments. The committee also receives information about the segments' balance sheet, revenue, margins and operations costs on a monthly basis.

There are varying levels of integration between all segments. This integration includes sales of goods and services, renting and development of industrial and commercial properties and shared head office services.

4. SEGMENT REPORT (continued)

	Gross revenue R000's	Inter-segment revenue R000's	External revenue R000's	Operating profit before taxation R000's	Interest revenue R000's	Interest expense R000's	Operating profit/(loss) before finance costs R000's	Depreciation R000's	Amortisation R000's	Impairments 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
Year ended 31 March 2018														
CONTINUED OPERATIONS														
Property	157 999	(47 038)	110 961	155 165	–	–	155 165	(4 031)	–	–	–	–	43 715	115 481
Branded Product Distribution	1 377 847	–	1 377 847	(20 901)	–	–	(20 901)	(7 833)	(1 973)	(1 063)	–	(1 278)	–	(8 754)
Textiles	555 912	–	555 912	6 300	–	–	6 300	(9 842)	–	–	–	(1 672)	–	17 814
Industrials	965 849	–	965 849	14 996	–	–	14 996	(22 439)	(1 872)	(450)	77	(129)	–	39 809
Centralised services	102	–	102	(139 792)	591	(93 733)	(46 650)	(614)	(77)	–	–	–	–	(45 959)
Total continued operations	3 057 709	(47 038)	3 010 671	15 768	591	(93 733)	108 910	(44 759)	(3 922)	(1 513)	77	(3 079)	43 715	118 391
DISCONTINUED OPERATIONS														
Branded Product Distribution	62 236	–	62 236	(20 578)	–	3	(20 581)	–	–	(6 600)	–	(3 668)	–	(10 313)
Textiles	142 836	–	142 836	(61 976)	–	(9 714)	(52 262)	(4 217)	–	(5 136)	–	(12 057)	–	(30 852)
Total discontinued operations	205 072	–	205 072	(82 554)	–	(9 711)	(72 843)	(4 217)	–	(11 736)	–	(15 725)	–	(41 165)
Total	3 262 781	(47 038)	3 215 743	(66 786)	591	(103 444)	36 067	(48 976)	(3 922)	(13 249)	77	(18 804)	43 715	77 226

										Geographical segments based on customer location					
										Revenue from external customers			Holdings of property, plant and equipment, investment property and intangible assets		
	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	Segment assets R000's	Segment liabilities R000's	Capital expenditure R000's	Consideration for business combinations R000's	South Africa R000's	Direct exports R000's	Total R000's	Within South Africa R000's	Outside South Africa R000's	Total R000's
Year ended 31 March 2018															
CONTINUED OPERATIONS															
Property	–	–	157	(367)	155 165	1 302 590	21 574	611	–	110 961	–	110 961	1 280 987	–	1 280 987
Branded Product Distribution	(18 080)	7 432	17	(63)	(31 460)	971 172	282 723	6 361	61 672	1 256 581	121 266	1 377 847	37 282	156	37 438
Textiles	–	–	188	(31)	10 554	435 953	202 221	41 049	–	520 794	35 118	555 912	161 509	–	161 509
Industrials	(1 039)	–	22	(474)	71 071	748 736	364 382	63 119	25 058	947 188	18 661	965 849	281 613	–	281 613
Centralised services	–	–	–	(31)	(116 547)	98 245	1 011 170	481	–	102	–	102	756	–	756
Total continued operations	(19 119)	7 432	384	(966)	88 783	3 556 696	1 882 070	111 621	86 730	2 835 626	175 045	3 010 671	1 762 147	156	1 762 303
DISCONTINUED OPERATIONS															
Branded Product Distribution	(4 317)	–	–	–	(20 578)	–	–	–	–	62 236	–	62 236	–	–	–
Textiles	(5 848)	–	–	–	(61 976)	–	–	–	–	142 836	–	142 836	–	–	–
Total discontinued operations	(10 165)	–	–	–	(82 554)	–	–	–	–	205 072	–	205 072	–	–	–
Total	(29 284)	7 432	384	(966)	6 229	3 556 696	1 882 070	111 621	86 730	3 040 698	175 045	3 215 743	1 762 147	156	1 762 303

4. SEGMENT REPORT (continued)

	Gross revenue R000's	Inter-segment revenue R000's	External revenue R000's	Operating profit before taxation R000's	Interest revenue R000's	Interest expense R000's	Operating profit/(loss) before finance costs R000's
Year ended 31 March 2017 (Restated)							
CONTINUED OPERATIONS							
Property	150 021	(43 856)	106 165	134 519	–	–	134 519
Branded Product Distribution	1 322 074	(4 811)	1 317 263	25 290	–	–	25 290
Textiles	611 394	–	611 394	(5 929)	–	–	(5 929)
Industrials	642 741	–	642 741	49 912	–	–	49 912
Centralised services	113	–	113	(93 447)	5 986	(75 930)	(23 503)
Total continued operations	2 726 343	(48 667)	2 677 676	110 345	5 986	(75 930)	180 289
DISCONTINUED OPERATIONS							
Branded Product Distribution	57 997	–	57 997	(10 705)	–	–	(10 705)
Textiles	182 004	–	182 004	(11 751)	–	(9 824)	(1 927)
Total discontinued operations	240 001	–	240 001	(22 456)	–	(9 824)	(12 632)
Total	2 966 344	(48 667)	2 917 677	87 889	5 986	(85 754)	167 657

	Depreciation R000's	Amortisation R000's	Impairments 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
Year ended 31 March 2017 (Restated)							
CONTINUED OPERATIONS							
Property	(4 182)	–	–	–	–	30 052	108 649
Branded Product Distribution	(8 101)	(1 736)	–	–	(1 195)	–	36 322
Textiles	(10 568)	–	–	–	(556)	–	5 195
Industrials	(12 427)	(1 577)	–	–	–	–	63 916
Centralised services	(121)	(174)	–	–	–	–	(23 208)
Total continued operations	(35 399)	(3 487)	–	–	(1 751)	30 052	190 874
DISCONTINUED OPERATIONS							
Branded Product Distribution	–	–	–	–	–	–	(10 705)
Textiles	(4 304)	–	–	–	–	–	2 377
Total discontinued operations	(4 304)	–	–	–	–	–	(8 328)
Total	(39 703)	(3 487)	–	–	(1 751)	30 052	182 546

	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	Segment assets R000's	Segment liabilities R000's	Capital expenditure R000's	Consideration for business combinations R000's
Year ended 31 March 2017									
CONTINUED OPERATIONS									
Property	–	–	–	(7)	134 519	1 238 511	19 516	9 191	–
Branded Product Distribution	(7 957)	89	–	(50)	19 358	904 240	228 275	7 271	–
Textiles	–	–	115	–	12 220	528 245	229 141	4 826	–
Industrials	(1 570)	682	1 397	–	47 827	451 142	174 317	24 359	77 897
Centralised services	–	–	–	–	(141 995)	137 951	945 860	332	–
Total continued operations	(9 527)	771	1 512	(57)	71 929	3 260 089	1 597 109	45 979	77 897
DISCONTINUED OPERATIONS									
Branded Product Distribution	–	–	–	–	(10 705)	–	–	–	–
Textiles	–	–	–	–	(11 751)	–	–	–	–
Total discontinued operations	–	–	–	–	(22 456)	–	–	–	–
Total	(9 527)	771	1 512	(57)	49 473	3 260 089	1 597 109	45 979	77 897

	Geographical segments based on customer location					
	Revenue from external customers			Holdings of property, plant and equipment, investment property and intangible assets		
	South Africa R000's	Direct exports R000's	Total R000's	Within South Africa R000's	Outside South Africa R000's	Total R000's
Year ended 31 March 2017						
CONTINUED OPERATIONS						
Property	106 166	–	106 166	1 218 050	–	1 218 050
Branded Product Distribution	1 224 648	92 615	1 317 263	47 393	250	47 643
Textiles	583 469	27 925	611 394	147 395	–	147 395
Industrials	627 888	14 853	642 741	162 832	–	162 832
Centralised services	112	–	112	2 377	–	2 377
Total continued operations	2 542 283	135 393	2 677 676	1 578 047	250	1 578 297
DISCONTINUED OPERATIONS						
Branded Product Distribution	57 997	–	57 997	–	–	–
Textiles	182 004	–	182 004	–	–	–
Total discontinued operations	240 001	–	240 001	–	–	–
Total	2 782 284	135 393	2 917 677	1 578 047	250	1 578 297

5. NET (IMPAIRMENT)/IMPAIRMENT REVERSAL OF ASSETS

Reconciliation of carrying amount

	2018 R000's	2017 R000's
The following impairments were recognised during the year:		
Category of asset		
Property, plant and equipment	**6 315**	–
Goodwill	**334**	–
Intangible assets	**6 600**	–
Total	**13 249**	–
Included in discontinued operations	**(11 736)**	–
Impairments from continuing operations	**1 513**	–
The following impairments were reversed during the year:		
Category of asset		
Property, plant and equipment	**77**	–
Total	**77**	–
Included in discontinued operations	**–**	–
Impairments reversed from continuing operations	**77**	–
Net impairments from continuing operations	**(1 436)**	–
Segmental reconciliation of impairments		
Textiles	**5 137**	–
Property, plant and equipment	**5 137**	–
Industrials	**450**	–
Property, plant and equipment	**450**	–
Branded products	**7 662**	–
Property, plant and equipment	**728**	–
Intangible assets	**6 934**	–
Total	**13 249**	–
Segmental reconciliation of reversal of impairments		
Industrials	**77**	–
Property, plant and equipment	**77**	–
Total	**77**	–

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 contain 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 makes 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 impairment reversal

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 uses cash flow projections approved by management. These cash flow forecasts cover four years and 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 entity-specific pre-tax discount rate. Projected cash flows were adjusted for each CGU's specific risks. The pre-tax discount rate was calculated as 18,73% for the current period (2017: 16,45%) with a terminal value growth rate of 4,0% (2017: 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.

The events and circumstances that led to the recognition of the impairment losses are as follows:

Poor results and/or budgeted future results triggered an assessment of realisable value.

The events and circumstances that led to the reversal of impairments are as follows:

Changes in the dynamics of the market in which certain businesses within the industrial segment operate, resulted in better than expected performances.

Impairment testing for CGUs containing goodwill

There were four CGUs containing goodwill in the current period.

The recoverable amount of these CGUs was based on value in use, estimated using discounted cash flows.

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.

	2018 **%**	2017 %
Average discount rate	**18,73**	16,45
Terminal value growth rate	**4,0**	4,5

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

Impairment testing for intangible assets with indefinite useful lives

There were no intangible assets with indefinite useful lives.

6. FINANCE INCOME AND EXPENSES

	2018 R000's	2017 R000's
Recognised in profit or loss		
Finance income		
Interest received from financial institutions	**474**	793
Interest received from related parties	**–**	4 854
Other interest received	**117**	339
	591	5 986
Finance expenses		
Interest paid on finance leases and instalment sale agreements	**983**	288
Interest paid to financial institutions	**91 355**	75 875
Interest paid to related parties	**9 852**	7 233
Other interest paid	**1 254**	2 358
Included in discontinued operations	**(9 711)**	(9 824)
	93 733	75 930

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

7. TAXATION AND DEFERRED TAXATION

	2018 R000's	2017* R000's
Income tax		
South African normal taxation		
– Current	**(14 688)**	(19 341)
– Prior year	**24**	1 079
Deferred taxation	**87 679**	(20 154)
	73 015	(38 416)
Reconciliation between actual and normal taxation rates**	**%**	%
Taxation as a percentage of loss before taxation	**109,3**	43,7
Prior period	**–**	1,2
Non-deductible items expenses***	**9,4**	(3,5)
Specific tax-deductible expenses	**(1,7)**	0,7
Capital gains tax on revaluation of investment property	**(3,7)**	1,9
Foreign entities with different tax rate	**0,9**	–
Previously unrecognised tax losses	**(86,2)**	–
Restricted recognition of tax loss	**–**	(16,0)
Normal taxation rate	**28,0**	28,0

* *Restated, refer to note 32*

** *Reconciliation is disclosed on a consolidated basis from both continued and discontinued operations*

****In calculating the tax expense for the current period, the Group has treated expenditures of R22,4 million as being non-deductible for tax purposes. These expenses relate predominantly to capital interest and penalties in terms of a dispute.*

	2018 R000's	2017* R000's
Deferred taxation		
Balance at beginning of the year	**74 175**	107 447
– Asset	**86 057**	112 607
– Liability	**(11 882)**	(5 160)
Balance brought in through business combination	**346**	(8 483)
– Capital allowances	**(9 203)**	(654)
– Tax losses	**6 235**	–
– Capital allowances on intangible asset	**–**	(7 799)
– Working capital differences	**3 314**	(30)
Current movements recognised in profit or loss	**87 679**	(20 154)
– Capital allowances	**(19 302)**	2 735
– Provision for post-employment medical aid benefits	**676**	758
– Tax losses recognised/(utilised) during the period	**48 476**	(33 907)
– Capital allowances on intangible asset	**(2 532)**	488
– Revaluations	**(9 792)**	(4 673)
– Revaluation surplus reversed	**4 234**	–
– Share incentive scheme	**572**	(323)
– Working capital differences	**65 347**	14 768
Current movements recognised in other comprehensive income/directly in equity:	**(7 058)**	(4 635)
– Provision for post-employment medical aid benefits	**1 431**	(366)
– Share incentive scheme	**1 263**	(267)
– Revaluations	**(9 752)**	(4 002)
Balance at the end of the year	**155 142**	74 175
– Asset	**162 284**	86 057
– Liability	**(7 142)**	(11 882)
Deferred tax assets and liabilities are attributable to the following:		
– Provision for post-employment medical aid benefits	**29 824**	27 718
– Working capital allowances	**102 777**	30 145
– Share incentive scheme	**5 601**	3 766
– Tax losses	**262 274**	219 008
– Capital allowances	**(100 082)**	(70 473)
– Capital allowances on intangible asset	**(2 461)**	(7 403)
– Revaluations	**(142 791)**	(128 586)
Net deferred tax at the end of the year	**155 142**	74 175

** Restated, refer to note 32*

Unrecognised tax losses, reflected at 28% of the underlying tax loss, exist in the following entities:		
Seartec Trading Proprietary Limited	**9 671**	–
Limtech Biometric Solutions Proprietary Limited	**3 916**	4 025
Winelands Textiles Proprietary Limited	**1 388**	5 252
OfficeBox Proprietary Limited	**4 164**	5 248

During the current period the Group acquired Formex Industries Proprietary Limited ("Formex"). Formex had an unrecognised deferred tax asset of R51,5 million at the acquisition date. Subsequent to acquisition the deferred tax asset was recognised when the forecast generated taxable income with the signing of new automotive contracts to support the asset.

The deferred tax assets include R163 million of recognised tax losses in Sargas Proprietary Limited.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on approved business plans and budgets.

8. DISCONTINUED OPERATIONS

Operations classified as discontinued operations relate to the following three businesses:

- Berg River Textiles, a division of Winelands Textiles.
- Outlying branches of the office automation business. the directors have decided to concentrate the business on the Gauteng market. Other outlying branches have already or are intended to be sold to external parties who will continue servicing customers in these regions. All the branches, other than Gauteng and the central administration office, are accounted for as discontinued operations.
- International leg of the branded sporting goods business.

The results of the discontinued operations have been separately disclosed on the face of the statement of profit or loss and other comprehensive income. Where practical, these results have been restated.

Results of discontinued operations

	2018 R000's	2017 R000's
Revenue	**205 072**	240 001
Cost of revenue	**(191 821)**	(213 617)
Gross profit	**13 251**	26 384
Other income	**11 649**	5 437
Distribution costs	**(30 467)**	(30 284)
Administrative and other expenses	**(39 815)**	(14 169)
Operating loss before impairments and restructuring and retrenchment costs	**(45 382)**	(12 632)
Impairment of assets	**(11 736)**	–
Restructuring and retrenchment costs	**(15 725)**	–
Operating loss before finance costs	**(72 843)**	(12 632)
Finance expenses	**(9 711)**	(9 824)
Loss before taxation	**(82 554)**	(22 456)
Income tax expense	**–**	–
Loss for the period from discontinued operations	**(82 554)**	(22 456)

Cash flows from/(used in) discontinued operations

Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	**(37 536)**	(9 581)
Net cash from investing activities	**–**	–
Net cash from financing activities	**–**	–
Net cash used in discontinued operations	**(37 536)**	(9 581)

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

9. EARNINGS OR (LOSS) PER SHARE

	Gross R000's	Net R000's	Number of shares 000's	Per share cents
2018				
Number of shares in issue				
Net number of shares			**431 337**	
Number of shares in issue – 31 March 2018			431 337	
Weighted-average number of shares				
Weighted average number of shares at 31 March 2018			**429 358**	
Shares as at 1 April 2017			428 622	
Effect of share options exercised			736	
Diluted average number of shares				
Diluted weighted average number of shares			**431 575**	
Weighted average number of shares			429 358	
Dilution effect of share options granted			2 217	
Earnings/(loss) per share				
Basic (loss)/earnings				
Profit attributable to equity holders of the parent		8 130	429 358	1,89
Continued operations		90 684		21,12
Discontinued operations		(82 554)		(19,23)
Diluted (loss)/earnings				
Profit attributable to equity holders of the parent		8 130	431 575	1,88
Continued operations		90 684		21,01
Discontinued operations		(82 554)		(19,13)
Headline earnings				
Reconciliation between profit and headline earnings				
Profit attributable to equity holders of the parent		8 130		
Impairment of assets	12 915	9 299		
Reversal of impairment of assets	(77)	(55)		
Remeasurement of investment property	(43 715)	(33 923)		
Surplus on disposal of property, plant and equipment	(384)	(277)		
Loss on disposal of property, plant and equipment	966	696		
Insurance claim for capital asset	(30)	(22)		
Impairment of goodwill	334	334		
Headline earnings		(15 818)	429 358	(3,68)
Continued operations		58 286		13,58
Discontinued operations		(74 104)		(17,26)
Diluted headline earnings		(15 818)	431 575	(3,67)
Continued operations		58 286		13,51
Discontinued operations		(74 104)		(17,17)
Adjustment for government grants				
Profit attributable to equity holders of the parent		8 130		
Deferred income released (net of tax)		(30 176)		
Government grant benefit for the period		30 176		
Adjusted profit attributable to equity holders of the parent		8 130		
Adjusted basic earnings		8 130	429 358	1,89
Continued operations		102 404		23,85
Discontinued operations		(94 274)		(21,96)
Adjusted headline (loss)/earnings		(15 818)	429 358	(3,68)
Continued operations		70 006		16,31
Discontinued operations		(85 824)		(19,99)

Issued shares

During the period, 2 715 629 shares were issued in terms of the Group's share incentive scheme.

9. EARNINGS OR (LOSS) PER SHARE (continued)

	Gross R000's	Net R000's	Number of shares 000's	Per share cents
2017				
Number of shares				
Net number of shares in issue			428 622	
Number of shares – 31 March 2017			428 622	
Weighted average number of shares				
Weighted average number of shares			494 817	
Shares as at 1 April 2016			561 490	
Effect on share buyback			(66 753)	
Effect of recapitalisation			–	
Effect of share options exercised			80	
Diluted-average number of shares				
Diluted weighted average number of shares			494 817	
Weighted average number of shares			494 817	
Dilution effect of share options granted			–	
Earnings/(loss) per share				
Basic profit				
Profit attributable to equity holders of the parent		50 410	494 817	10,19
Earnings from continued operations		72 866		14,73
Loss from discontinued operations		(22 456)		(4,54)
Diluted profit				
Profit attributable to equity holders of the parent		50 410	494 817	10,19
Earnings from continued operations		72 866		14,73
Loss from discontinued operations		(22 456)		(4,54)
Headline loss				
Reconciliation between profit and headline loss				
Profit attributable to equity holders of the parent		50 410		
Remeasurement of investment property	(30 052)	(23 320)		
Surplus on disposal of property, plant and equipment	(1 512)	(1 089)		
Loss on disposal of property, plant and equipment	57	41		
Headline earnings		26 042	494 817	5,26
Earnings from continued operations		48 498		9,80
Loss from discontinued operations		(22 456)		(4,54)
Diluted headline earnings		26 042	494 817	5,26
Earnings from continued operations		48 498		9,80
Loss from discontinued operations		(22 456)		(4,54)
Adjustment for government grants				
Profit attributable to equity holders of the parent		50 410		
Deferred income released (net of tax)		(15 231)		
Government grant benefit for the period		37 950		
Adjusted profit attributable to equity holders of the parent		73 129		
Adjusted basic earnings		73 129	494 817	14,78
Continued operations		97 052		19,61
Discontinued operations		(23 923)		(4,83)
Adjusted headline (loss)/earnings		48 761	494 817	9,85
Continued operations		72 684		14,69
Discontinued operations		(23 923)		(4,83)

Issued shares

During the period, 639 324 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
2018						
Cost/valuation at 31 March 2018		**373 421**	**675 292**	**101 418**	**29 687**	**1 179 818**
Opening balance		**458 643**	**564 226**	**98 262**	**21 301**	**1 142 432**
Additions		**610**	**82 164**	**17 533**	**11 176**	**111 483**
Acquisition through business combinations	24	**–**	**76 105**	**3 391**	**–**	**79 496**
Revaluations		**24 624**	**–**	**–**	**–**	**24 624**
Reclassification to investment property	11	**(110 456)**	**–**	**–**	**–**	**(110 456)**
Disposals		**–**	**(47 203)**	**(17 768)**	**(2 790)**	**(67 761)**
Accumulated depreciation and impairment at 31 March 2018		**–**	**298 953**	**56 642**	**10 797**	**366 392**
Opening balance		**–**	**299 955**	**62 189**	**9 570**	**371 714**
Current period depreciation		**3 950**	**32 399**	**9 353**	**3 274**	**48 976**
Revaluations		**(3 950)**	**–**	**–**	**–**	**(3 950)**
Impairment		**–**	**5 587**	**728**	**–**	**6 315**
Reversal of impairment		**–**	**(77)**	**–**	**–**	**(77)**
Disposals and assets reclassified as held-for-sale		**–**	**(38 911)**	**(15 628)**	**(2 047)**	**(56 586)**
Carrying value at 31 March 2018		**373 421**	**376 339**	**44 776**	**18 890**	**813 426**
Rate of (straight-line) depreciation	(%)	**0 – 3,5**	**10 – 20**	**4 – 7**	**20**	
Residual values	(%)	**40 – 65**	**0**	**0**	**20**	
2017						
Cost/valuation at 31 March 2017		458 643	564 226	98 262	21 301	1 142 432
Opening balance		434 075	553 552	96 150	16 514	1 100 291
Additions		3 279	15 969	13 551	5 453	38 252
Acquisition through business combination	24	–	3 468	156	2 369	5 993
Revaluations		21 289	–	–	–	21 289
Disposals		–	(8 763)	(11 595)	(3 035)	(23 393)
Accumulated depreciation and impairment at 31 March 2017		–	299 955	62 189	9 570	371 714
Opening balance		–	283 986	59 377	9 993	353 356
Current year depreciation		4 102	24 127	9 429	2 045	39 703
Revaluations		(4 102)	–	–	–	(4 102)
Disposals and assets reclassified as held for sale		–	(8 158)	(6 617)	(2 468)	(17 243)
Carrying value at 31 March 2017		458 643	264 271	36 073	11 731	770 718

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

	2018 R000's	2017 R000's
Cost	**186 334**	274 856
Accumulated depreciation	**(2 350)**	(2 017)
Carrying value	**183 984**	272 839
Reconciliation of cost of land and buildings:		
Opening cost at the beginning of the year	**274 856**	271 577
Additions	**610**	3 279
Reclassification to investment property	**(89 132)**	–
Closing cost at the end of the year	**186 334**	274 856

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
2018				
Cost	**1 137**	**–**	**15 752**	**16 889**
Accumulated depreciation	**(235)**	**–**	**(3 261)**	**(3 496)**
Carrying value at 31 March 2018	**902**	**–**	**12 491**	**13 393**
2017				
Cost	1 461	–	5 758	7 219
Accumulated depreciation	(754)	–	(2 162)	(2 916)
Carrying value at 31 March 2017	707	–	3 596	4 303

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 uses 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 the value in use, projected cash flows are discounted using the CGU's pre-tax discount rate.

The pre-tax discount rate was calculated as 18,73% for the current period (2017: 16,45%) with a terminal value growth rate of 4,0% (2017: 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 2018.

The fair value measurement of owner-occupied property of R373 million (2017: R459 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 2017	**458 643**
Additions	**610**
Reclassification to investment property	**(110 456)**
Disposals and depreciation	**(3 950)**
Revaluation straight to equity	
– Changes in fair value	**28 574**
Carrying value at 31 March 2018	**373 421**

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 2016	434 075
Additions	3 279
Disposals and depreciation	(4 102)
Revaluation straight to equity	
– Changes in fair value	25 391
Carrying value at 31 March 2017	**458 643**

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Range of inputs (weighted average) 2018	2017	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	**9 – 14,5%**	8,5 – 14%	The estimated fair value would increase/(decrease) if: • The capitalisation rate was higher (lower) (see sensitivity analysis below).
	• Occupation rate	**98 – 100%**	98 – 100%	• The decrease in the occupancy rate of 1% would decrease FV by R4,8 million.
	• Projected income	**R14 – R164/m² Based on 197 623m² lettable area**	R13 – R150/m² Based on 205 316m² lettable area	• If annual expected income was 1% higher or lower, the FV would increase/decrease with R4,8 million. When practicable, external evidence was used such as current market rents for properties with a similar nature, conditions and location.

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Sensitivity analysis on the fair value of owner-occupied buildings

The capitalisation rates for the fair value of the properties were between 9% and 14,5%. 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	
	2018	2017
	R000's	R000's
Increase of 1% in the capitalisation rate	**343 012**	419 386
Decrease of 1% in the capitalisation rate	**408 890**	507 556

Securitisation of assets

Refer to note 33, which relates to the security provided for the benefit of the Group's bankers.

11. Investment PropertiesReconciliation of carrying amount

	2018	2017
	R000's	R000's
Opening carrying value	**759 113**	737 507
Additions – Transfer from owner-occupied property to investment property	**110 456**	–
Additions	**20 968**	
Development cost	**–**	5 889
Fair value adjustments	**43 715**	30 052
Disposals	**(26 900)**	(14 335)
Closing carrying value	**907 352**	759 113

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

	2018	2017
Included in profit or loss:	**R000's**	R000's
Rental income from investment property	**110 962**	106 165
Direct operating expenses (including repairs and maintenance) relating to rental-generating properties	**25 829**	23 260
Direct operating expenses (including repairs and maintenance) relating to owner-occupied properties	**12 939**	12 490
Rates relating to rental-generating properties	**14 755**	11 930
Rates relating to owner-occupied properties	**4 551**	4 842

Capital commitments

See note 29 for details on commitments.

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 valuation was done on 31 March 2018.

The fair value measurement of investment property of R907 million (2017: R759 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 2017	**759 113**
Additions	**20 968**
Reclassification from owner-occupied property to investment property	**110 456**
Disposals	**(26 900)**
Gain included in profit or loss	
– Changes in fair value	**43 715**
Closing value at 31 March 2018	**907 352**
Opening value at 31 March 2016	737 507
Development cost and capitalised borrowing cost	5 889
Disposal	(14 335)
Gain included in profit or loss	
– Changes in fair value	30 052
Closing value at 31 March 2017	759 113

Valuation technique and significant unobservable inputs

Valuation technique	**Significant unobservable inputs**	**Range of inputs (weighted average)** 2018	2017	**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	**8 – 12%**	9 – 11%	The estimated fair value would increase/(decrease) if: • The capitalisation rate was higher (lower) (see sensitivity analysis below).
	• Occupation rate	**98 – 100%**	98 – 100%	• The decrease in the occupancy rate of 1% would decrease FV by R12,2 million.
	• Projected income	**R20 – R98/m² Based on 194 741m² lettable area**	R19 – R57/m² Based on 192 676m² lettable area	• If annual expected income was 1% higher or lower, the FV would increase/decrease with R12,2 million. When practicable, external evidence was used such as current market rents for properties with a similar nature, conditions and location.

11. INVESTMENT PROPERTIES (continued)

Sensitivity analysis on the fair value of investment buildings

The capitalisation rates for the fair value of the properties were between 8% and 12%. 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	
	2018	2017
	R000's	R000's
Increase of 1% in the capitalisation rate	**820 911**	689 053
Decrease of 1% in the capitalisation rate	**1 013 328**	843 895

Classification criteria

Properties classified as having a dual purpose, whereby part of the property is used for own-use activities and part is used as an investment property, are 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 property held for own use is insignificant. As an internal guide, where more than 25% of a property is internally tenanted, the property is classified as land and building.

Securitisation of assets

Refer to note 33, which relates to the security provided for the benefit of the Group's bankers.

12. INTANGIBLE ASSETS AND GOODWILL

	Notes	Brand names/ Trade-marks R000's	Customer-related intangible assets R000's	Software R000's	Licences R000's	Goodwill R000's	Total intangibles R000's
Cost at 31 March 2018		**14 250**	**29 072**	**1 534**	**21 263**	**61 054**	**127 173**
Opening balance		**11 080**	**28 852**	**1 622**	**21 206**	**26 012**	**88 772**
Assets acquired separately		**–**	**–**	**138**	**–**	**–**	**138**
Transfer between categories		**(57)**	**–**	**–**	**57**	**–**	**–**
Disposals and assets reclassified as held for sale		**–**	**–**	**(226)**	**–**	**–**	**(226)**
Additions through internal development		**(1)**	**220**	**–**	**–**	**–**	**219**
Acquired through business combinations	24	**3 228**	**–**	**–**	**–**	**35 042**	**38 270**
Accumulated amortisation and impairment at 31 March 2018		**6 113**	**3 449**	**1 072**	**13 960**	**2 582**	**27 176**
Opening balance		**4 599**	**1 577**	**791**	**7 327**	**2 248**	**16 542**
Current period amortisation		**1 514**	**1 872**	**503**	**33**	**–**	**3 922**
Disposals and assets reclassified as held for sale		**–**	**–**	**(222)**	**–**	**–**	**(222)**
Impairment losses recognised in profit and loss	5	**–**	**–**	**–**	**6 600**	**334**	**6 934**
Carrying value at 31 March 2018		**8 137**	**25 623**	**462**	**7 303**	**58 472**	**99 997**
Nature of useful lives		Finite	Finite	Finite	Finite		
Amortisation method		Straight-line	Straight-line	Straight-line	Straight-line		
Rate of amortisation		Period of contract	5%	20%	Period of licence		
Residual values		0%	0%	0%	0%		

	Notes	Brand names/ Trade-marks R000's	Customer-related intangible assets R000's	Software R000's	Licences R000's	Goodwill R000's	Total intangibles R000's
Cost at 31 March 2017		11 080	28 852	1 622	21 206	26 012	88 772
Opening balance		10 880	–	2 470	20 856	17 271	51 477
Assets acquired separately		200	1 000	288	350	–	1 838
Disposals and assets reclassified as held for sale		–	–	(1 136)	–	–	(1 136)
Acquired through business combinations	24	–	27 852	–	–	8 741	36 593
Accumulated amortisation and impairment at 31 March 2017		4 599	1 577	791	7 327	2 248	16 542
Opening balance		3 241	–	1 375	7 327	2 248	14 191
Current period amortisation		1 358	1 577	552	–	–	3 487
Disposals and assets reclassified as held for sale		–	–	(1 136)	–	–	(1 136)
Carrying value at 31 March 2017		6 481	27 275	831	13 879	23 764	72 230

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

Impairment testing for CGU's containing goodwill

There were four CGUs containing goodwill in the current period.

CGU in the Branded Product Distribution segment

The recoverable amount of the CGUs in this segment was based on value in use, estimated using discounted cash flows.

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.

	2018 %	2017 %
Average discount rate	**18,73**	16,45
Terminal value growth rate	**4,0**	4,5

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

CGU in the Industrial Manufacturing segment

The recoverable amount of the CGUs in this segment was based on value in use, estimated using discounted cash flows.

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.

	2018 %	2017 %
Average discount rate	**18,73**	16,45
Terminal value growth rate	**4,0**	4,5

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

13. OTHER INVESTMENTS

	2018 R000's	2017 R000's
Business Partners Limited (unlisted)	**4 237**	3 026
	4 237	3 026

	Number of shares	Number of shares
Business Partners Limited (unlisted)	**605 220**	605 220
	605 220	605 220
Investments are classified as available for sale and are reconciled as follows:		
Opening balance	**3 026**	3 391
Disposal	**–**	(365)
Revaluations	**1 211**	–
Closing balance	**4 237**	3 026

14. LONG-TERM RECEIVABLES

Reconciliation of carrying amount

	2018 R000's	2017 R000's
Net investment in finance leases	**56 780**	88 349
	56 780	88 349

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 non-current receivable financial assets during the current or prior years.

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
2018			
Lease payments receivable			
– Not later than one year	**50 143**	**7 120**	**43 023***
– Later than one year not later than five years	**72 962**	**16 182**	**56 780**
– Later than five years	**–**	**–**	**–**
	123 105	**23 302**	**99 803**
2017			
Lease payments receivable			
– Not later than one year	57 210	14 895	42 315*
– Later than one year not later than five years	97 394	9 045	88 349
– Later than five years	–	–	–
	154 604	23 940	130 664

** Included in trade and other receivables*

Interest is charged up to 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:

	2018 R000's	2017 R000's
Land and buildings	**510**	935
Plant and machinery	**570**	1 050
	1 080	1 985

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

	Textiles R000's	**Industrials R000's**	**Property R000's**	**Total R000's**
2018				
Land and buildings	**–**	**–**	**510**	**510**
Plant and machinery	**–**	**570**	**–**	**570**
	–	**570**	**510**	**1 080**
2017				
Land and buildings	–	–	935	935
Plant and machinery	–	1 050	–	1 050
Motor vehicles	–	–	–	–
	–	1 050	935	1 985

Reconciliation of carrying amount

	Land and buildings 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**
Carrying value at 31 March 2017	**935**	**1 050**	**–**	**–**	**1 985**
Disposal	**(425)**	**(480)**	**–**	**–**	**(905)**
Carrying value at 31 March 2018	**510**	**570**	**–**	**–**	**1 080**
Carrying value at 31 March 2016	935	1 240	–	–	2 175
Disposal	–	(190)	–	–	(190)
Carrying value at 31 March 2017	935	1 050	–	–	1 985

Land and building

The directors of Vega Properties, a division of Sargas (Pty) Ltd, decided to sell the remaining residential properties. These properties are regarded as non-core assets. There are several interested parties and the sale is expected to be completed within the next financial year.

Plant and equipment

The directors of Brits Nonwoven (Pty) Ltd have identified plant and machinery that are no longer required. The assets have been placed on the market and the sale is expected to be completed by September 2018.

16. INVENTORIES

	2018 R000's	2017 R000's
Raw materials and consumables	**155 792**	171 353
Work-in-progress	**40 232**	57 228
Finished goods	**484 911**	478 372
	680 935	706 953
Inventories stated at net realisable value	**256 176**	243 047
Write-down of inventory to net realisable value during the year	**29 284**	9 527
Reversals of previous write-down of inventory to net realisable value during the year*	**(7 432)**	(771)

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

17. TRADE AND OTHER RECEIVABLES

	2018 R000's	2017 R000's
Trade receivables	**608 004**	485 267
Lease receivables (refer to note 14)	**43 023**	42 315
Other receivables	**89 541**	115 728
Fair value of outstanding foreign exchange contracts	**239**	14 332
Prepayments	**45 865**	42 553
Trade and other receivables	**786 672**	700 195

Carrying values approximate fair values for all classes.

Other receivables		
Income receivable from Production Incentive programme (refer to note 22)	**35 673**	57 873
Lease smoothing asset	**10 904**	13 292
VAT	**9 392**	15 830
Insurance claim receivable	**7 724**	–
Deposits	**8 775**	5 897
Sundry debtors	**17 073**	22 836
	89 541	115 728

Securitisation of assets

Refer to note 33, which relates to the security provided to the Group's bankers.

18. STATED CAPITAL

	2018 R000's	2017 R000's
Authorised		
10 000 000 000 (2017: 10 000 000 000) ordinary shares at no par value	**–**	–
Each ordinary share has the right to one vote at general meetings.		
Issued stated capital		
431 337 345 (2017: 428 621 716) ordinary shares of no par value	**1 452 264**	1 449 653
Balance at beginning of year – 428 621 716 (2017: 561 489 618)	**1 449 653**	1 717 286
Share buyback during the year – Nil (2017: 133 507 226)	**–**	(268 785)
Issued during the year – 2 715 629 (2017: 639 324)	**2 611**	1 152
	1 452 264	1 449 653

Issue of shares

Current period

During the period, 2 715 629 shares were issued in terms of the Group's share incentive scheme.

Prior period

During the period, 639 325 shares were issued in terms of the Group's share incentive scheme.

Deneb concluded an agreement with the Southern African Clothing and Textile Workers' Union ("SACTWU") in terms of which Deneb acquired 133 507 226 Deneb shares from SACTWU at a price of R2,00 per Deneb share.

Reserved under options (see note 35)

53 977 647 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.
- 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.

19. POST-EMPLOYMENT MEDICAL AID BENEFITS (continued)

	2018 R000's	2017 R000's
Amounts recognised in the statement of profit or loss and other comprehensive income:		
Current service cost	**376**	369
Interest on the obligation	**9 503**	9 447
Effect of curtailment or settlement		–
Total included in staff costs	**9 879**	9 816
Reconciliations in the net liability recognised in the balance sheet are as follows:		
Liability at the beginning of year	**98 992**	97 592
Net expense recognised in profit or loss	**9 879**	9 816
Contributions from employer	**(7 466)**	(7 109)
Actuarial losses/(gains) recognised in other comprehensive income – changes from financial assumptions	**5 110**	(1 307)
Liability in the balance sheet	**106 515**	98 992
Represented by		
Liability due within 12 months	**7 619**	7 131
Liability due after 12 months	**98 896**	91 861
	106 515	98 992
Present value of unfunded obligations	**106 515**	98 992
Fair value of plan assets	**–**	–
Recognised liability for defined benefit obligations	**106 515**	98 992

Forecast reconciliation of the plan to 31 March 2019 is as follows:	2019 R000's
Liability at 31 March 2018	106 515
Net expense in the statement of profit or loss and other comprehensive income	9 826
Contributions	(7 950)
Forecast liability at 31 March 2019	108 391

Trend information

		2018	2017
Principal actuarial assumptions at the reporting date:			
Discount rate	(%)	**8,88**	9,60
Medical inflation	(%)	**8,23**	8,23
Sensitivity of results			
A 1% increase in medical aid inflation would result in:			
– An increase in the accrued liability of	(R000's)	**11 220**	10 192
	(%)	**10,53**	10,30
– An increase in the service and interest cost of	(R000's)	**1 066**	1 047
	(%)	**10,79**	10,60
A 1% decrease in medical aid inflation would result in:			
– A decrease in the accrued liability of	(R000's)	**(9 621)**	(8 756)
	(%)	**(9,03)**	(8,80)
– A decrease in the service and interest cost of	(R000's)	**(911)**	(896)
	(%)	**(9,22)**	(9,10)
A 1% decrease in the discount rate would result in:			
– An increase in the accrued liability of	(R000's)	**11 238**	10 154
	(%)	**10,55**	10,30
A 1% increase in the discount rate would result in:			
– A decrease in the accrued liability of	(R000's)	**(9 470)**	(8 581)
	(%)	**(8,89)**	(8,70)

The sensitivity of the defined benefit obligations has been calculated using the same method and actuarial assumptions which have been applied as when calculating the defined benefit liability recognised in the balance sheet.

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.

20. FINANCIAL INSTRUMENTS (continued)

Interest-bearing liabilities

	Final repayment dates	Average rate of interest p.a.	2018 R000's	2017 R000's
Secured				
Instalment sale and finance lease agreements	2022	Prime	**19 009**	8 981
Loans from financial institutions	2023	Prime less 1,265	**740 099**	650 000
			759 108	658 981
Unsecured				
HCI Treasury Proprietary Limited*		Prime	**99 397**	100 487
			99 397	100 487
Total interest-bearing liabilities			**858 505**	759 468
Current portion of interest-bearing liabilities			**169 972**	52 716
Non-current portion of interest-bearing liabilities			**688 533**	706 752

* *The lender provided the unconditional right for repayment to occur 12 months after the reporting date*

Instalment sales and finance lease agreements are payable as follows:

	Principal R000's	Interest R000's	Gross instalments R000's
2018			
Less than one year	**5 679**	**1 640**	**7 319**
Between one and five years	**13 330**	**2 552**	**15 882**
Later than five years	**–**	**–**	**–**
	19 009	**4 192**	**23 201**
2017			
Less than one year	2 716	163	2 879
Between one and five years	6 265	170	6 435
Later than five years	–	–	–
	8 981	333	9 314

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. Trade exports are hedged using forward exchange contracts and customer foreign currency accounts. Forward exchange contracts ("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 (R57,4 million (2017: R15,3 million)), Shoprite Holdings Limited (R28,6 million (2017: R3,9 million)), Massmart Limited (R74,1 million (2017: R.64,2 million)), Edcon Limited (R7,2 million (2017: R22,4 million)) and Clicks Group Limited (R23,9 million (2017: R11,9 million)). Total trade debt in respect of sales to government and various municipalities was R13,3 million (2017: R19,22 million) as at 31 March 2018.

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 R584 million (96,2%) (2017: R458 million (98%)) being denominated in South African Rands.

Trade receivables denominated in US Dollar accounted for 3,8% (2017: 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. The company is jointly and severally liable in respect of third-party liabilities incurred by subsidiary companies.

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 interest-bearing liabilities amounting to R2 362 million (2017: R2 370 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.

Allowances for credit losses	**2018 R000's**	2017 R000's
The movement in the allowance for impairment in respect of trade receivables during the period was as follows:		
Opening balance	**20 744**	6 191
Written off as irrecoverable	**(416)**	(777)
Increased through business combinations	**53**	–
Increase in allowance for impairment	**10 418**	16 112
Decrease in allowance for impairment	**(1 982)**	(782)
Closing balance	**28 817**	20 744
Past due 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	**9 716**	1 838
60+ days	**6 336**	6 697
90+ days	**16 150**	7 082
120+ days	**31 096**	25 129
	63 298	40 746
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	**–**	306
60+ days	**292**	169
90+ days	**1 738**	164
120+ days	**12 263**	8 662
	14 293	9 301

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

20. FINANCIAL INSTRUMENTS (continued)

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.

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:

	2018 R000's	2017 R000's
Loans and receivables	**829 623**	786 587
Fair value through profit or loss (forward exchange contracts)	**239**	14 332
Available for sale	**4 237**	3 026
	834 099	803 945

Reconciliation with line items presented in the balance sheet:

	Loans and receivables R000's	**Fair value through profit or loss** R000's	**Available for sale** R000's	**Non-financial asset** R000's	**Total** R000's
2018					
Investments	**–**	**–**	**4 237**	**–**	**4 237**
Long-term receivables	**56 780**	**–**	**–**	**–**	**56 780**
Trade and other receivables	**731 176**	**239**	**–**	**55 257**	**786 672**
Cash and cash equivalents	**41 667**	**–**	**–**	**–**	**41 667**
	829 623	**239**	**4 237**	**55 257**	**889 356**
2017					
Investments	–	–	3 026	–	3 026
Long-term receivables	88 349	–	–	–	88 349
Trade and other receivables	627 480	14 332	–	58 383	700 195
Cash and cash equivalents	70 758	–	–	–	70 758
	786 587	14 332	3 026	58 383	862 328

	2018 R000's	2017 R000's
Categories of financial liabilities		
The carrying amount of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Fair value through profit or loss (forward exchange contracts)	**4 240**	2 737
Measured at amortised cost	**1 595 127**	1 326 230
	1 599 367	1 328 967

Reconciliation with line items presented in the balance sheet:

	Fair value through profit or loss R000's	Measured at amortised cost R000's	Non-financial liability R000's	Total R000's
2018				
Interest-bearing liabilities – non-current	**–**	**688 533**	**–**	**688 533**
Interest-bearing liabilities – current	**–**	**169 972**	**–**	**169 972**
Trade and other payables	**4 240**	**592 746**	**7 900**	**604 886**
Bank overdrafts	**–**	**143 876**	**–**	**143 876**
	4 240	**1 595 127**	**7 900**	**1 607 267**
2017				
Interest-bearing liabilities – non-current	–	706 752	–	706 752
Interest-bearing liabilities – current	–	52 716	–	52 716
Trade and other payables	2 737	488 638	7 719	499 094
Bank overdrafts	–	78 124	–	78 124
	2 737	1 326 230	7 719	1 336 686

Maturity profile of financial instruments

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

	0 – 12 months R000's	1 – 3 years R000's	Total R000's
2018			
Assets			
Investments	**–**	**4 237**	**4 237**
Long-term receivables	**–**	**72 962**	**72 962**
Trade and other receivables	**731 415**	**–**	**731 415**
Cash and cash equivalents	**41 667**	**–**	**41 667**
Total financial assets	**773 082**	**77 199**	**850 281**
Liabilities			
Interest-bearing borrowings	**169 972**	**688 533**	**858 505**
Trade and other payables	**592 746**	**–**	**592 746**
Bank overdrafts	**143 876**	**–**	**143 876**
Total financial liabilities – non-derivatives	**906 594**	**688 533**	**1 595 127**
Trade and other payables	**4 240**	**–**	**4 240**
Total financial liabilities – derivatives	**4 240**	**–**	**4 240**
Net financial (liabilities)/assets	**(137 752)**	**(611 334)**	**(749 086)**

20. FINANCIAL INSTRUMENTS (continued)

	0 – 12 months R000's	1 – 3 years R000's	Total R000's
2017			
Assets			
Investments	–	3 026	3 026
Long-term receivables	–	94 129	94 129
Trade and other receivables	641 812	–	641 812
Cash and cash equivalents	70 758	–	70 758
Total financial assets	712 570	97 155	809 725
Liabilities			
Interest-bearing borrowings	52 716	706 752	759 468
Trade and other payables	491 375	–	491 375
Bank overdrafts	78 124	–	78 124
Total financial liabilities – non-derivatives	622 215	706 752	1 328 967
Trade and other payables	–	–	–
Total financial liabilities – derivatives	–	–	–
Net financial (liabilities)/assets	90 355	(609 597)	(519 242)

Contractual undiscounted cash flows

	0 – 12 months R000's	1 – 3 years R000's	Total R000's
2018			
Liabilities – contractual undiscounted cash flows			
Interest-bearing borrowings	**251 530**	**819 354**	**1 070 884**
Trade and other payables	**592 746**	**–**	**592 746**
Bank overdrafts	**157 544**	**–**	**157 544**
Total financial liabilities – non-derivatives	**1 001 820**	**819 354**	**1 821 174**
Trade and other payables	**4 240**	**–**	**4 240**
Total financial liabilities – derivatives	**4 240**	**–**	**4 240**
2017			
Liabilities – contractual undiscounted cash flows			
Interest-bearing borrowings	124 865	841 035	965 900
Trade and other payables	491 375	–	491 375
Bank overdrafts	163 649	–	163 649
Total financial liabilities – non-derivatives	779 889	841 035	1 620 924
Trade and other payables	–	–	–
Total financial liabilities – derivatives	–	–	–

Fair value of financial instruments

The fair value of short term financial assets and liabilities approximate their carrying values as disclosed in the balance sheet.

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 balance sheet, 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

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.

The borrowings which impact the Group's cash flows can be summarised as follows:

		2018					
			Financing cash flows per statement of cash flows				
Reconciliation of liabilities arising from finance activities	Notes	**Opening carrying value R'000**	**Increase in borrowings R'000**	**Borrowings repaid R'000**	**Business combinations R'000**	**Other R'000**	**Closing carrying value R'000**
Unsecured loans	20	**100 487**	**5 000**	**(41 000)**	**25 058**	**9 852**	**99 397**
Secured loans	20	**658 981**	**2 314**	**(14 374)**	**122 039**	**(9 852)**	**759 108**
		759 468	**7 314**	**(55 374)**	**147 097**	**–**	**858 505**
Bank overdraft		**78 124**	**–**	**–**	**–**	**–**	**143 876**
Total interest-bearing liabilities		**837 592**	**–**	**–**	**–**	**–**	**1 002 381**

20. FINANCIAL INSTRUMENTS (continued)

		Carrying value					Fair 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	Level 1 R000's	Level 2 R000's	Level 3 R000's	Total R000's
2018										
Financial assets measured at fair value										
Equity securities	13	**–**	**–**	**4 237**	**–**	**4 237**	**–**	**4 237**	**–**	**4 237**
Forward exchange contracts	17	**–**	**239**	**–**	**–**	**239**	**–**	**239**	**–**	**239**
Financial assets not measured at fair value										
Long-term receivables	14	**56 780**	**–**	**–**	**–**	**56 780**				**56 780**
Trade and other receivables	17	**731 176**	**–**	**–**	**–**	**731 176**				**731 176**
Cash and cash equivalents		**41 667**	**–**	**–**	**–**	**41 667**				**41 667**
		829 623	**239**	**4 237**	**–**	**834 099**	**–**	**4 476**	**–**	**834 099**
Financial liabilities measured at fair value										
Forward exchange contracts		**–**	**(4 240)**	**–**	**–**	**(4 240)**	**–**	**(4 240)**	**–**	**(4 240)**
Financial liabilities not measured at fair value										
Instalment sale and finance lease agreements		**–**	**–**	**–**	**(19 009)**	**(19 009)**				**(19 009)**
Secured bank loans		**–**	**–**	**–**	**(740 099)**	**(740 099)**				**(740 099)**
Unsecured loans		**–**	**–**	**–**	**(99 397)**	**(99 397)**				**(99 397)**
Trade and other payables	21	**–**	**–**	**–**	**(592 746)**	**(592 746)**				**(592 746)**
Bank overdrafts	26	**–**	**–**	**–**	**(143 876)**	**(143 876)**				**(143 876)**
		–	**(4 240)**	**–**	**(1 595 127)**	**(1 599 367)**	**–**	**(4 240)**	**–**	**(1 599 367)**
2017										
Financial assets measured at fair value										
Equity securities	13	–	–	3 026	–	3 026	–	3 026	–	3 026
Forward exchange contracts	17	–	14 332	–	–	14 332	–	14 332	–	14 332
Financial assets not measured at fair value										
Long-term receivables	14	88 349	–	–	–	88 349				88 349
Trade and other receivables	17	627 480	–	–	–	627 480				627 480
Cash and cash equivalents		70 758	–	–	–	70 758				70 758
		786 587	14 332	3 026	–	803 945	–	17 358	–	803 945
Financial liabilities measured at fair value										
Forward exchange contracts		–	(2 737)	–	–	(2 737)	–	(2 737)	–	(2 737)
Financial liabilities not measured at fair value										
Instalment sale and finance lease agreements		–	–	–	(8 981)	(8 981)				(8 981)
Secured bank loans		–	–	–	(650 000)	(650 000)				(650 000)
Unsecured loans		–	–	–	(100 487)	(100 487)				(100 487)
Trade and other payables	21	–	–	–	(488 638)	(488 638)				(488 638)
Bank overdrafts	26	–	–	–	(78 124)	(78 124)				(78 124)
		–	(2 737)	–	(1 326 230)	(1 328 967)	–	(2 737)	–	(1 328 967)

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

Refer to note 33 for securitisation of assets.

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. Publicly-traded investments are revalued to their fair 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.

	2018 **R000's**	2017 R000's
These "past due, but not impaired debtors" amount to:	**74 990**	40 746

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 the repayment of any loans payable during the current or prior period.

Risk exposure

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.

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.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the import of electronic equipment, toys, finished goods and raw materials.

	2018 **R000's**	2017 R000's
The fair value of the derivatives at year-end, determined by marking-to-market of contracts, amounted to:	**(4 001)**	11 595

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delving cash or another financial asset. Adequate liquidity is managed through the use of cash flow forecasts and by the maintenance of adequate borrowing facilities.

Sensitivity analysis

Equity price sensitivity analysis

The Group faces an equity risk in that it holds investments in Business Partner shares 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 other comprehensive income.

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 R904 million (2017: R678 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%), there will be an additional interest charge of R9,04 million (2017: R7,12 million) before tax.

21. TRADE AND OTHER PAYABLES

	2018 R000's	2017 R000's
Trade payables	**544 480**	415 259
Fair value of outstanding foreign exchange contracts	**4 240**	2 737
VAT	**7 900**	7 719
Other current liabilities	**48 266**	73 379
	604 886	499 094
The operating lease accrual is payable as follows:		
Less than one year (included under trade and other payables)	**2 199**	381
Between one and five years (shown separately as operating lease accruals on the balance sheet)	**5 734**	1 259
	7 933	1 640

22. GOVERNMENT GRANTS

Government grants received by the Group relates to the Production Incentive Programme (PIP) established by the Department of Trade and Industry. The programme is an incentive offered to the qualifying companies operating within the clothing and textile manufacturing industry.

Deferred income

	2018 R000's	2017* R000's
Deferred amounts, to be recognised in more than 12 months' time	**141 754**	131 805
Deferred amounts, to be recognised in the next 12 months, included in trade and other payables	**8 908**	12 646
Deferred income	**150 662**	144 451
Reconciliation of deferred income:		
Opening carrying value	**144 451**	115 409
Government receivable recognised during the period	**30 176**	37 950
Deferred income released during the period	**(23 965)**	(8 908)
Closing carrying value	**150 662**	144 451
Reconciliation of receivable:		
Receivable balance for government grants brought forward	**57 873**	38 950
Government receivable recognised during the period	**30 176**	37 950
Total cash received during the year from government grants	**(52 376)**	(19 027)
Amount outstanding as at year-end	**35 673**	57 873

** Restated, refer to note 32*

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

There are no unfulfilled conditions or contingencies relating to the government assistance recognised.

23. PROVISIONS

Restructuring and retrenchment costs

	2018 R000's	2017 R000's
Carrying amount at the beginning of the year	**224**	5 705
Additional provisions made in the year, including increases to existing provisions	**13 145**	224
Amounts utilised during the year	**(9 378)**	(5 705)
Carrying amount at the end of year	**3 991**	224

During the year, the Group discontinued a division of Winelands Textiles and announced its intention to dispose of the outlying branches of its office automation business. The provisions relate to the remaining restructure and restructure costs associated with the discontinuation and disposal of the operations.

In the prior year, the provision relates to costs associated with the restructure and retrenchments at the office automation business.

24. BUSINESS COMBINATIONS

Subsidiaries acquired through the year

During the year, the Group acquired the majority shareholding in the businesses listed below. The toy acquisitions have increased its market share in the Southern African toy distribution industry and Formex complements the Group's existing manufacturing businesses.

Subsidiary name	**Acquisition date**	**Segment R000's**	**Description R000's**	**% voting interest acquired %**	**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 1 April 2017 R000's**	**Net profit/(loss) contribution to the Group had the acquisition been effective 1 April 2017 R000's**
Formex Industries Proprietary Limited ("Formex")	1 Aug 2017	Industrials	Formex Industries is an entity focusing on the development, manufacturing and supply of pressed and tubular components for the automative market.	100	272 776	54 470	386 584	53 107
New Just Fun Group Proprietary Limited ("New Just Fun")	13 Dec 2017	Branded Product Distribution	New Just Fun is a South African toy distributer.	100	12 839	(3 751)	144 585	(685)
Oops Global SA	31 Dec 2017	Branded Product Distribution	Oops Global is a company based in Balerna, Switzerland and specialising in the design, concept and sale of toys for kids.	60	2 719	(1 950)	2 719	(1 950)

2018

Measurement of fair values

The assets and liabilities acquired have been measured on a provisional basis. If new information is obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition, the accounting for the acquisition will be revised.

Consideration transferred

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

Consideration	Branded Product Distribution R000's	Industrials R000's	Total R000's
Cash	**61 672**	**–**	**61 672**
Hosken Consolidated Investments Limited Loan	**–**	**25 058**	**25 058**
Total consideration	**61 672**	**25 058**	**86 730**

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	Industrials R000's	**Total** R000's
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	58	79 438	**79 496**
Inventories	38 122	44 863	**82 985**
Intangible assets	3 228	–	**3 228**
Deferred tax asset	346	–	**346**
Trade and other receivables	77 753	77 419	**155 172**
Current tax asset	1 966	–	**1 966**
Cash and cash equivalents	320	3 090	**3 410**
Non-current loan	(14 091)	(99 148)	**(113 239)**
Deferred liabilities	–	(3 362)	**(3 362)**
Trade and other payables	(31 044)	(58 837)	**(89 881)**
Current loans	(8 800)	–	**(8 800)**
Bank overdrafts	(38 599)	(22 723)	**(61 322)**
Total identifiable net assets	29 259	20 740	**49 999**
Less non-controlling interest	(2 628)	–	**(2 628)**
Goodwill	35 042	–	**35 042**
Common control adjustment directly to equity as transaction with owners	–	4 317	**4 317**
Total consideration	61 673	25 057	**86 730**
Cash flow from this investing activity			
Cash consideration transferred	(61 672)	–	**(61 672)**
Add cash and cash equivalents in the business acquired	320	3 090	**3 410**
Less overdraft in the business acquired	(38 599)	(22 723)	**(61 322)**
Net cash outflow from investing operations	(99 951)	(19 633)	**(119 584)**

24. BUSINESS COMBINATIONS (continued)

Goodwill

The goodwill is attributable mainly to intangible assets that are either not separable or cannot be valued reliably as per IFRS 3. This includes assembled workforce, non-competition agreements, customer lists, production backlog, lease agreements, employment contracts, databases, patented/unpatented technology, computer software, service or supply contracts and service contracts. It will not be deductible for tax purposes.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of New Just Fun and Oops Global SA. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables.

2017

Subsidiaries acquired during prior year

Consideration transferred

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

Consideration	Total R000's
Cash	67 897
Contingent consideration	10 000
Total consideration	77 897

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 R11 006 662 .

The fair value of the contingent consideration arrangement of R10 000 000 was estimated by applying a discount rate of 9,63% and was settled during the year ended 31 March 2018.

Identifiable assets acquired and liabilities assumed

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

	Total R000's
Property, plant and equipment	5 993
Inventories	22 181
Intangible assets	27 852
Trade and other receivables	16 060
Cash and cash equivalents	24 307
Non-current loan	(734)
Deferred liabilities	(820)
Deferred tax liability	(8 484)
Trade and other payables	(6 462)
Current tax liabilities	(10 737)
Total identifiable net assets	69 156
Goodwill	8 741
Total consideration	77 897
Cash flow from this investing activity	
Cash consideration transferred	(67 897)
Add cash and cash equivalents in the business acquired	24 307
Net cash inflow from investing operations	(43 590)

Subsidiary name	Acquisition date	Segment	Description	% voting interest acquired %	Revenue contributed to the Group R000's	Net profit/(loss) contribution to the Group	Revenue contributed to the Group had the acquisition been effective 1 April 2016	Net profit/(loss) contribution to the Group had the acquisition been effective 1 April 2016
Premier Rainwater Goods Proprietary Limited	1 June 2016	Industrials	A manufacturer of galvanised steel roofing accessories	100	91 380	10 791	110 004	14 806

Measurement of fair values

The valuation techniques used to measure the fair value of material assets acquired were as follows:

Assets acquired	Valuation techniques
Intangible assets	Customer-related intangible assets: Income method. This entails the identification, separation and quantification of the cash flows attributable to the contracts, the application of a contributory asset charge and brand charge and the determination of the net present value of the resulting future cash flows by applying the discounted cash flow valuation methodology. Certain intangible assets were identified but were not considered to be separable from other intangible assets. An important exception to the individual recognition of intangible assets is the value of assembled workforce as IFRS 3 states that an assembled workforce shall not be recognised as an intangible asset apart from goodwill.

Goodwill

The goodwill is attributable mainly to intangible assets that are either not separable or cannot be valued reliably as per IFRS 3. This includes assembled workforce, non-competition agreements, customer lists, production backlog, lease agreements, employment contracts, databases, patented/unpatented technology, computer software, service or supply contracts and service contracts. It will not be deductible for tax purposes.

25. LEASES

	Nominal amount	
	2018	2017
	R000's	R000's
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**29 825**	17 938
Between one and five years	**27 892**	22 186
More than five years	**751**	1 505
	58 468	41 629
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	**110 584**	95 351
Between one and five years	**312 726**	109 899
More than five years	**9 547**	11 549
	432 857	216 799

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 forklifts under operating leases.

26. BORROWING FACILITIES

Overdraft facility

	2018 R000's	2017 R000's
Available facility	**560 000**	470 000
Net utilised	**(166 202)**	(108 094)
Bank overdraft	**(143 876)**	(78 124)
Letter of credits	**(22 326)**	(29 970)
Unutilised balance	**393 798**	361 906

These facilities have been secured in terms of note 33.

Loan facilities

The Company has converted part of its on demand borrowing facility into a loan facility with the Standard Bank of South Africa Limited ("Standard Bank").

The loan facility was applied towards the refinancing of the Company's properties.

During the current period the Group also acquired Formex Industries Proprietary Limited, who had an existing facility with commercial banks. Refer to note 24 for further information.

	2018 R000's	2017 R000's
Available facility	**745 000**	650 000
Utilised	**(740 099)**	(650 000)
Non-current portion	**(575 636)**	(600 000)
Current portion	**(164 463)**	(50 000)

Details of the loan facilities

	2018 R000's	2017 R000's
Standard Bank		
*Loan facility A**		
Available facility	**50 000**	50 000
Utilised	**50 000**	50 000
Date of repayment of capital towards the loan facility	**4 March 2023**	28 February 2018
Interest rates	**Prime less 1,00%**	Prime less 1,62%
Standard Bank		
Loan facility B	**150 000**	150 000
Utilised	**150 000**	150 000
Date of repayment of capital towards the loan facility	**4 March 2019**	4 March 2019
Interest rates	**Prime less 1,40%**	Prime less 1,40%
Standard Bank		
Loan facility C	**450 000**	450 000
Utilised	**450 000**	450 000
Date of repayment of capital towards the loan facility	**4 March 2021**	4 March 2021
Interest rates	**Prime less 1,25%**	Prime less 1,25%
Investec		
Loan facility	**65 000**	–
Utilised	**60 098**	–
Date of repayment of capital towards the loan facility	**March 2022**	–
Interest rates	**JIBAR plus 2,45%**	–
Investec		
Loan facility	**30 000**	–
Utilised	**30 000**	–
Date of repayment of capital towards the loan facility	**March 2022**	–
Interest rates	**JIBAR plus 2,45%**	–

** R50 million of short-term facility has been renegotiated to term funding in the current period*

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	Other benefits R000's	Total R000's
2018							
Executive directors ***							
S A Queen* (CEO)	**4 428**	**1 264**	**–**	**2 539**	**–**	**–**	**8 231**
A M Ntuli	**1 062**	**90**	**219**	**35**	**–**	**–**	**1 406**
G D T Wege	**2 007**	**654**	**292**	**500**	**–**	**–**	**3 453**
D Duncan	**3 020**	**668**	**431**	**681**	**–**	**–**	**4 800**
	10 517	**2 676**	**942**	**3 755**	**–**	**–**	**17 890**
Non-executive directors							
J Copelyn (Chairperson)**	**–**	**–**	**–**	**–**	**173**	**–**	**–**
M H Ahmed	**–**	**–**	**–**	**–**	**224**	**–**	**–**
T G Govender**	**–**	**–**	**–**	**–**	**123**	**–**	**–**
L G Govender	**–**	**–**	**–**	**–**	**198**	**–**	**–**
N B Jappie	**–**	**–**	**–**	**–**	**173**	**–**	**–**
R D Watson	**–**	**–**	**–**	**–**	**173**	**–**	**–**
Y Shaik	**–**	**–**	**–**	**–**	**123**	**–**	**–**
	–	**–**	**–**	**–**	**1 187**	**–**	**–**
Executive committee members							
K Robson	**1 727**	**700**	**109**	**284**	**–**	**–**	**2 820**
I Morris	**2 050**	**4 750**	**434**	**443**	**–**	**–**	**7 677**
2017							
Executive directors ***							
S A Queen* (CEO)	4 134	1 170	–	2 481	–	5	7 790
A M Ntuli	995	85	203	53	–	–	1 336
G D T Wege	1 873	612	271	358	–	–	3 114
D Duncan	2 851	573	399	699	–	–	4 522
	9 853	2 440	873	3 591	–	5	16 762
Non-executive directors							
J A Copelyn (Chairperson)**	–	–	–	–	163	–	163
M H Ahmed	–	–	–	–	211	–	211
L G Govender	–	–	–	–	165	–	165
T G Govender**	–	–	–	–	116	–	116
N B Jappie	–	–	–	–	163	–	163
R D Watson	–	–	–	–	163	–	163
Y Shaik**	–	–	–	–	116	–	116
	–	–	–	–	1 097	–	1 097

Paid by a subsidiary company Name	Salary R000's	Bonus R000's	Retirement and medical contributions R000's	Share option expense R000's	Directors' fees R000's	Other benefits R000's	Total R000's
Executive committee members							
K Robson	1 646	648	70	248	–	–	2 612
I Morris	1 809	1 182	398	355	–	–	3 744
	3 455	1 830	468	603	–	–	6 356

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

Deneb Investments Limited options	**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**
2018							
Executive directors ***							
S A Queen* (CEO)	**8 123**	**1 442**	**–**	**–**	**9 565**	**1,42**	**–**
A M Ntuli	**195**	**61**	**–**	**–**	**256**	**1,42**	**–**
G D T Wege	**3 934**	**673**	**(264)**	**–**	**4 343**	**1,42**	**1,70**
D Duncan	**4 341**	**1 024**	**–**	**–**	**5 365**	**1,42**	**–**
Non-executive directors							
J A Copelyn (Chairperson)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
M H Ahmed	**–**	**–**	**–**	**–**	**–**	**–**	**–**
T G Govender**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
R D Watson	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Y Shaik	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Executive committee members							
K Robson	**1 732**	**395**	**–**	**–**	**2 127**	**1,42**	**–**
I Morris	**2 217**	**508**	**–**	**–**	**2 725**	**1,42**	**–**

27. DIRECTORS' EMOLUMENTS (continued)

Deneb Investments Limited options	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
2017							
Executive directors ***							
S A Queen* (CEO)	6 325	2 344	(546)	–	8 123	1,50	0,50
A M Ntuli	164	31	–	–	195	1,50	–
G D T Wege	3 345	738	(149)	–	3 934	1,50	–
D Duncan	3 518	982	(159)	–	4 341	1,50	0,50
Non-executive directors							
J A Copelyn (Chairperson)**	–	–	–	–	–	–	–
N B Jappie	–	–	–	–	–	–	–
L G Govender	–	–	–	–	–	–	–
M H Ahmed	–	–	–	–	–	–	–
T G Govender**	–	–	–	–	–	–	–
R D Watson	–	–	–	–	–	–	–
Y Shaik	–	–	–	–	–	–	–
Executive committee members							
K Robson	1 289	443	–	–	1 732	1,50	–
I Morris	1 556	661	–	–	2 217	1,50	–

* *The salary 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 on page 120.

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

The following table reflects the remuneration received by directors who also serve of the board of HCI and its subsidiaries:

	Board fees R000's	**Salary R000's**	**Other benefits R000's**	**Bonus R000's**	**Total for the year ended 31 March 2018 R000's**	**Total for the year ended 31 March 2017 R000's**
Director						
J A Copelyn	–	6 980	4 867	3 927	**15 774**	15 999
T G Govender	–	2 271	2 140	1 107	**5 518**	7 295
Y Shaik	–	3 609	1 371	1 758	**6 738**	6 847
N B Jappie	249	–	–	–	**249**	231
R D Watson	751	–	–	–	**751**	657
L G Govender	371	–	–	–	**371**	350

28. FOREIGN CURRENCY COMMITMENTS

	Currency	Uncovered	Covered	Total
2018				
Foreign currency monetary items are as follows:				
Foreign receivables	**AUD**	**–**	**–**	**–**
	EUR	**168**	**–**	**168**
	USD	**47 916**	**–**	**47 916**
	GBP	**441**	**–**	**441**
	CHF	**1 585**	**–**	**1 585**
		50 110	**–**	**50 110**
Foreign payables	**AUD**	**–**	**–**	**–**
	EUR	**2 051**	**1 735**	**3 786**
	GBP	**45**	**2 241**	**2 286**
	USD	**94 102**	**25 228**	**119 330**
	CHF	**1 874**	**–**	**1 874**
	SEK	**41**	**–**	**41**
		98 113	**29 204**	**127 317**

Sensitivity analysis:

A 10% strengthening of the Rand would result in the uncovered receivables to be collected being reduced by R5 011 000 while the uncovered payables balance would decrease by R9 811 300, resulting in a net loss of R4 800 300. A weakening of the Rand by 10% would have an equal, but opposite effect.

	Currency	Uncovered	Covered	Total
2017				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	10	–	10
	EUR	93	–	93
	USD	59 130	–	59 130
		59 233	–	59 233
Foreign payables	AUD	–	–	–
	EUR	–	2 192	2 192
	GBP	–	197	197
	USD	36 579	2 535	39 114
	CHF	–	167	167
		36 579	5 091	41 670

The exchange rates were as follows:

	Spot rate 31 Mar 2018	Spot rate 31 Mar 2017
CHF	**12,37780**	13,39000
EUR	**14,57150**	14,36620
GBP	**16,62610**	16,82410
USD	**11,84850**	13,43240
AUD	**9,08693**	10,22915
SEK	**1,41730**	1,49745

29. COMMITMENTS

	Capital expenditure		Contractual commitments	
	2018	2017	**2018**	2017
	R000's	R000's	**R000's**	R000's
Investment property	**–**	5 889	**40 000**	–
Land and buildings	**610**	3 279	–	
Plant and equipment	**110 873**	34 973	**33 072**	9 609
Intangible assets	**138**	1 838	**–**	–
Business combinations	**61 672**	77 897	**–**	–
	173 293	123 876	**73 072**	9 609

The capital commitments are expected to be incurred during the next 12 months. Commitments will be funded through banking facilities.

30. RELATED PARTIES

Transactions between Group companies

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:

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2018	2017	**2018**	2017
	R000's	R000's	**R000's**	R000's
South African Clothing and Textile Workers Union ("SACTWU") loan	**–**	1 181	**–**	–
Loan from HCI	**(9 852)**	(7 233)	**(99 397)**	(100 487)
Loan to HCI	**–**	3 673	**–**	–
Management fees paid	**–**	–	**–**	–
HCI – managerial and secretarial services	**(4 474)**	(4 242)	**(432)**	(404)
Management fees received	**–**	–	**–**	–
Formex Industries – a subsidiary of HCI	**–**	6 267	**–**	4 956
HCI Invest 8 HoldCo	**207**	192	**–**	–
Risk Management to HCI	**117**	165	**–**	147

HCI loan

Loans between HCI and the Group attracted interest at prime.

The lender provided the unconditional right for repayment to occur 12 months after the reporting date.

Prior period share buyback

During the prior period Deneb concluded an agreement with SACTWU in terms of which Deneb acquired 133 507 226 Deneb ordinary shares from SACTWU at a price of R2,00 per Deneb share.

Acquisition of subsidiary

During the financial year, the Group acquired 100% of the share capital of Formex Industries Proprietary Limited for an amount of R25 million with effect from 1 August 2017. Further information has been published on SENS on 10 July 2017 and 21 July 2017.

The transaction was accounted for as a common control transaction. Refer to note 24 for further information.

Transactions with companies with common directors or fellow subsidiaries of HCI

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2018	2017	**2018**	2017
	R000's	R000's	**R000's**	R000's
Sale of goods and services				
Zenzeleni Clothing – a company of which J Copelyn, K Govender and A Ntuli were directors	**–**	27 262	**–**	6 123

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:

	2018	2017
	R000's	R000's
Basic	**57 879**	42 935
Benefits	**10 910**	6 777
	68 789	49 712

A share incentive scheme has been implemented for key management personnel. See note 35 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 120.

31. CONTINGENCIES

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

32. CHANGE IN COMPARATIVES

32.1 Correction of prior period error relating to the accounting of government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

During the prior periods, the grants were deemed to be earned through compliance with their conditions and meeting the envisaged obligations. Where the qualifying conditions gave rise to future envisaged obligations, the benefits were allocated against the historic costs of complying with the conditions as well as the future related obligations. Where no envisaged obligations were identified, the grants were recognised when there was reasonable assurance that the entity will comply with all the conditions attached to the grants and that the grants will be received.

It was concluded that the above accounting treatment is incorrect and that the grants related to depreciable assets are to be recognised in the periods in the proportions in which the depreciation expense on those assets are recognised, with the balance being reflected as deferred income.

32. CHANGE IN COMPARATIVES (continued)

The effect of the restatement on the prior period numbers is as follows:

CONSOLIDATED BALANCE SHEET

	Impact of restatement		
	As previously reported	Adjustments	As restated
1 April 2016	R000's	R000's	R000's
Total assets	3 141 990	22 678	3 164 668
Deferred tax asset	89 929	22 678	112 607
Total liabilities	(1 191 644)	(115 409)	(1 307 053)
Deferred income	–	(115 409)	(115 409)
Total equity	(1 950 346)	92 731	(1 857 615)
Reserves	(232 477)	92 731	(139 746)
31 March 2017			
Total assets	3 231 088	29 001	3 260 089
Deferred tax asset	57 056	29 001	86 057
Total liabilities	(1 452 658)	(144 451)	(1 597 109)
Deferred income	–	(144 451)	(144 451)
Total equity	(1 778 430)	115 450	(1 662 980)
Reserves	(328 676)	115 450	(213 226)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Impact of restatement		
For the year ended 31 March 2017	As previously reported** R000's	Adjustments R000's	As restated R000's
Sundry income	27 714	(30 509)	(2 795)
Income tax	(44 739)	6 323	(38 416)
Loss from discontinued operations, net of tax	(23 923)	1 467	(22 456)
Profit	72 192	(22 719)	49 473
Total comprehensive income	94 512	(22 719)	71 793
Basic earnings per share	14,78	(4,59)	10,19
Diluted earnings per share	14,78	(4,59)	10,19

*** Restated for discontinued operations*

There is no impact on the total operating, investing or financing cash flows.

32.2 Discontinued operations

The results of discontinued operations have been separately disclosed on the face of the statement of profit or loss and other comprehensive income. Where practical these results for the prior year have been restated.

Refer to note 8 for further information.

33. SECURITISATION OF ASSETS

Security has been provided by Deneb to The Standard Bank of South Africa Limited ("Standard Bank") via a special purpose company, Sargas Security (Pty) Ltd ("the Security SPV") which has guaranteed the obligations of the Borrower Group in favour of Standard Bank in terms of a Debt Guarantee. Sargas (Pty) Ltd and Prima Toy and Leisure Trading (Pty) Ltd have indemnified the Security SPV in respect of any claim arising from the Security SPV issuing the Debt Guarantee.

Continuing Covering Mortgage Bonds ("the Mortgage Bonds") have been registered in favour of the Security SPV in respect of Sargas' properties.

Prima Toy and Leisure Trading (Pty) Ltd has provided an unlimited cession in favour of Standard Bank of its rights to all book debts and other debts due.

Each of the companies comprising the Borrower Group has guaranteed the payment and discharge of every other company's indebtedness to Standard Bank in terms of an Interlinking Demand Guarantee. (The "Borrower Group" comprises Deneb and its operating subsidiaries, excluding Formex Industries (Pty) Ltd, Formex Tubing (Pty) Ltd, Premier Rainwatergoods (Pty) Ltd, New Just Fun Group (Pty) Ltd, HTIC Limited and Oops Global SA).

The impact of the above on the figures disclosed in the balance sheet is as follows:

2018	**Per balance sheet R000's**	**Securitised R000's**	**Unsecuritised R000's**
Property, plant and equipment	**813 426**	**430 138**	**383 288**
Investment property	**907 352**	**907 352**	**–**
Intangible assets	**41 525**	**–**	**41 525**
Other investments	**4 237**	**–**	**4 237**
Long-term receivables	**56 780**	**–**	**56 780**
Inventories	**680 935**	**–**	**680 935**
Trade and other receivables	**786 672**	**331 543**	**455 129**
Non-current assets held for sale	**1 080**	**–**	**1 080**

2017	Per balance sheet R000's	Securitised R000's	Unsecuritised R000's
Property, plant and equipment	770 718	435 537	335 181
Investment property	759 113	759 113	–
Intangible assets	48 466	–	48 466
Other investments	3 026	–	3 026
Long-term receivables	88 349	–	88 349
Inventories	706 953	–	706 953
Trade and other receivables	700 195	150 475	549 720
Non-current assets held for sale	1 985	–	1 985

Note

Security Cession means a security cession in terms of which the Security Grantor cedes to the Security SPV *in securitatem debiti* all of such Security Grantor's present and future Rights and Interest as security for the due, proper and timeous payment and performance in full of the Security Grantor's obligations under the Indemnity, on the terms of the written Security Cession signed between the Security SPV and the Security Grantor.

Indemnity means an irrevocable and unconditional indemnity given by the Security Grantor to the Security SPV, indemnifying the Security SPV in respect of any claim or liability of the Security SPV arising under the Guarantees which the Security SPV has provided in respect of all monies and liabilities owing by the Security Grantor and other companies within the Borrower Group in connection with the banking facilities provided by the Guaranteed Parties to the Borrower Group and against any loss, damage, liability, costs or expenses of any nature which the Security SPV may incur as a consequence of the occurrence of any Event of Default, on the terms of the written Indemnity Agreement signed between the Security SPV and the Security Grantor.

34. EVENTS AFTER THE REPORTING PERIOD

There are no material post year-end events at the date of signing this report.

35. 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. 53 977 647 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 of such shares in accordance with the terms of conditions of the Share Incentive Scheme.

Equity-settled

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

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

During the financial year, 9 204 132 ordinary options (2017: 11 552 529) 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 relating to the Seardel Investment Corporation Limited ("Seardel") options issued on 18 March 2010 and 16 July 2010 by Seardel and which vested immediately.
- 6 105 501 options issued on 14 October relating to the 4 July 2011 issued Seardel options, which vested on 4 July 2015.
- 7 235 388 options issued on 14 October 2014 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 from the third anniversary date; and
  - the balance, namely 40% of the option shares, from the fourth anniversary date.
- 10 563 004 options issued on 27 January 2015 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 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.
- 11 552 529 options issued on 30 June 2016 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.

- 9 204 132 options issued on 26 June 2017 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.

(i) Options in issue are as follows:

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Remaining life of option
S A Queen	14 Oct 2014	1 382 584	90	Continued employment	2 years
	14 Oct 2014	1 713 759	133	Continued employment	3 years
	27 Jan 2015	1 091 401	178	2 years' profitability and continued employment	7 years
	29 Jun 2015	1 591 233	172	2 years' profitability and continued employment	7 years
	30 Jun 2016	2 343 944	147	Continued employment	7 years
	26 Jun 2017	1 441 713	142	Continued employment	8 years
Total for SA Queen		9 564 634			
G D T Wege	14 Oct 2014	227 691	47	Continued employment	1 year
	14 Oct 2014	576 077	90	Continued employment	2 years
	14 Oct 2014	594 286	133	Continued employment	3 years
	27 Jan 2015	865 413	178	2 years' profitability and continued employment	7 years
	29 Jun 2015	668 258	172	2 years' profitability and continued employment	7 years
	30 Jun 2016	738 491	147	Continued employment	7 years
	26 Jun 2017	672 598	142	Continued employment	8 years
Total for G D T Wege		4 342 814			
D Duncan	14 Oct 2014	403 254	90	Continued employment	2 years
	14 Oct 2014	499 846	133	Continued employment	3 years
	27 Jan 2015	1 564 245	178	2 years' profitability and continued employment	7 years
	29 Jun 2015	891 388	172	2 years' profitability and continued employment	7 years
	30 Jun 2016	981 939	147	Continued employment	7 years
	26 Jun 2017	1 023 672	142	Continued employment	8 years
Total for D Duncan		5 364 344			
A Ntuli	29 Jun 2015	164 099	172	2 years' profitability and continued employment	7 years
	30 Jun 2016	30 632	147	Continued employment	7 years
	26 Jun 2017	60 626	142	Continued employment	8 years
Total for A Ntuli		255 357			

35. SHARE INCENTIVE SCHEME (continued)

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Remaining life of option
Other, not being directors	14 Oct 2014	235 496	47	Continued employment	1 year
	14 Oct 2014	1 619 928	90	Continued employment	2 years
	14 Oct 2014	1 871 159	133	Continued employment	3 years
	27 Jan 2015	4 764 781	178	2 years' profitability and continued employment	7 years
	29 Jun 2015	3 256 382	172	2 years' profitability and continued employment	7 years
	30 Jun 2016	5 555 192	147	Continued employment	7 years
	26 Jun 2017	5 145 325	142	Continued employment	8 years
Total other		22 448 263			
Total options in issue		**41 975 412**			

Reconciliation of movements in options:

Number of options	**2018**	2017
Opening balance	**44 325 893**	35 080 818
Awarded during the period	**9 204 132**	11 552 529
Exercised during the period	**(2 715 629)**	(639 325)
Options used for strike price	**(1 957 401)**	(216 515)
Lapsed/forfeited during the period	**(6 881 583)**	(1 451 614)
Closing balance	**41 975 412**	44 325 893

		2018	2017
Number of options exercisable at year-end		**15 826 856**	13 396 817
Amount expensed during the year (included in employment costs)	(R000's)	**4 652 438**	2 625 127
Value of shares issued during the year	(R000's)	**2 610 777**	1 152 604
Weighted average share price of share options exercised during the year	(R000's)	**2,00**	1,63

(iii) 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-Merton 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,

then 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 Johannesburg Stock Exchange of South Africa 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 to 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 (Appendix B paragraph B22), 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:

- Paragraph B25 (b): “The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option”; and
- Paragraph B25 (d): “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 have 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.

35. SHARE INCENTIVE SCHEME (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 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.

36. NEW STANDARDS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory.

Standard/Interpretation		**Date issued by IASB (1)**	**Effective date: Periods beginning on or after**
IFRS 15	Revenue from Contracts with Customers	May 2014	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 2 amendments	Clarifying share-based payment accounting	June 2016	1 January 2018
IFRS 4 amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	September 2016	1 January 2018
IAS 40 amendment	Transfers of Investment Property	December 2016	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Considerations	December 2016	1 January 2018
IFRS 16	Leases	January 2016	1 January 2019

Revenue from Contracts with Customers (IFRS 15)

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

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

The standard must be applied for financial years commencing on or after 1 January 2018.

Financial Instruments (IFRS 9)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The new impairment model requires the recognition of impairment provisions on certain financial assets based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. Based on the assessments undertaken to date, the Group expects an increase in the impairment provision for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The standard must be applied for financial years commencing on or after 1 January 2018.

Clarifying share-based payment accounting (Amendments to IFRS 2)

Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment.

The amendments cover three accounting areas:

- **Measurement of cash-settled share-based payments:** The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.
- **Classification of share-based payments settled net of tax withholdings:** The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.
- **Accounting for a modification of a share-based payment from cash-settled to equity-settled:** The amendments clarify the approach that companies are to apply.

36. NEW STANDARDS (continued)

The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

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

The amendments are effective for annual periods commencing on or after 1 January 2018.

Transfers of Investment Property (Amendments to IAS 40)

The IASB has amended the requirements in IAS 40 Investment Property on when a company should transfer a property asset to, or from, investment property.

The amendments apply for annual periods beginning on or after 1 January 2018.

Foreign Currency Transactions and Advance Considerations (IFRIC 22)

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

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

The interpretation applies for annual reporting periods beginning on or after 1 January 2018.

Leases (IFRS 16)

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of R58 million (see note 24).

The Group estimated the following impact on its financial position and income, excluding tax effects, if the standard should be implemented on 1 April 2018 (initial application of the standard might affect this approximation):

	1 Apr 2018 R000's	31 Mar 2019 R000's
Right-of-use asset	**84 635**	64 694
Lease liability	**(84 635)**	(64 958)
Operating lease expense*	**–**	28 425
Amortisation#	**–**	(19 942)
Finance cost#	**–**	(8 747)
Net effect on profit	**–**	(264)

** Straight-line operating expense will no longer form part of profit or loss once IFRS 16 has been adopted.*

 # IFRS 16 will introduce the amortisation of right-of-use asset and finance costs relating to the unwinding of the lease liability.

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.

37. NON-CONTROLLING INTEREST

Current period

During the current period the Group acquired 60% of Oops Global SA, a company based in Balerna, Switzerland specialising in the design, concept and sale of toys for kids.

Transactions with non-controlling interest ("NCI")

Current period

In March 2018, the Group increased its shareholding in OfficeBox Proprietary Limited to 89,3% from 84,5%.

The Group recognised an increase in NCI of R0,584 million and an equal decrease in retained earnings attributable to owners of the Group.

Prior period

In March 2017, the Group increased its shareholding in OfficeBox to 84,5% from 79,8% through a R3 million rights issue.

The Group recognised an increase in NCI of R0,455 million and an equal decrease in retained earnings attributable to owners of the Group.

	2018 R000's	2017 R000's
Carrying amount of NCI before the rights issue	**(500)**	(354)
Carrying amount of NCI subsequent to rights issue	**(84)**	101
A decrease in equity attributable to owners of the Group	**(584)**	(455)

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

	OfficeBox Proprietary Limited		**Oops Global SA**		**Total**	
	2018 R000's	2017 R000's	**2018 R000's**	2017 R000's	**2018 R000's**	2017 R000's
NCI percentage (%)	**10,7**	15,5	**40,0**	–	**–**	–
Non-current assets	**513**	750	**3 149**	–	**3 662**	750
Current assets	**2 954**	4 927	**3 958**	–	**6 912**	4 927
Non-current liabilities	**–**	(2 553)	**–**	–	**–**	(2 553)
Current liabilities	**(3 709)**	(2 476)	**(2 227)**	–	**(5 936)**	(2 476)
Net assets attributable to the shareholders of OfficeBox	**(242)**	648	**4 880**	–	**4 638**	648
Total carrying amount of NCI	**(84)**	(101)	**(1 328)**	–	**(1 412)**	(101)
Net assets attributable to the shareholders	**(158)**	749	**6 208**	–	**6 050**	749
Revenue	**14 304**	15 419	**2 719**	–	**17 023**	15 419
Loss for the year	**(3 872)**	(4 646)	**(3 250)**	–	**(7 122)**	(4 646)
Other comprehensive income for the year	**–**	–	**–**	–	**–**	–
Total comprehensive income	**(3 872)**	(4 646)	**(3 250)**	–	**(7 122)**	(4 646)
Loss allocated to NCI	**(600)**	(937)	**(1 301)**	–	**(1 901)**	(937)
Other comprehensive income allocated to NCI	**–**	–	**–**	–	**–**	