

Eqstra Corporation Limited
Registration Number: 1984/007045/06

Audited Annual Financial Statements
30 June 2015

Eqstra Corporation Limited
Annual Financial Statements
30 June 2015

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

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Eqstra Corporation Limited
Directors' responsibility for the annual financial statements
For the year ended 30 June 2015




The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements of the company are prepared on the going-concern basis. The directors have reviewed the financial performance of the company, as well as its longer-term forecasted performance. Based on the reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, nothing has come to the attention of the directors to indicate that the group and the company will not remain a going concern for the foreseeable future.

The preparer of the financial statements is N Gomes CA (SA) and the supervisor JL Serfontein CA (SA).

The financial statements set out on pages 5 to 48 were approved by the board of directors on 27 October 2015 and are signed on its behalf by:

	
_____ JL Serfontein	} Directors
	
_____ JV Carr	
	



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Registered Auditors
Audit - Gauteng

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EQSTRA CORPORATION LIMITED

We have audited the financial statements of Eqstra Corporation Limited, set out on pages 8 to 48, which comprise the statement of financial position as at 30 June 2015 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eqstra Corporation Limited, as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2014, we have read the directors' report, audit committee report and the company secretary certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the board of directors. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Deloitte & Touche
Registered Auditor

Per: Martin Bierman
Partner
27 October 2015

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GMA Pincock Audit
DL Kennedy Risk Advisory *NB Kader Tax *P Pillay Consulting *S Gwala BPaas *K Black Clients & Industries
*IK Mazzocco Talent & Transformation *MI Jarvis Finance *M Jordan Strategy *Ej Brown Chairman of the Board
*MI Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B BBE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Eqstra Corporation Limited
Audit committee report
For the year ended 30 June 2015

Eqstra Corporation Limited is a subsidiary of Eqstra Holdings Limited (the group).

The group audit committee is constituted as a statutory committee of the company in terms of Section 94 of the South African Companies Act, No 71 of 2008 and Regulations ("the Act"). Its operations are guided by a formal terms of reference that are in line with the Act and are approved by the board, as and when it is amended. Eqstra Holdings Limited appoints an independent audit committee annually in terms of section 94 of the Act. The group audit committee performs the functions required on behalf of Eqstra Corporation Limited, its subsidiary. The company is thus exempt from having a separate audit committee in terms of section 94 (2)(a) and (b) of the Act.

The committee discharged all its responsibilities, as contained in the terms of reference and detailed in the audit committee report contained in the group integrated annual report. The committee considered the independence and objectivity of the external auditor and ensured that the scope of its additional services provided did not impair its independence. The audit committee satisfied itself that the external auditor of the company is independent, as defined by the Act. The audit committee reviewed the performance, appropriateness and expertise of the company's finance functions. The committee was satisfied that key financial risks were addressed during the year.

Refer to additional detail in the audit committee report contained in the Eqstra Holdings Limited group integrated annual report.

Eqstra Corporation Limited
Company secretary compliance statement
For the year ended 30 June 2015

In my capacity as company secretary, I hereby confirm that in terms of section 88(2)(e) of the South African Companies Act, No 71 of 2008 and regulations, as amended, the company has lodged all returns required of a public company in terms of this Act for the year ended 30 June 2015 with the Registrar of Companies and that all these returns are true, correct and up to date.

A handwritten signature in black ink, appearing to be 'L. Möller', written in a cursive style.

L Möller
Company secretary
27 October 2015

Eqstra Corporation Limited

Directors' report

For the year ended 30 June 2015

The directors have pleasure in submitting their report on the annual financial statements of the company for the year ended 30 June 2015.

FINANCIAL PERFORMANCE AND MAIN BUSINESS AND OPERATIONS

The core business is the provision of capital equipment and related value-added services to clients in the construction, mining, industrial and commercial sectors in South Africa in addition to providing the funding vehicle for all entities within the Eqstra Holdings Limited group.

The financial results for the year ended 30 June 2015 are set out in detail on pages 8 to 48. The company recorded a profit before taxation of R102 million (2014: R77 million).

DIVIDENDS

No dividends were declared and paid during the year under review (2014: Rnil).

AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company during the current year.

DIRECTORS

The directors of the entity are:

JV Carr

WS Hill (Resigned on 1 June 2015)

JL Serfontein

P Siddall (Resigned on 31 January 2015)

SPECIAL RESOLUTIONS

During the financial year the following special resolutions were passed:

Special Resolution 1 - Financial assistance for subscription of securities

Resolved in terms of section 44(3)(a)(ii) of the Companies Act of 2008 (Act 71 of 2008) ("the Act"), as a general approval, that the board of the Company may from time to time authorise the Company to provide any direct or indirect financial assistance for subscription of securities, as defined in section 44(1) of the Act, provided that the aforementioned approval shall be valid for a period of two years from approval of this resolution.

Special Resolution 2 - Financial assistance to related or inter-related companies and others

Resolved in terms of section 45(3)(a)(ii) of the Companies Act of 2008 (Act 71 of 2008) ("the Act"), as a general approval, that the board of the Company may from time to time authorise the Company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Act, to any related or inter related company or corporation as contemplated in section 45(2) of the Act, for such amounts and on such terms and conditions as the board of the Company may determine, provided that the aforementioned approval shall be valid for a period of two years from passing hereof.

Eqstra Corporation Limited

Directors' report

For the year ended 30 June 2015

GOING CONCERN

The directors believe that the company have adequate resources to continue operating for the foreseeable future. This assessment was based on current available facilities of R1 023 million, detailed consolidated future cash flow forecasts for the next 12 months, confirmed debt rolling of R442 million and management plans to restructure the funding structure of the company and Eqstra group. The board therefore believes that it is appropriate to adopt the going-concern basis in preparing the company annual financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

AUDITORS

Deloitte & Touche continued in office as external auditors with Mr JM Bierman as the designated partner.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to year-end the company rolled a further R442 million of bank debt maturing in the 2016 financial year. Bonds of R561 million mature during the 2016 financial year and will be repaid from cash repaid by fellow subsidiaries on intercompany loans using cash generated by the operations of the group.

Subsequent to year-end, the company disposed of two properties to the value of R46 million.

The board of directors is not aware of any other matter or circumstance arising since the end of the reporting period which significantly affects the financial position of the company as at 30 June 2015 or the results of its operations or cash flows for the year then ended which is not dealt with in the financial statements.

COMPANY SECRETARY AND REGISTERED OFFICE

The company secretary is Ms L Möller. Her address and that of the registered office are as follows:

Business address
61 Maple Street
Pomona,
Kempton Park,
1619

Postal address
PO Box 1050
Bedfordview,
2008

Eqstra Corporation Limited
Statement of financial position
as at

	Notes	30 June 2015 R 000	30 June 2014 R 000
Assets			
Non-current assets		7 021 989	7 710 526
Intangible assets	4	162 464	112 340
Property, plant and equipment	5	114 326	120 500
Leasing assets	6	2 804 704	2 902 956
Investments	7	31 972	46 822
Amounts owing by group companies	8	3 908 523	4 527 908
Current assets		488 084	461 556
Amounts owing by group companies	8	208 170	100 252
Derivative financial asset	9	27 386	48 485
Inventories	10	19 611	39 406
Trade and other receivables	11	181 524	273 255
Cash and cash equivalents	12	51 393	158
Total assets		7 510 073	8 172 082
Equity and liabilities			
Stated capital	13	548 874	548 874
Other reserves	14	(16 912)	8 263
Retained income		109 023	33 661
Total equity		640 985	590 798
Non-current liabilities		4 894 525	4 903 106
Interest-bearing borrowings	15	4 507 833	4 543 299
Deferred tax liabilities	16	386 692	359 807
Current liabilities		1 974 563	2 678 178
Derivative financial liabilities	9	1 533	2 451
Amounts owing to group companies	8	107 937	277 560
Current portion of interest-bearing borrowings	15	1 423 426	1 963 869
Trade and other payables	17	441 667	434 298
Total equity and liabilities		7 510 073	8 172 082

Eqstra Corporation Limited

Income statement

For the years ended

		30 June 2015 R 000	30 June 2014 R 000
	Notes		
Revenue	18	1 941 814	2 081 919
Net operating expenses	19	(1 016 021)	(1 223 668)
Profit from operations before depreciation, amortisation and recoupments		925 793	858 251
Depreciation, amortisation and recoupments	20	(632 550)	(609 365)
Operating profit		293 243	248 886
Net foreign exchange (losses) gains		(430)	1 396
Net reversal of amounts owing by group companies and leasing assets		4 627	9 223
Profit before net finance costs		297 440	259 505
Net finance costs	21	(195 144)	(182 205)
Finance costs including fair value gains	21	(582 768)	(555 494)
Finance income	21	387 624	373 289
Profit before taxation		102 296	77 300
Income tax expense	22	(26 885)	(22 013)
Profit for the year		75 411	55 287

Eqstra Corporation Limited

Statement of other comprehensive income

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Fair value gains on derivative instruments	95	1 006
Taxation	-	(282)
Other comprehensive income for the year, net of taxation	95	724
Total comprehensive income for the year	75 506	56 011

Eqstra Corporation Limited
Statement of changes in equity
For the years ended

	Stated capital	Other reserves	Retained income (loss)	Total
	R 000	R 000	R 000	R 000
Balance at 1 July 2013	548 874	17 364	(19 556)	546 682
Total comprehensive income for the year	-	724	55 287	56 011
Net share based payment reversal	-	(1 090)	-	(1 090)
Vesting of share incentive scheme	-	(9 046)	(1 759)	(10 805)
Reclassification to retained income	-	311	(311)	-
Balance at 30 June 2014	548 874	8 263	33 661	590 798
Total comprehensive income for the year	-	95	75 411	75 506
Net share based payment expense	-	3 189	-	3 189
Vesting of share incentive scheme	-	(1 177)	-	(1 177)
Devaluation of investment	-	(27 331)	-	(27 331)
Reclassification to retained income	-	49	(49)	-
Balance at 30 June 2015	548 874	(16 912)	109 023	640 985

Eqstra Corporation Limited

Statement of cash flows

For the years ended

		30 June 2015 R 000	30 June 2014 R 000
	Notes		
Cash flows from operating activities			
Cash receipts from customers		2 054 126	2 024 579
Cash paid to suppliers and employees		(709 470)	(681 204)
Cash generated by operations	23A	1 344 656	1 343 375
Interest expense	21	(582 768)	(556 027)
Finance income	21	387 624	373 289
		1 149 512	1 160 637
Cash flows from investing activities			
Purchase of intangible assets	4	(68 913)	(65 516)
Purchase of property, plant and equipment	5	(3 171)	(9 351)
Purchase of leasing assets	6	(821 500)	(1 262 029)
Proceeds from sale of intangible assets	4	-	26
Proceeds from sale of property, plant and equipment	5	7 916	5 576
Net movement in amounts due by group companies		526 855	(479 772)
Net movement in other investments and loans		(2 044)	73 048
		(360 857)	(1 738 018)
Cash flows from financing activities			
Net (decrease) increase in interest-bearing borrowings		(690 927)	312 795
		(690 927)	312 795
Net increase (decrease) in cash and cash equivalents		97 728	(264 586)
Overdraft acquired through business acquisition	23B	(65)	-
Cash and cash equivalents at beginning of year		(46 270)	218 316
Cash and cash equivalents at end of year	23C	51 393	(46 270)

Eqstra Corporation Limited
Notes to the annual financial statements
For the year ended 30 June 2015

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the annual financial statements are set out below and are consistent in all material respects with those applied during the previous year.

1.1 BASIS OF PREPARATION

The company financial statements are stated in rands and are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee interpretations issued and effective for the company's financial year.

Foreign currencies

The company financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than rands are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Gains and losses arising on translation are included in net profit or loss for the period, except where the item relates to equity loans in which case the gain or loss will be deferred in other comprehensive income, until such time as the equity loan is repaid.

In order to hedge its exposure to foreign exchange risks, the company enters into forward contracts and options. See below for details of the company's accounting policies in respect of such derivative financial instruments.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date with exchange differences arising being recognised in equity.

1.2 OTHER INTANGIBLE ASSETS

Expenditure on acquired patents, trademarks, licences and computer software is capitalised and amortised using the straight-line basis over their useful lives, generally between two and eight years. These intangible assets are recognised if it is probable that economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment, where it is considered necessary.

1.3 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether an impairment loss recognised in a previous period has reversed or decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal if any.

1.3 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL (continued)

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. The assessments that the useful lives are indefinite are assessed at least annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised only if there has been a change in the estimates used to determine the asset's carrying amount. A reversal of an impairment loss is recognised in income immediately.

1.4 PROPERTY, PLANT AND EQUIPMENT AND LEASING ASSETS

Land is reflected at cost and is not depreciated. New property investments and developments are reflected at cost, which includes holding and direct development costs incurred until the property is available for occupation.

Cost also includes the estimated costs of dismantling and removing the assets and where appropriate the cost is split into significant components. Major improvements to leasehold properties are capitalised and written off over the period of the leases.

All other assets are recorded at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

Buildings and leasehold improvements	up to 20 years
Equipment and furniture	3 to 10 years
Motor vehicles	3 to 5 years
Leasing assets	3 to 10 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. Where significant components of an asset have different useful lives to the asset itself, these components are depreciated over their estimated useful lives.

1.4 PROPERTY, PLANT AND EQUIPMENT AND LEASING ASSETS (continued)

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where a reversal of a previously recognised impairment loss is recognised, the depreciation charge for the asset is adjusted to allocate the asset's revised carrying amount, less residual value, on a systematic basis over its remaining useful life.

Gains and losses on disposal are determined by reference to their carrying amount and are taken into account in determining operating profit.

1.5 CAPITALISED BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Where interest is earned on the temporary investment of borrowed funds, this income is set-off against the finance costs eligible for capitalisation.

All other borrowing costs are expensed in profit and loss in the period in which they are incurred.

1.6 INVENTORIES

Inventories are stated at the lower of cost or net realisable value, due recognition having been made for obsolescence and redundancy. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined as follows:

Vehicles	Specific cost
Spares, accessories and finished goods	Weighted average cost

Work in progress includes direct costs and a proportion of overhead costs but excludes interest expense.

1.7 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value when the company becomes a party to the contractual provisions of the contract. Subsequent to initial recognition, these instruments are measured as set out below.

Equity and debt security instruments

Equity and debt security instruments are initially recognised at cost on trade date.

At subsequent reporting dates, debt securities that the company has the intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, excluding those held-to-maturity debt securities designated as fair value through profit or loss at initial recognition, less any impairment losses recognised to reflect irrecoverable amounts. Premiums or discounts arising on acquisition are amortised on the yield-to-maturity basis and are recognised in profit or loss.

Equity and debt security instruments other than held-to-maturity debt securities are classified as either fair value through profit and loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

1.7 FINANCIAL INSTRUMENTS (continued)

Where equity and debt security instruments are held for trading purposes, gains and losses arising from changes in fair value are recognised in profit or loss for the year.

Available-for-sale investments and gains and losses arising from changes in fair value are recognised in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised is recognised in profit or loss for the year.

In the company's financial statements, investments in associates are carried at cost less provision for impairment.

Loans receivable

Loans are recognised at the date that the amount is advanced.

At subsequent reporting dates they are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts.

Trade and other receivables

Trade and other receivables originated by the company are initially stated at fair value costs and reduced by appropriate allowances for doubtful debts. These allowances are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at carrying value which is deemed to be fair value.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at fair value. At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Where interest-bearing loans have interest rate swaps changing the interest rate from fixed to variable or vice versa, they are treated as hedged items and carried at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income.

Where the company has the intention to repurchase its own interest-bearing loans in a recognised market place, such loans are designated as held for trade and are carried at fair value. Gains and losses arising from changes in fair value are included in the statement of comprehensive income for the year.

Trade payables

Trade payables are stated at their fair value and subsequently stated at amortised cost.

Derivative instruments

Derivative financial instruments are initially recognised at fair value, and subsequently measured at fair value. The company uses derivative financial instruments primarily relating to foreign currency protection and to alter interest rate profiles.

1.7 FINANCIAL INSTRUMENTS (continued)

The company designates certain derivatives as hedging instruments. They are classified as:

- fair value hedge: a hedge of exposure to changes in fair value of recognised assets and liabilities; and
- cash flow hedge: hedges a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Foreign currency forward contracts (FECs) are used to hedge foreign currency fluctuations relating to certain firm commitments and forecast transactions. Interest rate swap agreements can swap interest rates from either fixed to variable or from variable to fixed and are used to alter interest rate profiles.

Any gains or losses on fair value hedges are included in the statement of comprehensive income for the year.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the statement of comprehensive income.

If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the same period in which the hedged item affects the statement of comprehensive income.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with fair value gains or losses reported in the statement of comprehensive income.

Fair value calculations

Investments are fair valued based on regulated exchange-quoted ruling bid prices at the close of business on the last trading day on or before the reporting date. Fair values for unquoted equity instruments are estimated using applicable fair value models. If a quoted bid price is not available for dated instruments, the fair value is determined using pricing models or discounted cash flow techniques. Any unquoted equity instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at its cost, including transaction costs, less any provisions for impairment.

All other financial assets and liabilities fair values are calculated by present valuing the best estimate of the future cash flows using the risk-free rate of interest plus an appropriate risk premium.

Derecognition

The company derecognises a financial asset when its contractual rights to the cash flow from the financial asset expire, or if it transfers the asset together with its contractual rights to receive the cash flows of the financial assets.

The company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

1.8 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Finance leases

Amounts due under finance leases are treated as installment credit agreements.

Operating leases

Income is recognised in the statement of comprehensive income over the period of the lease term on the effective interest rate basis. Assets leased under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

Assets leased under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The Company as lessee

Finance leases

Leases where the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under finance leases are capitalised as assets of the company at the lower of fair value or the present value of the minimum lease payments at the inception of the lease. The capitalised amount is depreciated over the assets useful life. Lease payments are allocated between capital payments and finance expenses using the effective interest rate method.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease.

Operating leases

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.9 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established on the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units (or group of cash generating units) that is expected to benefit from the synergies in combination.

The cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

1.9 GOODWILL (continued)

If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

1.10 SHARE-BASED PAYMENTS

The company operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments are measured at fair value at the date of grant using the Binomial Model. The fair value determined at the grant date of the equity-settled share-based payment is expensed on the straight-line basis over the vesting period with a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest. Non-market conditions such as time-based vesting conditions and non-market performance conditions are included in the assumptions for the number of options that are expected to vest.

At each reporting date, the entity revises its estimates on the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to stated capital.

1.11 RETIREMENT BENEFIT OBLIGATIONS

Retirement schemes have been designed and are administered in accordance with local conditions and practices and are defined contribution schemes. The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries and are expensed as incurred.

1.12 TAXATION

The charge for current tax is based on the results for the year as adjusted for items that are non-assessable or disallowable. It is calculated using tax rates that have been substantially enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all temporary differences arising from depreciation on property, plant and equipment, revaluations of certain non-current assets and provisions for pensions and other retirement benefits. Deferred tax assets are raised only to the extent that their recoverability is probable.

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company is able to and intends to settle its current tax assets and liabilities on a net basis.

1.13 REVENUE RECOGNITION

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Where there are guaranteed buy-back arrangements in terms of which significant risks and rewards of ownership have not transferred to the purchaser, the transaction is accounted for as a lease.

Revenue arising from the rendering of services is recognised on the accrual basis in accordance with the substance of the agreement.

Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance recognised at the end of the plan. An assessment is performed on a bi-annual basis to determine the value of profits already earned.

Where the company acts as agent and is remunerated on a commission basis, the commission is included in revenue. Where the company acts as principal, the total value of business handled is included in revenue.

Interest income is accrued on the time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

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

1.14 PROVISIONS

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the company financial statements requires the company's management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

2.1 IMPAIRMENT OF ASSETS

As outlined in the accounting policies, an impairment loss is recognised when the recoverable amount of an asset is estimated to be less than its carrying amount. In assessing value in use, future cash flows are discounted to their present value using a pre-tax discount rate.

Management applies its best estimate of the range of economic conditions that will exist over the remaining useful life of an asset. Whilst external evidence is favoured, management applies judgement in circumstances where external evidence is limited.

2.2 RESIDUAL VALUE AND USEFUL LIVES

The company depreciates its assets over their estimated useful lives taking into account residual values which are reassessed on an annual basis.

The actual lives and residual values of these assets can vary depending on a variety of factors. Technological innovation, product lifecycles and maintenance programmes all impact the useful lives and residual values of assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2.3 INCOME TAXES

The company recognises liabilities for anticipated taxes based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

2.3 INCOME TAXES (continued)

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain taxation deductions in future periods.

2.4 CONTINGENT LIABILITIES

Management applies judgement to the probabilities and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

2.5 REVENUE RECOGNITION

Revenue from vehicle maintenance plans is recognised only to the extent of the value of parts and services provided, with the balance recognised at the end of the plan. An assessment is performed on a bi-annual basis to determine the value of profits already earned.

2.6 INVENTORY PROVISIONS

The provision for inventory obsolescence is based on a physical count and inspection of inventory items which is performed at least annually and takes into account the age, condition and usage rates of the inventory.

2.7 FAIR VALUES AND FINANCIAL INSTRUMENTS

Basis for determining values

Derivatives

The fair values of derivative financial assets and liabilities are calculated by determining the net present value of all future cash flows, discounted at prevailing market curves of the different currencies at reporting date. Only observable market data is used (no estimates) when constructing the curves and basis swap adjustments are added to provide for liquidity in the market. Black-Scholes principles are used for valuing options.

2.7 FAIR VALUES AND FINANCIAL INSTRUMENTS (continued)

Basis for determining values

Other non-derivative assets and liabilities

The fair values of other non-derivative financial assets and liabilities are calculated by determining the net present value of all future cash flows, discounted at prevailing market curves of the different currencies at reporting date.

Other financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than six months are assumed to approximate their fair value.

2.8 ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the unavoidable costs of meeting the company's obligations under a contract exceed the economic benefits expected to be received under the contract.

3. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

3.1 NEWLY ISSUED AND REVISED STANDARDS

There were no standards or interpretations that were early adopted in the current year.

The company has adopted the following Revisions and Amendments which have become applicable in the current financial year, which doesn't have any material impact to the company:

- IFRS 2: *Share-based payments*
- IFRS 3: *Business Combinations*
- IFRS 8: *Operating Segments*
- IFRS 10: *Consolidated Financial Statements*
- IFRS 12: *Disclosure of Interest in Other Entities*
- IFRS 13: *Fair Value Measurement*
- IAS 16: *Property, Plant and Equipment*
- IAS 19: *Employee Benefits*
- IAS 27: *Separate Financial Statements*
- IAS 32: *Financial Instruments: Presentation*
- IAS 36: *Impairment of Assets*
- IAS 38: *Intangible Assets*
- IAS 40: *Investment Property*

3.2 NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS – NOT ADOPTED IN THE CURRENT YEAR

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future annual financial statements of the company. Other than new disclosure requirements, these are not expected to have a significant impact on the company's results, unless otherwise stated.

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments resulting from the 2012 – 2014 Annual Improvement cycle (Annual periods beginning on or after 1 January 2016)

IFRS 7: Financial Instruments: Disclosures

Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures. (Annual periods beginning on or after 1 January 2016)

IFRS 9: Financial Instruments

This is a new standard that forms the first part of a three-part project replace IAS 39 *Financial Instruments: Recognition and Measurements*. (Annual periods beginning on or after 1 January 2018)

IFRS 10: Consolidated Financial Statements

Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture. (Annual periods beginning on or after 1 January 2016)

3. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS (continued)

IFRS 11: Joint Arrangements

Amendment requiring the acquirer of an interest in a joint operation which constitutes a business, to apply all of the principles on business combinations accounting in IFRS. (Annual periods beginning on or after 1 January 2016)

IFRS 12: Disclosure of Interests in Other Entities

Amendments related to the application of the investment entities exceptions. (Annual periods beginning on or after 1 January 2016)

IFRS 15: Revenue from contracts with customers

IFRS 15 specifies how and when an entity will recognise revenue and required disclosures. (Annual periods beginning on or after 1 January 2018).

IAS 1: Presentation of Financial Statements

Amendments arising under the Disclosure Initiative. (Annual periods beginning on or after 1 January 2016)

IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets

Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38). (Annual periods beginning on or after 1 January 2016)

IAS 19: Employee Benefits

Amendments resulting from 2012 – 2014 Annual Improvement Cycle. (Annual periods beginning on or after 1 January 2016)

IAS 27: Separate Financial Statements

Amendments relating to equity method in separate annual financial statements. (Annual periods beginning on or after 1 January 2016)

IAS 28: Investments in Associates and Joint Ventures

Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture. (Annual periods beginning on or after 1 January 2016)

4 Intangible assets

R 000	Goodwill	Computer software	Total
Year ended 30 June 2015			
- Cost	3 012	185 900	188 912
- Accumulated amortisation and impairment	-	(26 448)	(26 448)
	3 012	159 452	162 464
Net book value at beginning of year	-	112 340	112 340
Additions	-	68 926	68 926
Reclassification	-	(12 996)	(12 996)
Acquisition of business	3 012	10	3 022
Amortisation	-	(8 828)	(8 828)
Net book value at end of year	3 012	159 452	162 464
Year ended 30 June 2014			
- Cost	-	129 346	129 346
- Accumulated amortisation and impairment	-	(17 006)	(17 006)
	-	112 340	112 340
Net book value at beginning of year	-	52 601	52 601
Additions	-	65 516	65 516
Proceeds on disposals	-	(26)	(26)
Amortisation	-	(5 707)	(5 707)
Net loss on disposal	-	(44)	(44)
Net book value at end of year	-	112 340	112 340

Goodwill represents the acquisition of a business under common control, from a fellow subsidiary at carrying amount on 1 July 2014. No additional goodwill was raised. The recoverable amount of the goodwill is deemed to exceed its carrying value as the business mainly relates to a profitable, long-term contract and no goodwill impairment is required.

5 Property, plant and equipment

R 000	Land, buildings and leasehold improvements	Equipment and furniture	Motor vehicles	Total
Year ended 30 June 2015				
- Cost	82 374	58 875	25 346	166 595
- Accumulated depreciation and impairment	(5 521)	(38 659)	(8 089)	(52 269)
	76 853	20 216	17 257	114 326
Net book value at beginning of year	83 976	6 820	29 704	120 500
Additions	492	2 679	-	3 171
Acquisition of business	2 091	4 649	-	6 740
Proceeds on disposals	(7 712)	(27)	(177)	(7 916)
Depreciation	(1 767)	(6 977)	(6 463)	(15 207)
Net (loss) profit on disposal	(227)	76	51	(100)
Reclassification	-	12 996	-	12 996
Transfer to leasing assets	-	-	(5 858)	(5 858)
Net book value at end of year	76 853	20 216	17 257	114 326
Year ended 30 June 2014				
- Cost	87 966	35 294	39 394	162 654
- Accumulated depreciation and impairment	(3 990)	(28 474)	(9 690)	(42 154)
	83 976	6 820	29 704	120 500
Net book value at beginning of year	92 672	9 689	30 680	133 041
Additions	4 891	4 423	37	9 351
Proceeds on disposals	(3 087)	(1 511)	(978)	(5 576)
Depreciation	(1 664)	(5 389)	(8 181)	(15 234)
Net (loss) profit on disposal	(199)	(352)	428	(123)
Disposal of land and buildings held under capitalised finance lease	(8 637)	-	-	(8 637)
Transfer (to)/from leasing assets	-	(40)	7 718	7 678
Net book value at end of year	83 976	6 820	29 704	120 500

Eqstra Corporation Limited

Notes to the annual financial statements (continued)

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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6 Leasing assets

Cost	4 338 511	4 308 676
Accumulated depreciation and impairment	(1 533 807)	(1 405 720)
	2 804 704	2 902 956
Net book value at beginning of year	2 902 956	2 734 375
Additions	821 500	1 262 029
Depreciation	(608 415)	(587 638)
Net loss on disposal	-	(619)
Transfer from (to) property, plant and equipment	5 858	(7 678)
Transfer to inventory	(317 195)	(497 513)
Net book value at end of year	2 804 704	2 902 956

Leasing assets consist of passenger and commercial vehicles and earthmoving equipment. No assets are encumbered or held as security.

7 Investments

Listed investments at market value	16 235	43 522
Unlisted investments at fair value	15 737	3 300
Total other investments and loans	31 972	46 822
<i>The above are categorised as follows:</i>		
- Available-for-sale	31 972	46 822
	31 972	46 822

The listed investment comprises 6 126 279 (2014: 6 098 319) ordinary shares in Eqstra Holdings Limited carried at market value. The investment has been recognised and measured as available-for-sale. Refer note 27 for fair value disclosure.

The unlisted investment comprises an investment in an insurance cell captive as is held at fair value being it's net asset value.

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June	30 June
	2015	2014
	R 000	R 000

8 Amounts owing by (to) group companies

Due by group companies

Long term

MCC Contracts Proprietary Limited	2 021 096	2 459 017
Eqstra NH Equipment Proprietary Limited	224 119	166 044
Mutual Construction Company (Transvaal) Proprietary Limited	118 373	222 964
Saficon Industrial Equipment Proprietary Limited	1 544 935	1 679 883
Total long term portion	3 908 523	4 527 908

These amounts have been subordinated.

Short term

Eqstra Swaziland Proprietary Limited	15 652	10 909
Amasondo Fleet Services Proprietary Limited	16 856	24 198
GPS Tracking Solutions Proprietary Limited	3 938	-
Eqstra Fleet Services Namibia Proprietary Limited	63 294	58 099
Advacure Proprietary Limited t/a Eqstra Connect	-	4 035
Eqstra Lesotho Proprietary Limited	5 066	4 353
MCC Equipment Rental (Namibia)	43 772	-
Octavopoint Proprietary Limited	-	2 618
Eqstra Zambia Limited	579	582
Eqstra Holdings Limited	57 963	-
Other smaller group companies	1 050	85
Total short term portion before impairment	208 170	104 879
Impairment of amounts owing by group companies	-	(4 627)
Total amounts due by group companies	208 170	100 252

Due to group companies

Eqstra FlexiFleet Proprietary Limited	24 050	21 477
Eqstra Holdings Limited	-	170 970
Eqstra Fleet Services (PVPS) Proprietary Limited	69 380	67 008
Eqstra Transformation Trust	4 306	2 587
Pemberley Fleet Services Proprietary Limited	4 147	4 038
Eqstra NH Equipment Proprietary Limited	-	483
Omathemba Proprietary Limited	-	1 258
Octavopoint Proprietary Limited	6 054	2 016
MCC Equipment Rental (Namibia)	-	5 950
GPS Tracking Proprietary Limited	-	1 773
Total amounts due to group companies	107 937	277 560

Effective interest rates

Loans	9.25%	8.55%
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The carrying amount of amounts owing by (to) group companies approximates its fair value. The loans bear interest at 9.25% (2014: 8.55%) with no fixed repayment date.

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
9 Derivative financial instruments		
Short-term		
Assets		
Cross currency swaps	27 386	48 485
	27 386	48 485
<i>Fair value through profit and loss</i>	27 386	48 485
Liabilities		
Interest rate derivatives	1 533	2 451
	1 533	2 451
<i>Fair value through profit and loss</i>	1 533	2 451

Fair value of derivative financial instruments

Long-term financial assets are stated at fair value. The fair value of derivatives is based upon market valuations.
(Refer note 27)

Interest rate

The fair value of interest rate derivatives were determined by reference to quoted market prices for similar instruments.

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
10 Inventories		
Net inventory	19 611	39 406
Gross inventory	21 718	42 976
Less: impairment provision	(2 107)	(3 570)
<i>Comprising of:</i>		
Used vehicles	17 449	39 010
Spares, accessories and finished goods	2 162	396
	19 611	39 406
Inventories carried at net realisable value included above	3 995	22 396
Net amount of inventories write down expensed in the income statement	1 794	3 835
11 Trade and other receivables		
Net trade receivables	117 679	184 066
Trade receivables	128 140	203 544
Less: Provision for impairment of trade receivables*	(10 461)	(19 478)
Prepayments and other	63 845	89 189
Finance lease receivable		
	181 524	273 255
* An analysis of the provision for impairment of trade receivables is found in note 27.		
The carrying amount of trade and other receivables approximates its fair value.		
12 Cash and cash equivalents		
Deposits and funds at call		
Cash on hand and at bank		
Cash on hand	142	158
Bank balance	51 251	-
Net cash and cash equivalents	51 393	158
Effective interest rates	4.3%	4.3%

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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13 Stated capital

Authorised stated capital		
4 000 000 (2014: 4 000 000) ordinary shares	4	4
Issued stated capital		
600 002 (2014: 600 002) ordinary shares	548 874	548 874

Equity Compensation Benefits

Eqstra Share Appreciation Rights (SAR) scheme

The SAR scheme allows certain senior employees to earn a long term incentive amount calculated with reference to the increase in the Eqstra Holdings Limited share price between the offer date of the share appreciation rights and the exercise of such rights.

The following share incentive plans were in operation during the financial year:

	Date of issue	Period to expiry	IFRS 2 classification
Eqstra Holdings Ltd	1-September-2012	3 years	Equity settled
Eqstra Holdings Ltd	1-September-2013	3 years	Equity settled
Eqstra Holdings Ltd	1-September-2014	3 years	Equity settled

The value of the SAR has been calculated using the Binomial model based on the following assumptions:

	2012 Scheme	2013 Scheme	2014 Scheme	2014 Scheme B
Expected volatility (%)	38.81	38.39	37.56	34.63
Expected dividend yield (%)	8,76	6.47	5.51	-
Expected forfeiture rate (%)	80.00	70.00	50.00	50.00
Exercise price of share appreciation rights	R 6.56	R 7.14	R 6.07	R 3.25
Fair value of the SAR on grant date	R 1.70	R 2.02	R 2.04	R 1.15

	30 June 2015	30 June 2014
Share based payment (income) expense recognised (R000)		
2011 Scheme	(181)	(2 916)
2012 Scheme	(102)	(569)
2013 Scheme	(376)	1 360
2014 Scheme	1 984	-
	1 325	(2 125)

The expected volatility was determined using volatility of similar companies. The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of the entity at vesting date. The calculation of the share based payment expense requires management to exercise a degree of judgement.

Movement on the number of SAR's granted

Balance at beginning of year	13 536 000	16 077 000
Share appreciation rights granted	7 526 000	3 234 000
Share appreciation rights forfeited	(1 850 000)	(2 482 140)
Share appreciation rights exercised	-	(3 292 860)
Balance at end of year	19 212 000	13 536 000

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

13 Stated capital (continued)

Deferred Bonus Plan (DBP) Schemes

The DBP scheme allows certain employees to acquire shares utilising a portion of their incentive bonus earned.
At the vesting date the employee will then be awarded one share for each share purchased and is held in escrow for the duration of the period.

	Date of issue	Period to expiry	IFRS 2 classification
Eqstra Holdings Ltd	1-September-2012	3 years	Equity settled
Eqstra Holdings Ltd	1-September-2013	3 years	Equity settled
Eqstra Holdings Ltd	1-September-2014	3 years	Equity settled

The value of the DBP has been calculated using the Binomial model based on the following assumptions:

	2012 Scheme	2013 Scheme	2014 Scheme
Expected volatility (%)	38.81	38.39	37.59
Expected dividend yield (%)	8.76	6.47	3.77
Fair value of the DBP on grant date	R5.84	R 5.98	R 5.65

	30 June 2015	30 June 2014
Share based payment expense recognised (R000)		
2011 Scheme	39	208
2012 Scheme	295	350
2013 Scheme	481	477
2014 Scheme	574	-
	<u>1 389</u>	<u>1 035</u>

Movement on the number of DBP's granted

Rights at beginning of year	706 000	805 000
Deferred bonus plan shares granted	385 000	287 000
Deferred bonus plan shares forfeited	(127 000)	(138 000)
Deferred bonus plan shares exercised	(194 000)	(248 000)
Rights at end of year	<u>770 000</u>	<u>706 000</u>

Conditional share plan (CSP) schemes

The new CSP scheme, issued in January 2015, allows certain senior employees to receive shares should certain conditions be fulfilled.

	Date of issue	Period to expiry	IFRS 2 classification
Eqstra Holdings Limited	1 January 2015	3 years	Equity settled

The value of the CSP has been calculated using the Binomial model based on the following assumptions:

	2014 scheme
Expected volatility (%)	34.63
Expected dividend yield (%)	-
Fair value of the CSP on grant date	<u>R3.39</u>

	30 June 2015	30 June 2014
Share based payment expense recognised (R000)		
2014 scheme	377	-
	<u>377</u>	<u>-</u>

Movement on the number of CSP's granted

Rights at beginning of year	-	-
Deferred bonus plan shares granted	400 000	-
Rights at end of year	<u>400 000</u>	<u>-</u>

	30 June 2015	30 June 2014
	<u>R 000</u>	<u>R 000</u>

14 Other reserves

Hedging reserve	-	(199)
Fair value reserve on available-for sale-financial instruments	(27 331)	-
Deferred taxation in equity	-	56
Share-based equity	10 419	8 406
Equity loans	<u>(16 912)</u>	<u>8 263</u>

For further disclosure of the share-based equity reserve refer to note 13, stated capital.

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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15 Interest-bearing borrowings

Long-term in nature		
- Capitalised finance leases	-	
- Unsecured loans	5 826 965	5 521 031
	5 826 965	5 521 031
Short-term in nature		
- Capitalised finance leases		-
- Unsecured and call borrowings	104 294	939 709
- Overdraft	-	46 428
	104 294	986 137
Total borrowings (at amortised cost)	5 931 259	6 507 168
Less : current portion of interest-bearing borrowings	(1 423 426)	(1 963 869)
Long term portion of interest-bearing borrowings	4 507 833	4 543 299

All outstanding commercial paper as at 30 June 2014 were repaid and refinanced with the R1 billion standby liquidity facility during the 2015 financial year. R820 million was utilised under the liquidity facility at 30 June 2015. The liquidity facility has a 13 month rolling notice period and is therefore classified as long term. Current portion of interest bearing borrowings also includes R442 million of bank debt maturing in March and June 2016, that has been extended in August 2015 for an additional 12 month period from maturity, to March and June 2017 respectively.

Interest rate analysis

	30 June 2015 Effective rates	30 June 2015 R 000 Analysis of debt	30 June 2014 Effective rates	30 June 2014 R 000 Analysis of debt
Fixed				
- Bonds	12.92%	50 000	12.92%	50 000
Variable linked				
- Unsecured loans	7.73% - 10.39%	3 595 596	3.0% - 9.35%	2 846 062
- Unsecured call borrowings and overdraft	6.6% - 9%	104 294	3.25% - 14.5%	171 428
- Bonds	8.11% - 11.13%	2 181 369	7.73% - 11.58%	2 616 678
- Commercial paper	-	-	6.67%	823 000
		5 931 259		6 507 168

15 Interest-bearing borrowings (continued)

Summary of interest -bearing borrowings by year of redemption or repayment in SA Rands.

	2020 and onwards	2019	2018	2017	2016	Total
2015						
SA Rands (R 000)	25 260	131 500	1 319 500	2 982 739	1 394 772	5 853 771
Other (R 000)	-	-	20 180	28 654	28 654	77 488
Total	25 260	131 500	1 339 680	3 011 393	1 423 426	5 931 259
	2019 and onwards	2018	2017	2016	2015	Total
2014						
SA Rands (R 000)	46 500	1 319 500	1 612 739	1 440 057	1 935 215	6 354 011
Other (R 000)	-	67 195	28 654	28 654	28 654	153 157
Total	46 500	1 386 695	1 641 393	1 468 711	1 963 869	6 507 168

	30 June 2015 R 000	30 June 2014 R 000
Borrowing facilities		

In terms of the memorandum of incorporation the borrowing powers of the company are unlimited.

Total facilities established	4 675 596	4 804 353
Less : Total borrowings, excluding commercial paper and bonds	3 699 889	2 971 062
Unutilised borrowing facilities	975 707	1 833 291

No assets are encumbered or held as security.

16 Deferred tax liabilities

	30 June 2015 R 000	30 June 2014 R 000
Balance at beginning of year	359 807	337 512
Accounted for in the income statement	26 885	22 013
Accounted for in statement of comprehensive income	-	282
Balance at end of year	386 692	359 807

Analysis of deferred taxation

- Provisions and other accruals	(62 526)	(59 200)
- Property, plant and equipment	4 621	8 050
- Leasing assets	424 735	404 027
- Estimated assessed taxation loss	(18 453)	(31 081)
- Other	38 315	38 011
	386 692	359 807

Taxation losses

Unutilised tax losses available for offset against future profits	65 904	111 005
Deferred tax assets recognised in respect of such losses	18 453	31 081

Deferred tax assets are raised only to the extent that their recoverability is probable. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be utilised.

Eqstra Corporation Limited

Notes to the annual financial statements (continued)

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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17 Trade and other payables

Trade payables	69 554	90 659
Other payables and accruals	264 252	230 960
Interest accrual	64 905	67 216
Employee related accruals	42 956	45 463
	441 667	434 298

The carrying amount of trade and other payables approximates its fair value.

18 Revenue

An analysis of the company's revenue is as follows:

Sales of goods	608 725	601 972
Rendering of services and other	1 333 089	1 479 947
	1 941 814	2 081 919

19 Net operating expenses

Cost of sales	317 915	535 026
Staff costs	261 775	238 676
Other operating income	(41 234)	(41 637)
Other operating costs	477 565	491 603
	1 016 021	1 223 668

The above costs are arrived at after including:

Auditor's remuneration	4 598	4 539
Share-based payment expense (reversal) (included in staff costs)	3 189	(1 090)
Rental and operating lease charges	17 114	17 083
Properties	15 432	13 006
Office equipment	1 682	1 034
Motor vehicles	-	3 043

Eqstra Corporation Limited

Notes to the annual financial statements (continued)

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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19 Net operating expenses (continued)

Defined contribution retirement plan costs included in staff costs	23 949	23 900
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The Eqstra Holdings Limited group provides benefits through independent funds under the control of a board of trustees and all contributions to those funds are charged to the income statement.

The large majority of South African employees, other than those employees required by legislation to be members of various industry funds, are members of the Eqstra Group Pension Fund and the Eqstra Group Provident Fund which are governed by the Pensions Fund Act, 1956.

20 Depreciation, amortisation and recoupments

Intangible assets	8 828	5 707
Property, plant and equipment	15 207	15 234
Leasing assets	608 415	587 638
	632 450	608 579
Loss on disposal of intangible assets	-	44
Loss on disposal of property, plant and equipment	100	123
Loss on disposal of leasing assets	-	619
	632 550	609 365

21 Net finance costs

Interest expense	582 768	556 027
Finance income	(387 624)	(373 289)
Net finance cost	195 144	182 738
Fair value gains arising from interest swap instruments - unrealised	-	(533)
Net finance cost	195 144	182 205

No finance costs were capitalised during the year (2014: R0).

Included in finance costs is the following:

- Finance costs on bank overdrafts and other financial liabilities	582 768	555 776
- Finance costs on capitalised finance leases	-	251
- Fair value gains arising from interest swap instruments (unrealised)	-	(533)
Finance costs including fair value gains	582 768	555 494

Included in finance income is the following:

- Finance income on loans and receivables	385 894	367 827
- Finance income on cash and cash equivalents and interest swaps	1 730	3 228
- Dividend income	-	2 234
Finance income	387 624	373 289

Eqstra Corporation Limited

Notes to the annual financial statements (continued)

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
22 Income tax expense		
South African Taxation		
Normal taxation		
- Current year	-	-
Deferred taxation		
- Current year	26 885	22 013
	26 885	22 013
Reconciliation of taxation rates:	%	%
Profit before taxation - effective rate	26.3	28.5
Taxation effect of:		
- Non-deductible expenditure	4.7	4.8
- Non-taxable income	(3.0)	(5.3)
	28.0	28.0

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
23 Note to the cash flow statement		
23A Cash generated by operations		
Profit before net financing costs	297 440	259 505
Adjustments for non cash movements		
- Amortisation of intangible assets, net of recoupments	8 828	5 707
- Depreciation of property, plant and equipment	15 207	15 234
- Depreciation of leasing assets	608 415	587 638
- Fair value adjustment on investments	(12 437)	-
- Impairment reversal against intercompany loans	(4 627)	(9 223)
- Loss on disposal of intangible assets	-	44
- Loss on disposal of property, plant and equipment	100	123
- Loss on disposal of leasing assets	-	619
- Recognition of share-based payments	3 189	(1 090)
- Movement in inventory provision	(1 463)	37 267
- Provision for impairment of trade receivables	(9 017)	3 019
- Other non-cash flow movements	456	(546)
Cash generated by operations before changes in working capital	906 091	898 297
Working capital movements		
- Decrease in inventories	341 081	516 582
- Increase (decrease) in accounts receivable	112 312	(57 339)
- Decrease in accounts payable	(14 828)	(14 165)
Total cash generated by operations	1 344 656	1 343 375
23B Acquisition of business		
Intangible assets	23	-
Property, plant and equipment	6 740	-
Goodwill	3 012	-
Inventories	2 628	-
Due by group entities	10 761	-
Trade and other receivables	11 564	-
Deferred tax liabilities	(1 250)	-
Amounts owing to group companies	(12 466)	-
Trade and other payables	(20 947)	-
Overdraft	(65)	-
Cash flow on acquisition	-	-
The business acquired relates to a business held under common control, from a fellow subsidiary at carrying amount on 1 July 2014.		
23C Cash and cash equivalents at end of year		
Cash on hand	142	158
Bank balance	51 251	(46 428)
	51 393	(46 270)

Eqstra Corporation Limited

Notes to the annual financial statements (continued)

For the years ended

	30 June 2015 R 000	30 June 2014 R 000
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24 Commitments

Capital expenditure commitments to be incurred

Contracted	72 909	113 008
Authorised by directors but not contracted	1 076 895	1 638 666
	1 149 804	1 751 674

The expenditure is substantially for the acquisition and replacement of leasing assets. Expenditure is financed from proceeds on disposals and existing banking facilities.

Guarantees	23 499	17 591
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Operating lease commitments

30 June 2015	One to five years R 000	Less than one year R 000	Total R 000
Property	13 960	7 703	21 663
30 June 2014			
Property	14 166	7 703	21 869

25 Contingent liabilities

There are no current or pending litigation that is considered likely to have a material adverse effect on the company.

26 Operating lease receivable

The minimum future lease payments receivable under non-cancellable operating leases are as follows:

30 June 2015	More than five years	One to five years	Less than one year	Total
Vehicles	562 264	2 191 926	1 108 773	3 862 963
30 June 2014				
Vehicles	886 834	2 681 208	1 283 674	4 851 716

27 Financial instruments

Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (ALCO) strategies. The ALCO is an Eqstra group board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price risk and foreign exchange risk. The ALCO meets every quarter and follows a comprehensive risk management process. The treasury implements the ALCO risk management policies and directives and provides financial risk management services to the various divisional businesses, co-ordinates access to domestic and international financial markets for bank as well as debt capital markets funding and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the guidelines approved by the board for Eqstra Holdings Limited.

The company's objectives, policies and processes for measuring and managing these risks are detailed below.

The company seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures. The adherence to the use of derivative instruments and exposure limits is reviewed on a continuous basis and results are reported to the audit committee.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The company enters into financial instruments to manage and reduce the possible adverse impact on earnings of changes in interest rates and foreign exchange rates.

Market Risk

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates and commodity prices may adversely impact on the company's earnings, assets, liabilities and capital. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions. The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the company may enter into transactions, which make use of derivatives. Derivative instruments are used by the company for hedging purposes. Such instruments include forward exchange contracts and under specific ALCO authorisation, currency options.

The policy of the company is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the ALCO. Spare parts are settled in the spot market and where specific South African Exchange Control authorisation has been acquired up to 75% of forecasted annual purchases can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts.

The company has no uncovered foreign currency exposure and all foreign currency denominated assets and liabilities are hedged through foreign exchange contracts. Fair value is calculated as the difference between the contracted value and the value to maturity at the period end. The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of foreign denominated trade receivables and financial assets and liabilities at fair value through profit or loss that are offset by equivalent gains/losses in currency derivatives.

27 Financial instruments (continued)

Concentration risk

This is the risk of a single non-related party customer exceeding 5% of total company revenue. There are 2 customer that individually accounts for more than 5% of company revenue.

Cash and cash equivalents

It is company policy to deposit short-term cash with reputable financial institutions with high credit ratings assigned by international credit-rating agencies.

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the company's earnings, assets, liabilities and capital.

The company is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate assets and liabilities wherever possible and achieve a repricing profile in line with ALCO directives through the use of interest rate derivatives. The company analyses the impact on profit and loss of defined interest rate shifts - taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The company's financial services division, having access to local money markets, provides the subsidiaries with the benefits of bulk financing and depositing. The interest rate profile of total borrowings is reflected in note 15. The company has entered into interest rate derivative contracts that entitle it to either receive or pay interest at floating rates on notional principal amounts and oblige it to receive or pay interest at fixed rates on the same amounts.

The company's remaining periods and notional principal amounts of the outstanding interest rate derivative contracts are:

	June 2015 R 000	June 2014 R 000
Pay fixed receive floating		
Less than one year	-	250 000
Pay floating receive fixed		
One to five years	106 000	106 000
Fair value of interest rate and inflation linked swaps		
- Liability	1 533	2 451

The impact of a 1% change in interest rates will have not have a material impact on profit and loss as the fixed rates loans are covered with interest rate swaps and the income streams are linked to the prime interest rate.

Collateral

The company may require collateral in respect of the credit risk on derivative transactions with a third party. The amount of credit risk is the positive fair value of the contract. Collateral may be in the form of cash or in the form of a lien over a debtors assets, entitling the company to make a claim for current and future liabilities. The company is not exposed to a situation where a third party may require collateral with respect to the transaction with that third party. These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities. No financial assets were re-pledged during the year under review for collateral purposes.

27 Financial instruments (continued)

Guarantees

The company did not during the period obtain financial or non-financial assets by taking possession of collateral it holds as security or calling on guarantees. There were no guarantees provided by banks to secure financing during the year.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the company obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments below were held as collateral for any security provided. The credit quality of all derivative financial assets is sound. None are overdue or impaired and the company does not hold any collateral on derivatives.

In addition, the company is exposed to credit risk in relation to financial guarantees given to banks provided by the company. The company's maximum exposure in this respect is the maximum amount the company could pay if the guarantee is called upon (refer to note 15). As at 30 June 2015, an amount of R 5.8 billion (30 June 2014: R 5.5 billion) has been recognised in the statement of financial position as financial liabilities.

Trade accounts receivable

Trade receivables that are neither past due nor impaired

Trade accounts receivable consist mainly of a large, widespread customer base. The company monitors the financial position of its customers on an ongoing basis. Creditworthiness of trade debtors is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	30 June 2015 R 000	30 June 2014 R 000
Trade receivables that are neither past due nor impaired	93 985	147 777

Based on past experience, the company believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the company, and there has been no objective evidence to the contrary.

The credit quality of all derivative financial assets is sound. None are overdue or impaired and the company does not hold any collateral on derivatives. The company's maximum exposure to counterparty credit risk on derivative assets at 30 June 2015 amounted to R27.3 million (2014: R48.5 million).

Past due trade receivables not impaired

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. A summarised age analysis of past debtors is set out below.

Less than 1 month	18 195	4 794
Between 1 - 3 months	5 499	31 495
	23 694	36 289

The overdue debtor ageing profile above is typical of the industry in which certain of our businesses operate. No significant collateral was held by the company as security and other enhancement over the financial assets during the year.

27 Financial instruments (continued)

Trade accounts receivable (continued)

Provision for doubtful debts for loans and receivables

Before the financial instruments can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by credit guarantee or a bad debt provision. There were no allowances for impairments on long-term receivables or investments in equity instruments at cost during the period under review.

	30 June 2015 R 000	30 June 2014 R 000
Analysis of provision for doubtful debts		
Balance at beginning of the year	19 478	18 819
Amounts written off during the year	(15 387)	(11 487)
Increase in allowance recognised in profit or loss	6 370	12 146
Balance at end of year	10 461	19 478

There is no significant concentration of risk in respect of any particular customer or industry segment.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised borrowings are reflected in note 15. The company aims to cover at least its net debt requirements through long-term borrowing facilities.

Standard payment terms for the majority of trade payables is the end of the month following the month in which the goods are received or services are performed. To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

All outstanding commercial paper as at 30 June 2014 were repaid and refinanced with the R1 billion standby liquidity facility during the 2015 financial year. R820 million was utilised under the liquidity facility at 30 June 2015. The liquidity facility has a 13 month rolling notice period and is therefore classified as long term. Current portion of interest bearing borrowings also includes R442 million of bank debt maturing in March and June 2016, that has been extended in August 2015 for an additional 12 month period from maturity, to March and June 2017 respectively.

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

27 Financial instruments (continued)

Liquidity risk (continued)

Maturity profile of contractual cash flows (including interest) of financial instruments are as follows:

	Carrying amount (Fair value) R 000	Contractual cash flow R 000	Less than one year R 000	One to five years R 000
30 June 2015				
Financial assets				
Other investments and loans	31 972	31 972	-	31 972
Amounts owing by group companies	4 116 693	4 116 693	208 170	3 908 523
Trade receivables	117 679	128 140	128 140	-
Derivative financial assets	27 386	27 386	27 386	-
	4 293 730	4 304 191	363 696	3 940 495
Percentage profile (%)			8	92
Financial liabilities				
Amounts owing to group companies	107 937	107 937	107 937	-
Interest-bearing borrowings	5 931 259	6 674 262	1 855 552	4 818 710
Trade and other payables	441 667	441 667	441 667	-
	6 480 863	7 223 866	2 405 156	4 818 710
Percentage profile (%)			33	67
30 June 2014				
Financial assets				
Other investments and loans	46 822	46 822	-	46 822
Amounts owing by group companies	4 628 160	4 632 787	100 252	4 527 908
Trade receivables	184 066	203 544	203 544	-
Derivative financial assets	48 485	48 485	48 485	-
	4 907 533	4 931 638	4 884 816	46 822
Percentage profile (%)			99	1
Financial liabilities				
Amounts owing to group companies	277 560	277 560	277 560	-
Interest-bearing borrowings	6 507 168	7 166 093	2 198 949	4 967 144
Trade and other payables	434 298	434 298	434 298	-
	7 219 026	7 877 951	2 910 807	4 967 144
Percentage profile (%)			37	63

27 Financial instruments (continued)

Fair values

The directors consider that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value due to the short-term maturities of these assets and liabilities.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless carrying value is considered to approximate fair value.

The fair values of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates to the fair value.

There were no defaults or breaches in terms of interest-bearing borrowings during both reporting periods.

There were no reclassifications of financial assets or financial liabilities that occurred during the period. There were no financial assets or liabilities that did not qualify for derecognition during the period.

Fair value hierarchy disclosures

Valuation methodology

The table below shows the company's financial asset and liability that are recognised and subsequently measured at fair value, analysed by valuation technique. The classification is based on the lowest level input that is significant to the fair value measured in its entirety.

	Level 1 Rm	Level 2 Rm	Fair value Rm
30 June 2015			
Financial assets			
Available-for-sale financial assets			
– Investments	16 235	15 737	31 972
Financial assets designated as fair value through profit and loss			
– Derivative financial assets	–	27 386	27 386
Total financial assets	16 235	43 123	59 358
Financial liabilities			
Financial liabilities designated as fair value through profit and loss			
– Derivative financial liabilities	–	1 533	1 533
Total financial liabilities	–	1 533	1 533
30 June 2014			
Financial assets			
Available-for-sale financial assets			
– Investments	43 522	3 300	46 822
Financial assets designated as fair value through profit and loss			
– Derivative financial assets	–	48 485	48 485
Total financial assets	43 522	51 785	95 307
Financial liabilities			
Financial liabilities designated as fair value through profit and loss			
– Derivative financial liabilities	–	2 451	2 451
Total financial liabilities	–	2 451	2 451

Valuation narration disclosures

Level 1 – valuations with reference to quoted prices in an active market:

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes highly liquid active listed equities.

Level 2 – valuations based on observable and unobservable inputs include:

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

27 Financial instruments (continued)

Valuation narration disclosures (continued)

The following summary sets out the principal instruments whose valuation may involve judgemental inputs:

Debt instruments held as assets

These instruments are valued based on valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Equity investments held as assets

The fair value of these investments is determined using listed market values.

Derivatives

Derivative contracts can be exchange traded or traded over-the-counter (OTC). OTC derivative contracts include forward and swap contracts related to interest rates, bonds, foreign currencies, credit spreads and equity prices. Fair values of derivatives are obtained from dealer price quotations, discounted cash flow and option pricing models.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal mix of liquidity and low cost of capital and to be able to finance future growth.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital includes share capital and borrowings.

Included in the statement of comprehensive income is the following adjustments relating to financial instruments:

Hedge accounting- cash flow hedges	95	724
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28 Segmental information

There is only one operating segment in Eqstra Corporation Limited which operates in the fleet management and logistic sector, hence no separate segment report has been disclosed.

29 Related party transactions

Fellow subsidiaries, the group Pension and Provident Funds and key management are considered to be related parties. During the year the company in the ordinary course of business, entered into sale and purchase transactions with related parties.

These transactions occurred under terms that are no less favourable than those arranged with third parties.

Interest of directors in contracts

The directors have confirmed that they were not materially interested in any transaction of any significance with the company or any of Eqstra Holdings Limited subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the company. The company has many different operations, retail outlets and service centres where the company staff may be transacting. Often these transactions are minor and are difficult to monitor. Key management have to report any transactions with the company in excess of R100 000.

Key management personnel remuneration comprises:

	30 June 2015 R 000	30 June 2014 R 000
Short - term employee benefits	28 921	24 904
Long - term employee benefits	2 366	2 037
Share based payments recognised as an expense (reversal)	3 189	(1 090)
	34 476	25 851
Number of key management personnel	20	19

Directors remuneration - 2015	Salary R 000	Incentive R 000	Retirement benefits R 000	Pension and other benefits R 000	Total R 000
WS Hill*	5 597	833	11 801	321	18 552
JV Carr	3 037	1 295	-	279	4 611
JL Serfontein	2 635	712	-	273	3 620
P Siddall**	914	-	-	319	1 233
	12 183	2 840	11 801	1 192	28 016

Directors remuneration - 2014	Salary R 000	Incentive R 000	Pension and other benefits R 000	Total R 000
WS Hill	5 274	793	321	6 388
E Clarke ***	1 533	296	185	2 014
JV Carr	2 861	2 373	275	5 509
JL Serfontein	2 479	637	270	3 386
P Siddall	1 514	618	342	2 474
	13 661	4 717	1 393	19 771

The board of directors has deemed that the prescribed officers of the company are limited to the directors.

The above directors qualify for share incentives as per the Eqstra group scheme.

* Retired as a director on 1 June 2015.

** Resigned as a director on 31 January 2015.

*** Resigned as a director on 1 January 2014.

29 Related party transactions (continued)

Directors' ordinary shareholding

	Direct beneficial shareholding	% shareholding
Opening balance 2014	3 115 784	
E Clarke ***	157 000	*
WS Hill*	2 673 284	0.7
JL Serfontein	93 000	*
JV Carr	192 500	*
Movements during the year	(2 521 120)	
Closing balance 2015	594 664	
JL Serfontein	207 800	*
JV Carr	386 864	*

* Less than 0.1%

Participation in Eqstra SAR scheme

Name	Grant date	Rights committed at 30-Jun	Strike price	Vesting date
JV Carr	01-Sep-14	935 000	6.07	15-Sep-17
	01-Sep-13	427 000	7.14	15-Sep-16
	01-Sep-12	832 000	6.56	15-Sep-15
	01-Sep-11	215 036	7.20	Vested not exercised
WS Hill	01-Sep-14	1 877 000	6.07	15-Sep-17
	01-Sep-13	297 000	7.14	15-Sep-16
	01-Sep-12	766 000	6.56	15-Sep-15
	01-Sep-11	437 128	7.20	Vested not exercised
JL Serfontein	01-Sep-14	820 000	6.07	15-Sep-17
	01-Sep-13	650 000	7.14	15-Sep-16
	01-Sep-12	697 000	6.56	15-Sep-15
	01-Sep-11	93 690	7.20	Vested not exercised

Participation in Eqstra DBP scheme

Name	Grant date	Shares committed to plan	Vesting date
JV Carr	01-Sep-14	61 000	15-Sep-17
	01-Sep-13	45 000	15-Sep-16
	01-Sep-12	44 000	15-Sep-15
WS Hill	01-Sep-14	162 000	15-Sep-17
	01-Sep-13	121 000	15-Sep-16
	01-Sep-12	118 000	15-Sep-15
JL Serfontein	01-Sep-14	53 000	15-Sep-17
	01-Sep-13	38 000	15-Sep-16
	01-Sep-12	37 000	15-Sep-15

Eqstra Corporation Limited
Notes to the annual financial statements (continued)
For the years ended

	30 June 2015 R 000	30 June 2014 R 000
29 Related party transactions (continued)		
Related party balances		
<i>Amounts due by (to) group companies - Refer note 9</i>		
<i>Trade and other receivables (fellow subsidiaries)</i>		
Eqstra Fleet Services Proprietary Limited	15 762	2 251
Eqstra Swaziland Proprietary Limited	-	100
Eqstra Botswana Proprietary Limited	737	425
Amasondo Fleet Services Proprietary Limited	2 074	528
Eqstra TA Equipment Proprietary Limited	34	17 827
Eqstra NH Equipment Proprietary Limited	1 259	404
Imperial Specialised Freight Nigeria Ltd	-	1 218
Eqstra Fleet Services (PVPS) Proprietary Limited	771	0
Saficon Industrial Equipment Proprietary Limited	542	373
Eqstra Fleet Services Namibia Proprietary Limited	829	215
Advacure Proprietary Limited t/a Eqstra Connect	-	1 685
Eqstra FlexiFleet Proprietary Limited	-	6
Octavopoint Proprietary Limited	82	312
600 SA Holdings Proprietary Limited	35	48
MCC Contracts Proprietary Limited	827	679
	22 952	26 071
<i>Trade and other payables (fellow subsidiaries)</i>		
Eqstra NH Equipment Proprietary Limited	(4)	-
Eqstra FlexiFleet Proprietary Limited	-	(3 830)
Eqstra Fleet Services Namibia Proprietary Limited	(391)	-
Eqstra TA Equipment Proprietary Limited	(244)	(169)
Saficon Industrial Equipment Proprietary Limited	(112)	(5 130)
GPS Tracking Solutions Proprietary Limited	(523)	(1 486)
Eqstra Fleet Services Proprietary Limited	(19 742)	(3 825)
Amasondo Fleet Services Proprietary Limited	(50)	(254)
Octavopoint Proprietary Limited	(449)	(1 597)
Eqstra Lesotho Proprietary Limited	-	(403)
Eqstra Botswana Proprietary Limited	-	(646)
600 SA Holdings Proprietary Limited	(369)	-
Mutual Construction Company (Transvaal) Proprietary Limited	(2)	0
	(21 886)	(17 340)
Related party transactions		
<i>Revenue (fellow subsidiaries)</i>		
Eqstra TA Equipment Proprietary Limited	5 068	9 375
MCC Contracts Proprietary Limited	38 168	65 930
Advacure Proprietary Limited t/a Eqstra Connect	-	1 159
Eqstra NH Equipment Proprietary Limited	12 376	23 712
600 SA Holdings Proprietary Limited	820	845
GPS Tracking Solutions Proprietary Limited	2 367	1 082
Saficon Industrial Equipment Proprietary Limited	29 389	38 367
Amasondo Fleet Services Proprietary Limited	15 654	-
Eqstra Fleet Services Proprietary Limited	33	-
Mutual Construction Company (Transvaal) Proprietary Limited	8 067	-
Other smaller group companies	3	66
	111 945	140 536
<i>Dividend income</i>		
Eqstra Holdings Limited	-	2 234

Refer to note 21 for finance income received from related parties.

30 Post-balance sheet events

Subsequent to year-end the company rolled a further R442 million of bank debt maturing in the 2016 financial year. Bonds of R561 million mature during the 2016 financial year and will be repaid from cash repaid by fellow subsidiaries on intercompany loans using cash generated by the operations of the Eqstra group.

There have been no other material subsequent events.