



**enX Corporation Limited**

(formerly Eqstra Corporation Limited)

Registration Number: 1984/007045/06

**Audited Annual Financial Statements**

for the 14-month period ended 31 August 2017

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

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## DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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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 ("IFRS") and in the manner required by the South African Companies Act, No 71 of 2008 ("the Companies Act").

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 period under review.

The annual financial statements of the company are prepared on the going-concern basis. The directors have reviewed the company's cash flow forecast for the year to 31 August 2018 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared under the supervision of IM Lipworth CA(SA).

The financial statements set out on pages 9 to 43 were approved by the board of directors on 30 November 2017 and are signed on its behalf by:



**JL Serfontein**  
*Director*



**I Lipworth**  
*Director*



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Gauteng

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## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of enX Corporation Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of enX Corporation Limited ("the Company") set out on pages 9 to 43, which comprise the statement of financial position as at 31 August 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 August 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

##### Basis for Opinion

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

##### Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer \*MJ Jarvis Chief Operating Officer  
\*AF Mackie Audit & Assurance \*N Sing Risk Advisory \*NB Kader Tax TP Pillay Consulting S Gwala BPS \*K Black Clients & Industries  
\*JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal \*TJ Brown Chairman of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

## Independent Auditor's Report to the shareholders of enX Corporation Limited (continued)

### Key Audit Matter

### How the matter was addressed in the audit

#### Accounting for maintenance revenues

The Company's Fleet Management and Logistics business generates material maintenance revenues as part of the long-term rental contracts with customers.

The accounting for maintenance revenues involves management judgement in terms of when to recognise these revenues in terms of *IAS18 Revenue*.

Due to the significance of the maintenance revenues received by the Company, the judgements involved in determining the amounts recognised in revenue, this was determined to be a key audit matter.

We tested the business process controls around the revenue cycles to assess the design and implementation of key financial controls implemented within these business processes to mitigate the risk of material misstatement of revenue.

The maintenance revenue recognised was tested using a combination of analytical and detailed substantive tests and we confirmed that revenue is being appropriately recognised in terms of *IAS 18 Revenue*. The implementation of the new leasing system led to limited availability of certain operational cost information and as a result, management has recognised revenue to the extent of costs incurred after recognising onerous contracts. The leasing system implementation was reviewed with the assistance of information technology specialists and the outcomes from this review were factored into the analytical and detailed substantive testing approach adopted on the maintenance revenues.

We reviewed the disclosures in notes 2.6 and 18 to the financial statements with respect to the revenue recognised and we consider the disclosure to be appropriate.

#### Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the 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.

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

## **Independent Auditor's Report to the shareholders of enX Corporation Limited (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

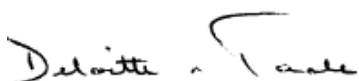
We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of enX Corporation Limited for 17 years.



#### **Deloitte & Touche**

Registered Auditor

Per: Sebastian Benedikt Field Carter

Partner

30 November 2017

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## AUDIT AND RISK COMMITTEE REPORT

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enX Corporation Limited ("enX Corporation" or "the company") is a wholly owned subsidiary of enX Leasing Investments Proprietary Limited ("enX Leasing"), which is a wholly owned subsidiary of enX Group Limited ("enX Group" or "the group").

The Audit and Risk Committee of enX Group assumes the role and responsibility of the audit committee function of the Company. The Audit and Risk Committee's operation is guided by a detailed charter that is approved by the Board and complies with the Companies Act and King IV. The purpose of the committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of the accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards. Other responsibilities of the committee include assessing and approving the internal audit plan, assessing the report backs from both internal and external auditors and assessing the going concern of the Company.

The external auditors have unrestricted access to the Audit and Risk Committee and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

The Audit and Risk Committee has reviewed the scope as well as the independence and objectivity of the external auditors. The committee has satisfied itself that the external auditor is independent as defined by the Companies Act.



**N Lila**

*enX Group Audit and Risk Committee Chairman*

30 November 2017

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## COMPANY SECRETARY COMPLIANCE STATEMENT

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In my capacity as company secretary, I hereby confirm that in terms of section 88(2)(e) of the Companies Act, the company has lodged all returns required of a public company in terms of the Companies Act for the 14-months ended 31 August 2017 with the Registrar of Companies and that all these returns are true, correct and up to date.



**L Möller**

*Company secretary*

30 November 2017

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## DIRECTORS' REPORT

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The directors have pleasure in submitting their report on the annual financial statements of enX Corporation for the 14-months ended 31 August 2017.

### FINANCIAL PERFORMANCE AND MAIN BUSINESS AND OPERATIONS

The company's core business is to provide a full spectrum of passenger and commercial vehicle services including leasing, fleet management, outsourcing solutions, maintenance, warranty management and vehicle tracking solutions driven by a unique approach to asset management through data technology. The company's commercial vehicle operations are supported by a nationwide network of workshops and panel repair shops.

The financial results for the 14-months ended 31 August 2017 are set out in detail on pages 9 to 43. The company recorded a profit before taxation of R37 million (2016: Loss before taxation R138 million).

### YEAR-END CHANGE

The company's year-end changed from 30 June to 31 August in order to align the year-end with its new ultimate holding company, enX Group. The current financial results cover a 14-month period with the prior year covering a 12-month period.

### DIVIDENDS

A dividend of R53.767 million was declared and paid during the period under review (2016: Rnil).

### AUTHORISED AND ISSUED SHARE CAPITAL

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

### DIRECTORS

The directors of the company at year-end and date of this report are:

- JV Carr;
- JL Serfontein;
- PD Mansour (appointed on 16 January 2017); and
- IM Lipworth (appointed on 16 January 2017).

HM Lindeque resigned as director on 28 November 2016.

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



### **Special Resolution 3 – Company name change**

Resolved in terms of section 36(3) of the Act, that the name of the company would change from Eqstra Corporation Limited to enX Corporation Limited.

### **CHANGE OF SHAREHOLDER**

The company changed its shareholder on or around 31 August 2016, whereby eXtract Group Limited (formerly Eqstra Holdings Limited) (“eXtract”) restructured and sold its shares to a wholly-owned subsidiary of eXtract, enX Leasing Investments Proprietary Limited (formerly Eqstra Investments Proprietary Limited) (“enX Leasing”).

Following this restructure, on 8 November 2016, eXtract sold its shares in enX Leasing to enX Group (“Eqstra transaction”). Full details of the Eqstra transaction are available in the enX Group 2017 integrated report. As part of the transaction, the company’s interest-bearing borrowings were restructured. Refer to note 15 for full details.

### **GOING CONCERN**

The annual financial statements presented have been prepared on the assumption that the company will continue to operate as a going concern. The company’s current trading position and forecasts, allows the directors to conclude that the company will be able to meet its obligations as they fall due, and accordingly that it remains appropriate to prepare these financial results on a going concern basis.

### **AUDITORS**

Deloitte & Touche will continue in office as external auditors, with Mr S Carter as the designated partner.

### **EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE**

Subsequent to year-end, as part of the eXtract restructure agreement, the loan receivable from eXtract was delegated to enX Group Limited at an amount of R626 million and the ordinary shares were also sold to enX Group at R0.50 per share.

With effect from 31 March 2018, Mr JL Serfontein will resign as a director of the company.

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 31 August 2017 or the results of its operations or cash flows for the 14-months then ended which is not dealt with in the annual financial statements.

### **COMPANY INFORMATION**

The company is a public company incorporated in South Africa. The company houses listed debt instruments.

The address of the company secretary, Ms L Möller, and the registered office of the company are as follows

Business address:  
61 Maple Street,  
Pomona,  
Kempton Park,  
1619

Postal address:  
PO Box 1050,  
Bedfordview,  
2008

## STATEMENT OF FINANCIAL POSITION

As at

	Notes	31 August 2017 R'000	30 June 2016 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
		<b>4 077 919</b>	5 283 692
Intangible assets	4	<b>730</b>	–
Property, plant and equipment	5	<b>58 392</b>	74 221
Leasing assets	6	<b>2 341 095</b>	2 546 735
Investments and loans	7	<b>148 510</b>	27 062
Amounts owing by group companies	8	<b>1 529 192</b>	2 635 674
<b>Current assets</b>			
		<b>1 071 938</b>	2 104 734
Investments and loans	7	<b>94 415</b>	–
Amounts owing by group companies	8	<b>29 832</b>	1 717 521
Derivative financial assets	9	–	32 329
Inventories	10	<b>18 311</b>	18 102
Trade and other receivables	11	<b>201 559</b>	230 704
Taxation receivable		<b>18 290</b>	–
Cash and cash equivalents	12	<b>81 161</b>	106 078
Assets held for sale	13	<b>628 370</b>	–
<b>Total assets</b>			
		<b>5 149 857</b>	7 388 426
<b>Equity and liabilities</b>			
Stated capital	14	<b>548 874</b>	548 874
Other reserves	14	<b>4 621</b>	12 282
Equity loan	8	<b>25 360</b>	25 360
Accumulated losses		<b>(45 078)</b>	(65 914)
<b>Total equity</b>			
		<b>533 777</b>	520 602
<b>Non-current liabilities</b>			
		<b>3 339 204</b>	950 968
Interest-bearing liabilities	15	<b>3 115 693</b>	637 718
Deferred taxation	16	<b>223 511</b>	313 250
<b>Current liabilities</b>			
		<b>1 276 876</b>	5 916 856
Derivative financial liabilities	9	<b>2 005</b>	–
Amounts owing to group companies	8	<b>269 667</b>	83 409
Interest-bearing liabilities	15	<b>685 904</b>	5 288 319
Taxation payable		–	42 480
Trade and other payables	17	<b>319 300</b>	502 648
<b>Total equity and liabilities</b>			
		<b>5 149 857</b>	7 388 426

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the periods ended

	Notes	<b>31 August 2017 14-months* R'000</b>	30 June 2016 12-months R'000
<b>Revenue</b>	18	<b>2 325 845</b>	2 149 619
Net operating expenses	19	<b>(1 498 316)</b>	(1 318 420)
<b>Profit from operations before depreciation, amortisation, profit on disposals and impairments</b>		<b>827 529</b>	831 199
Depreciation, amortisation and profit on disposals	20	<b>(565 279)</b>	(593 620)
Impairments	21	–	(213 585)
Fair value adjustment on MCC investments	21	<b>(28 448)</b>	–
<b>Operating profit</b>		<b>233 802</b>	23 994
Net foreign exchange (losses)/gains		<b>(2 088)</b>	160
<b>Profit before net finance costs</b>		<b>231 714</b>	24 154
Net finance costs	22	<b>(194 509)</b>	(161 728)
Finance costs including fair value gains	22	<b>(526 855)</b>	(572 725)
Finance income	22	<b>332 346</b>	410 997
<b>Profit/(loss) before taxation</b>		<b>37 205</b>	(137 574)
Income tax expense	23	<b>27 638</b>	(37 363)
<b>Profit/(loss) for the period</b>		<b>64 843</b>	(174 937)
<b>Total comprehensive income/(loss) for the period</b>		<b>64 843</b>	(174 937)

\* The company's year-end changed from 30 June to 31 August, in order to align the year-end with that of the ultimate holding company, enX Group. As a result the current period covers a 14-month period and is thus not comparable to the previous audited 12-month period ended 30 June 2016.

## STATEMENT OF CHANGES IN EQUITY

For the periods ended

	Stated capital R'000	Other reserves R'000	Equity loans R'000	Accumulated (losses)/ profits R'000	Total R'000
<b>Balance at 1 July 2015</b>	548 874	(16 912)	–	109 023	640 985
Total comprehensive loss for the year	–	–	–	(174 937)	(174 937)
Share-based payment expense	–	2 424	–	–	2 424
Vesting of share incentive scheme	–	(561)	–	–	(561)
Equity loan granted	–	–	25 360	–	25 360
Reclassification of devaluation of investment (refer to note 21)	–	27 331	–	–	27 331
<b>Balance at 30 June 2016</b>	<b>548 874</b>	<b>12 282</b>	<b>25 360</b>	<b>(65 914)</b>	<b>520 602</b>
Total comprehensive profit for the 14-months	–	–	–	<b>64 843</b>	<b>64 843</b>
Vesting of share incentive scheme	–	<b>(2 522)</b>	–	–	<b>(2 522)</b>
Transfer of share-based payment reserve to accumulated losses	–	<b>(9 760)</b>	–	<b>9 760</b>	–
Share-based payment expense	–	<b>4 621</b>	–	–	<b>4 621</b>
Dividend paid	–	–	–	<b>(53 767)</b>	<b>(53 767)</b>
<b>Balance at 31 August 2017</b>	<b>548 874</b>	<b>4 621</b>	<b>25 360</b>	<b>(45 078)</b>	<b>533 777</b>

## STATEMENT OF CASH FLOWS

For the periods ended

	Notes	31 August 2017 14-months* R'000	30 June 2016 12-months R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		2 380 459	2 100 024
Cash paid to suppliers and employees		(1 207 007)	(837 919)
Cash generated by operations	24A	1 173 452	1 262 105
Finance costs	22	(526 855)	(572 725)
Finance income	22	332 346	410 997
Taxation paid	24B	(122 871)	(68 325)
<b>Net cash flows generated from operating activities</b>		<b>856 072</b>	<b>1 032 052</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	4	(4 596)	(27 754)
Purchase of property, plant and equipment	5	(3 369)	(4 547)
Purchase of leasing assets	6	(815 725)	(741 930)
Proceeds from sale of property, plant and equipment	5	25 004	44 232
Proceeds from loan to MCC Contracts Proprietary Limited		91 299	–
Net movement in amounts due by group companies		132 318	(261 030)
Net movement in other investments and loans		–	(6 476)
<b>Net cash flows utilised in investing activities</b>		<b>(575 069)</b>	<b>(997 505)</b>
<b>Cash flows from financing activities</b>			
Increase in equity loan		–	25 360
Dividend paid		(53 767)	–
Repayment of interest-bearing borrowings		(508 881)	–
Increase in interest-bearing borrowings		256 728	(5 222)
<b>Net cash flows (utilised in)/generated from financing activities</b>		<b>(305 920)</b>	<b>20 138</b>
Net (decrease)/increase in cash and cash equivalents		(24 917)	54 685
Cash and cash equivalents at beginning of the period		106 078	51 393
<b>Cash and cash equivalents at end of the period</b>	12	<b>81 161</b>	<b>106 078</b>

\* The company's year-end changed from 30 June to 31 August, in order to align the year-end with that of the ultimate holding company, enX Group. As a result the current period covers a 14-month period and is thus not comparable to the previous audited 12-month period ended 30 June 2016.

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### Basis of preparation

The financial statements of the company have been prepared in accordance with IFRS, financial pronouncements as issued by the Financial Reporting Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act and the JSE Limited Listed Debt Requirements. The accounting policies are consistent with the prior period.

The financial statements are prepared on the historical cost basis except for the measurement of certain financial interests at fair value.

### 1. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

At the date of authorisation of the financial statements of the company for the 14-months ended 31 August 2017, the following Standards and Interpretations were in issue but not yet effective:

<b>Standards and interpretations</b>	<b>Annual periods beginning on or after</b>
IFRS 2: Share-based payment	1 January 2018
IFRS 4: Insurance Contracts	1 January 2017
IFRS 9: Financial Instruments	1 January 2018
	IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015.
IFRS 12: Disclosure of Interest in Other Entities	1 January 2016
IFRS 15: Revenue from Contracts with Customers	1 January 2018
IFRS 16: Leases	1 January 2019
IAS 7: Statement of Cash Flows	1 January 2017
IAS 12: Income Tax	1 January 2017
IAS 28: Investments in Associates and Joint Ventures	1 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23: Uncertainty over Income Tax Treatment	1 January 2019

The aggregate impact of the initial application of the above standards and interpretations on the annual financial statements has not yet been fully assessed by management.

A project is in progress to consider the impacts of IFRS 9 and IFRS 15 which are only applicable from the year beginning 1 September 2018. The estimated impacts will be discussed in the 31 August 2018 annual financial statements, being the year prior to adoption of these standards.

### 2. ACCOUNTING POLICIES

#### 2.1 Property, plant, equipment and leasing assets

Property, plant and equipment and leasing assets are stated at historical cost, less accumulated depreciation and impairment losses.

Property, plant and equipment and leasing assets are initially recognised at cost. Transaction costs are included in the initial measurement.

## 2.1 **Property, plant, equipment and leasing assets** (continued)

Subsequent costs are recognised to the extent that it is probable that the future economic benefits which are associated with them will flow to the entity and the cost can be measured reliably.

Items of property, plant and equipment and leasing assets are depreciated to their residual values, on a component basis (where applicable), on a straight-line basis over their estimated useful lives, commencing from the date they are available-for-use. The depreciation is calculated and charged to the statement of comprehensive income over the following periods:

<b>Item</b>	<b>Average useful life</b>
Plant and equipment	3 – 10 years
Office equipment and furniture	3 – 5 years
Computer equipment	3 years
Motor vehicles	3 – 10 years
Leasehold improvements	Lesser of useful life or period of lease
Buildings	Up to 20 years
Leasing assets	3 – 10 years

The residual value, is re-assessed at each year-end together with the useful life of the asset.

Carrying amounts of property, plant and equipment and leasing assets are reduced to their recoverable amounts where these are lower than the carrying amounts. The expected future cash flows attributable to such assets are considered in determining the recoverable amounts. If the recoverable amount is lower than the carrying amount, it is impaired in the statement of comprehensive income.

## 2.2 **Intangible assets other than goodwill**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specification to which it relates. All other expenditure is recognised in the statement of comprehensive income.

Intangible assets with finite useful lives are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives. Amortisation is disclosed as part of depreciation and amortisation on the statement of comprehensive income. The estimated useful lives for the current period are as follows:

<b>Item</b>	<b>Useful life</b>
Computer software	2 – 8 years

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

At the end of each reporting period, or when deemed necessary, the carrying amount is compared to the recoverable amount and as such is tested for any indication of impairment. Where there is an impairment, this will be recorded against the carrying value.

## 2.3 Inventories

Inventory comprises vehicles, spares, accessories and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

<b>Vehicles</b>	<b>Specific cost</b>
Spares, accessories and finished goods	Weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

The amount of any write-down of inventories to net realisable value and all losses of inventories are charged to the statement of comprehensive income in the period the write-down or loss is incurred. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories through the statement of comprehensive income in the period in which the reversal occurs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

## 2.4 Financial instruments

### Classification

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the statement of financial position at fair value when the company becomes a party to the contractual provisions of the instrument. Transaction costs are included in the initial carrying value of the financial instrument, except in the case of financial instruments classified at fair value through the statement of comprehensive income, in which case the transaction costs are charged to the statement of comprehensive income, as they are incurred.

Financial assets are derecognised where contractual rights to the cash flows from the financial assets expire or where transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised where obligations specified in the contract expire or are discharged or cancelled. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Trade and other receivables*

Trade receivables, loans and other receivables are subsequently measured at amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts.

An assessment is made at each reporting date whether there is any objective evidence that trade, loans and other receivables are impaired. Where objective evidence exists as a result of the occurrence of one or more events that occurred subsequent to the initial recognition of the receivable, the amount of the impairment is determined by estimating the impact of these loss events on the future cash flows expected to be generated from the receivable.

Financial instruments are carried at amortised cost and where the effect of the time value of money is not considered to be material, discounting is not applied as the carrying value approximates the fair value.

If loans are impaired, the impairment is written off against the carrying amount of the loan. For trade receivables, an allowance is raised against the receivable and movements in the allowance are and charged to the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

#### *Trade and loans payable*

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



## 2.4 **Financial instruments** *continued*

### *Cash and cash equivalents*

Cash and cash equivalents are measured at amortised cost which approximates fair value. Cash and cash equivalents comprise cash balances, call deposits and restricted cash which is expected to be available for use within 12-months from the reporting date.

### *Financial liabilities*

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

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 the statement of comprehensive income.

### *Derivative financial assets and financial liabilities*

Derivative financial assets and financial liabilities are analysed between current and non-current assets and liabilities, depending on when they are expected to mature.

Fair value movements are recognised immediately 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*

A financial asset is derecognised 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.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## 2.5 **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 instalment 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.

## 2.5 **Leases** *continued*

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**

#### *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 charged to the statement of comprehensive income in the period in which termination takes place.

## 2.6 **Revenue recognition**

Revenue is recognised at fair value of the consideration received or receivable.

Revenue comprises the net invoiced amount of goods supplied and services rendered to customers, excluding value-added tax. Revenue from the sale of capital goods is recognised when the vehicle is delivered to the customer and the company retains no risks or rewards of ownership, as it has been transferred to the customer.

Revenue from the sale of goods and consumables is recognised when the goods and consumables are delivered to the customer and all risks and rewards of ownership has been passed onto the customer.

Revenue from vehicle maintenance plans is recognised over the period of the agreement to the extent of the value of parts and services provided.

Where the company acts as agent and is remunerated on a commission basis, the commission is included in revenue in accordance with the substance of the relevant agreements.

Interest income is accrued on a time proportion basis by reference to the principal balance outstanding and the interest rate applicable.

## 2.7 **Cost of sales and services**

Cost of sales and services comprise the cost of inventories sold during the year.

## 2.8 **Finance costs**

Borrowing costs are recognised as an expense charged to the statement of comprehensive income in the period in which they are incurred.

## 2.9 **Taxation**

### *Current taxation*

The charge for current taxation is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Taxation is calculated using rates that have been enacted or substantively enacted at the statement of financial position date. To the extent that the current taxation is unpaid, a liability is recognised and if a refund is due at the year-end an asset is raised.

### *Deferred taxation*

Deferred taxation is calculated at the taxation rates enacted or substantially enacted at statement of financial position date and are expected to apply when the related deferred taxation asset is realised or deferred liability is settled and is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation is raised on all temporary differences, other than the initial recognition of goodwill, and of assets or liabilities in transactions other than business combinations which at the time of the transaction affects neither accounting nor taxable profit or loss.

## 2.9 **Taxation** *continued*

Deferred taxation is provided for on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation 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.

## 2.10 **Provisions, contingent liabilities and contingent assets**

Provisions are recognised at the present value of the estimated costs required to settle the obligation and these include royalty and maintenance provisions. Contingent liabilities or contingent assets are not recognised in the financial statements.

## 2.11 **Impairment of assets**

The carrying amount of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is estimated at least annually for all goodwill and intangible assets with an indefinite useful life. The recoverable amount of an asset is calculated as the higher of its fair value-in-use or its fair value less cost to sell.

In assessing the value-in-use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment calculation purposes, goodwill is allocated to the Cash Generating Units ("CGUs") expected to benefit from the business combination. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Where the recoverable amount of an individual asset cannot be determined, the recoverable amount of the CGU to which the asset belongs is determined. An impairment loss on a CGU will be allocated first to goodwill and then to the other assets in the CGU unit on a proportionate basis.

A previously recognised impairment loss is reversed if the recoverable amount of the asset increases as a result of a change in the estimate used to determine the recoverable amount, but only to the extent 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 in prior years.

An impairment loss in respect of goodwill is not reversed.

## 2.12 **Employee benefits**

### *Medical aid obligation*

Medical aid costs are charged to the statement of comprehensive income in the period in which the employees render their services to the company. Differences between contributions payable and contributions actually paid are shown as either pre-payments or accruals in the statement of financial position. There are no post-retirement benefit obligations for former employees.

### *Post-retirement benefits*

Current contributions to retirement funds are charged to the statement of comprehensive income against income as incurred. Obligation ceases once the amounts due for the period have been settled.

### *Employees' leave entitlement*

Employees' entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the annual leave liability at the statement of financial position date.

## 2.12 **Employee benefits** *continued*

### *Bonus obligations*

The expected cost of bonus payments are charged to the statement of comprehensive income when there is a legal or constructive obligation to make such payments as a result of past performance.

## 2.13 **Foreign currencies**

### *Foreign currency transactions*

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction dates.

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translations are credited to, or charged against, the statement of comprehensive income.

### *Derivative financial assets and financial liabilities*

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and financial liabilities are analysed between current and non-current assets and liabilities, depending on when they are expected to mature.

Fair value movements are recognised immediately in the statement of comprehensive income.

## 2.14 **Share-based payments**

### ***Equity-settled share-based payment plan***

*The Forfeitable Share Plan ("FSP") which will be equity-settled.*

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 charged through the statement of comprehensive income on the straight-line basis over the vesting period. The charge 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.

The shares awarded under the FSP are issued and held in an escrow account. These issued shares are treated as treasury shares. 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, through the statement of comprehensive income.

## 2.15 **Related party disclosure**

We define key management personnel and fellow subsidiaries as related parties.

## 2.16 **Assets held for sale**

Non-current assets and disposal groups are classified as 'Assets held-for-sale', if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and the fair value less costs to sell.

### 3. MANAGEMENT JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income or expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

#### ***Judgements made by management***

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

##### *Asset lives and residual values*

Property, plant and equipment and leasing assets are depreciated over their useful life taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Impairment of assets*

Goodwill is considered for impairment at least annually. Property, plant and equipment and leasing assets are considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

##### *Intangible assets*

Intangibles with an indefinite useful life (detailed above) are tested for impairment annually. Other intangibles are assessed for impairment if impairment indicators arise. In testing the recoverable amount of the asset or applicable CGU, future cash flows, the expected useful lives and appropriate discount rates are used as key management estimates.

##### *Allowances for doubtful debts*

Management applies judgement based on past experience with individual debtors which are overdue and accordingly allowances are raised for doubtful debtors. Accounts are written off when they are delinquent after having been handed over to legal counsel.

##### *Allowances for slow-moving, damaged and obsolete inventory*

Allowances for inventory that is slow-moving and/or obsolete are made. The provision for inventory obsolescence is based on a physical count and inspection of stock items which is performed at least annually and takes into account the age, condition and usage rates of the inventory. Any inventory that is physically identified as damaged is written off when discovered.

##### *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.

##### *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 due to the uncertainty relating to future maintenance costs to be incurred.

	Goodwill R'000	Computer software R'000	Total R'000
<b>4. INTANGIBLE ASSETS</b>			
<b>31 August 2017</b>			
– Cost	–	<b>201 940</b>	<b>201 940</b>
– Accumulated amortisation and impairment	–	<b>(201 210)</b>	<b>(201 210)</b>
	–	<b>730</b>	<b>730</b>
<b>Movement summary:</b>			
Net book value at beginning of the period	–	–	–
Additions	–	<b>4 596</b>	<b>4 596</b>
Amortisation	–	<b>(3 679)</b>	<b>(3 679)</b>
Disposal	–	<b>( 187)</b>	<b>( 187)</b>
Net book value at end of the period	–	<b>730</b>	<b>730</b>
<b>30 June 2016</b>			
– Cost	3 012	197 531	200 543
– Accumulated amortisation and impairment	(3 012)	(197 531)	(200 543)
	–	–	–
<b>Movement summary:</b>			
Net book value at beginning of the year	3 012	159 452	162 464
Additions	–	27 754	27 754
Impairment	(3 012)	(182 692)	(185 704)
Amortisation	–	(4 514)	(4 514)
Net book value at end of the year	–	–	–

Goodwill, which was impaired in the prior year, represented the acquisition of a business under common control, from a fellow subsidiary on 1 July 2014. All intangibles were written off at 30 June 2016, in terms of IFRS 5 – Non-Current Assets Held for Sale as part of the Eqstra transaction.

	Land and buildings and leasehold improvements R'000	Equipment and furniture R'000	Motor vehicles R'000	Total R'000
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>31 August 2017</b>				
– Cost	38 588	55 265	17 676	111 529
– Accumulated depreciation	(5 251)	(42 443)	(5 443)	(53 137)
	<b>33 337</b>	<b>12 822</b>	<b>12 233</b>	<b>58 392</b>
<b>Movement summary:</b>				
Net book value at beginning of the period	39 237	16 278	18 706	74 221
Additions	532	2 837	–	3 369
Depreciation	(1 719)	(6 250)	(3 546)	(11 515)
Disposals	(4 713)	( 43)	–	(4 756)
Proceeds on disposals	(25 000)	(4)	–	(25 004)
Profit on disposal	20 287	( 39)	–	20 248
Transfer to leasing assets	–	–	(2 927)	(2 927)
Net book value at end of the period	<b>33 337</b>	<b>12 822</b>	<b>12 233</b>	<b>58 392</b>
<b>30 June 2016</b>				
– Cost	42 933	57 670	29 344	129 947
– Accumulated depreciation	(3 696)	(41 392)	(10 638)	(55 726)
	39 237	16 278	18 706	74 221
<b>Movement summary:</b>				
Net book value at beginning of year	76 853	20 216	17 257	114 326
Additions	2 414	2 053	80	4 547
Depreciation	(1 145)	(5 945)	(3 782)	(10 872)
Disposals	(38 861)	( 70)	–	(38 931)
Proceeds on disposals	(44 155)	(77)	–	(44 232)
Profit on disposal	5 294	7	–	5 301
Reclassification	(24)	24	–	–
Transfer to leasing assets	–	–	5 151	5 151
Net book value at end of year	39 237	16 278	18 706	74 221

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>6. LEASING ASSETS</b>		
Cost	<b>3 804 598</b>	4 112 754
Accumulated depreciation and impairment	<b>(1 463 503)</b>	(1 566 019)
	<b>2 341 095</b>	2 546 735
<b>Movement summary:</b>		
Net book value at beginning of the period	<b>2 546 735</b>	2 804 704
Additions	<b>815 725</b>	741 930
Depreciation	<b>(570 146)</b>	(583 535)
Transfer from/(to) property, plant and equipment	<b>2 927</b>	(5 151)
Transfer to inventory	<b>(454 146)</b>	(411 213)
Net book value at end of the period	<b>2 341 095</b>	2 546 735

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

## 7. INVESTMENTS AND LOANS

### Investments

Listed investments at market value	<b>9 102</b>	15 312
Unlisted investments at fair value	<b>12 271</b>	11 750

### Loans

Loans – MCC Contracts Proprietary Limited	<b>221 552</b>	–
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<b>Total other investments and loans</b>	<b>242 925</b>	27 062
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The above are categorised as follows:

– Loans and receivables	<b>221 552</b>	–
– Available-for-sale	<b>21 373</b>	27 062
	<b>242 925</b>	27 062

*Disclosed as:*

– Non-current assets	<b>148 510</b>	27 062
– Current assets	<b>94 415</b>	–
	<b>242 925</b>	27 062

The listed investment comprises 568 872 (2016: R nil) ordinary shares in enX Group carried at market value. The investment has been recognised and measured as an asset through profit and loss. At 30 June 2016 the listed investment comprised 5 889 279 shares held in eXtract, which are now included as assets held for sale. (Refer to note 13).

The unlisted investment comprises an investment in an insurance cell captive and is held at fair value being it's net asset value. Refer to note 28 for fair value disclosure.

The loan with MCC Contracts Proprietary Limited ("MCC"), a wholly-owned subsidiary of eXtract, of R221.6 million (being the discounted value of the underlying loan) bears an imputed interest rate of 11.25% and has no fixed repayment terms. Management expects an amount of R100 million to be repaid within 12-months.



	<b>31 August 2017 R'000</b>	30 June 2016 R'000
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8. **AMOUNTS OWING BY/(TO) GROUP COMPANIES AND EQUITY  
LOAN**

**Due by group companies**

**Long-term**

MCC Contracts Proprietary Limited*	–	766 000
Eqstra NH Equipment Proprietary Limited	<b>2 306</b>	310 952
Saficon Industrial Equipment Proprietary Limited	<b>1 493 054</b>	1 558 722
Amasondo Fleet Services Proprietary Limited	<b>8 675</b>	–
GPS Tracking Solutions Proprietary Limited	<b>15 381</b>	–
Eqstra Swaziland Proprietary Limited	<b>6 534</b>	–
Eqstra Fleet Services Namibia Proprietary Limited	<b>3 242</b>	–
<b>Total long-term portion</b>	<b>1 529 192</b>	2 635 674

These amounts have been subordinated.

**Short-term**

MCC Contracts Proprietary Limited*	–	1 578 794
eXtract Group Limited*	–	58 043
Eqstra Swaziland Proprietary Limited	–	12 559
Amasondo Fleet Services Proprietary Limited	–	3 999
GPS Tracking Solutions Proprietary Limited	–	3 867
Eqstra Fleet Services Namibia Proprietary Limited	–	33 395
Eqstra Financial Services Proprietary Limited	<b>23 241</b>	19 167
Eqstra Lesotho Proprietary Limited	<b>4 460</b>	4 815
Omatemba Fleet Services Proprietary Limited	<b>1 538</b>	–
Eqstra Zambia Limited	<b>579</b>	579
enX Group Limited	<b>14</b>	–
Other	–	2 303
<b>Total short-term portion</b>	<b>29 832</b>	1 717 521
<b>Total amounts due by group companies</b>	<b>1 559 024</b>	4 353 195

**Due to group companies**

Eqstra Flexifleet Proprietary Limited	<b>52</b>	–
Eqstra Fleet Services (PVPS) Proprietary Limited	<b>62 543</b>	72 109
Eqstra Transformation Trust	<b>7 265</b>	3 693
Pemberley Fleet Services Proprietary Limited*	–	4 259
enX Leasing Investments Proprietary Limited	<b>197 063</b>	–
Eqstra Fleet Services Proprietary Limited	<b>2 744</b>	3 348
<b>Total amounts due to group companies</b>	<b>269 667</b>	83 409

**Effective interest rates**

Loans	<b>10,00%</b>	10,20%
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The carrying amount owing by/(to) group companies approximates its fair value. The loans are unsecured, bear interest at 10% (2016: 10,2%) with no fixed repayment date. The subordinated loans are not expected to be settled during the next 12-months based on their nature.

**Equity loan**

eXtract Group Limited*	–	25 360
enX Leasing Investments Proprietary Limited	<b>25 360</b>	–

The equity loan bears no interest and is payable at the option of the company owing the liability.

\* On 8 November 2016, enX Corporation Limited was acquired by enX Group as part of the Eqstra transaction. As a result group entities at 31 August 2017 no longer includes those entities which were not acquired by enX Group. These loans were restructured as part of the enX transaction, and are disclosed as part of loans receivable in note 7 and assets held for sale in note 13.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>9. DERIVATIVE FINANCIAL INSTRUMENTS</b>		
<b>Short-term</b>		
<b>Assets</b>		
Cross currency swaps	–	30 466
Interest rate derivatives	–	1 863
	–	32 329
<b>Liabilities</b>		
Interest rate derivatives	<b>2 005</b>	–
	<b>2 005</b>	–
<i>Fair value through profit and loss</i>	<b>2 005</b>	32 329
<b>Fair value of derivative financial instruments</b>		
"Financial assets are stated at fair value. The fair value of derivatives is based upon market valuations. (Refer note 28)"		
<b>Interest rate derivatives and cross currency swaps</b>		
The fair value of interest rate derivatives were determined by reference to quoted market prices for similar instruments.		
<b>10. INVENTORIES</b>		
Gross inventory	<b>19 341</b>	19 570
Less: impairment provision	<b>(1 030)</b>	(1 468)
Net inventory	<b>18 311</b>	18 102
<i>Comprising of:</i>		
Used vehicles	<b>14 668</b>	12 569
Spares, accessories and finished goods	<b>3 643</b>	5 533
	<b>18 311</b>	18 102
Inventories carried at net realisable value included above	<b>1 184</b>	2 718
Net amount of inventories write-down expensed in the statement of comprehensive income	<b>580</b>	1 413
<b>11. TRADE AND OTHER RECEIVABLES</b>		
Net trade receivables	<b>125 661</b>	110 994
Trade receivables	<b>153 568</b>	121 870
Less: Provision for impairment of trade receivables*	<b>(27 907)</b>	(10 876)
Sundry debtors, claims, recoverables and prepayments	<b>75 898</b>	119 710
	<b>201 559</b>	230 704

\* An analysis of the provision for impairment of trade receivables is included in note 28.

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

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	<b>204</b>	197
Bank balance	<b>80 957</b>	105 881
Net cash and cash equivalents	<b>81 161</b>	106 078
Effective interest rates	<b>6,0%</b>	6,0%
<b>13. ASSETS HELD FOR SALE</b>		
Ordinary shares in eXtract Group Limited	<b>2 234</b>	–
Loans in MCC Contracts Proprietary Limited	<b>626 136</b>	–
	<b>628 370</b>	–

Subsequent to year-end, as part of the eXtract restructure agreement, the loan was delegated to enX Group at an amount of R626 million and the ordinary shares were also sold to enX Group at R0.5 per share.

<b>14. STATED CAPITAL AND OTHER RESERVES</b>		
Authorised stated capital		
4 000 000 (2016: 4 000 000) ordinary shares of no par value	<b>4</b>	4
Issued stated capital		
600 002 (2016: 600 002) ordinary shares of no par value	<b>548 874</b>	548 874

#### 14.1 Equity Compensation Benefits – enX

##### enX forfeitable share plan (FSP) schemes

The FSP scheme allows certain senior employees to receive shares should certain conditions be fulfilled.

enX Group	Date of issue	Period to expiry	IFRS 2 classification
	14 December 2016	3 years	Equity settled

The value of the FSP has been calculated using the binomial model based on the following assumptions:

	2016 scheme
Expected dividend yield (%)	–
Fair value of the FSP on grant date	R17,90

	<b>31 August 2017 R'000</b>
Share-based payment expense recognised	
2016 Scheme	<b>4 621</b>

The expected volatility was determined using volatility of similar companies. The calculation of the share-based payment expense requires management to exercise a degree of judgement.

<b>Movement on the number of FSPs granted</b>	<b>Number of FSP (000s)</b>
Balance at beginning of the period	–
Forfeitable shares granted during the current period	1 093 335
Balance at end of the period	1 093 335

#### 14.2 Equity Compensation Benefits – pre Eqstra/enX transaction

The Eqstra SAR, DBP and CSP schemes existed prior to 8 November 2016, the date of the Eqstra transaction, after which they were terminated. No additional expenses relating to the Eqstra compensation benefits were raised in the statement of profit and loss for the period. Refer to prior year annual financial statements for details of the schemes that terminated.

##### Eqstra Share Appreciation Rights (SAR) scheme

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
Share-based payment/(income) expense recognised		
2012 Scheme	–	13
2013 Scheme	–	(16)
2014 Scheme	–	(271)
2015 Scheme	–	249
	–	(25)
	<b>Number of SAR (000s)</b>	Number of SAR (000s)
Movement on the number of SARs granted		
Balance at beginning of the period	<b>22 770</b>	19 212
Share appreciation rights granted	–	4 300
Share appreciation rights forfeited	<b>(22 770)</b>	(742)
Balance at end of the period	–	22 770

##### Eqstra Deferred Bonus Plan (DBP) Schemes

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
Share-based payment expense recognised		
2012 Scheme	–	(537)
2013 Scheme	–	522
2014 Scheme	–	582
2015 Scheme	–	204
	–	771
	<b>Number of SAR (000s)</b>	Number of SAR (000s)
<b>Movement on the number of DBPs granted</b>		
Balance at beginning of the period	<b>848</b>	770
Deferred bonus plan shares granted	–	277
Deferred bonus plan shares exercised	<b>(317)</b>	(199)
Deferred bonus plan shares forfeited	<b>(531)</b>	–
Balance at end of the period	–	848

##### Eqstra Conditional share plan (CSP) schemes

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
Share-based payment expense recognised		
2014 Scheme	–	301
2015 Scheme	–	1 377
	–	1 678

	<b>Number of SAR (000s)</b>	Number of SAR (000s)
<b>Movement on the number of CSPs granted</b>		
Balance at beginning of the period	<b>2 080</b>	400
Conditional share plan shares granted	–	1 680
Conditional share plan shares exercised	<b>(656)</b>	–
Conditional share plan shares forfeited	<b>(1 424)</b>	–
Balance at end of the period	–	2 080

The expected volatility was determined volatility of enX since 1 September 2016. 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.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
14.3 <b>Other reserves</b>		
Share-based payment reserve	<b>4 621</b>	12 282

## 15. INTEREST-BEARING LIABILITIES

### Long-term in nature

– Unsecured loans, bonds and call borrowings **3 801 597** 5 146 611

### Short-term in nature

– Unsecured loans and call borrowings – 779 426

### Total borrowings (at amortised cost)

*Less:* current portion of interest-bearing borrowings **(685 904)** (5 288 319)

Long-term portion of interest-bearing borrowings **3 115 693** 637 718

Pursuant to the Eqstra transaction, enX Corporation restructured its debt as follows:

- Entered into new finance agreements to secure borrowings from South African banks for:
  - A R2 382.5 million term facility with a six-year term, 30 month capital moratorium, quarterly capital repayments of ZAR 33 million thereafter (save for final repayment of ZAR 36 million);
  - A new undrawn liquidity facility of R600 million which is to be used exclusively for note holder maturities falling due in April 2017 and April 2018; and
  - An undrawn general banking facility of R400 million and indirect banking facilities for general corporate purposes; and
- Obtained approval of the requisite majority of the noteholders in accordance with the terms of the Eqstra Note Programme, at a combined meeting of noteholders and then separate meetings of each of the classes of the noteholders (being the Series 176 noteholders and the Series 191 noteholders), duly held on 22 July 2016, where the following was agreed:
  - Terms of the Eqstra Note Programme were amended such that eXtract and its remaining subsidiaries were released as guarantors in respect of the Eqstra Note Programme and enX Group and enX Leasing were replaced as the parent guarantors; and
  - Terms of the unsecured floating rate notes issued in April 2012 (Series 176) and April 2013 (Series 191), which were due to be finally redeemed in April 2017 and April 2018 respectively, were amended such that the principal amount outstanding are payable over three years on a straight-line basis, with the first payment on 25 April 2017 and due on 9 April 2018 respectively and the final redemption due on 25 April 2019 and 9 April 2020 respectively.

On 25 April 2017, R244 million of the liquidity facility was drawn down and R56 million was cancelled. This resulted in quarterly repayments of R18.8 million facility due from 31 May 2017.

All covenants have been met since the restructure.

15 **INTEREST-BEARING LIABILITIES** (continued)

<b>Interest rate analysis</b>	<b>31 August 2017 Effective rates %</b>	<b>31 August 2017 Analysis of debt R'000</b>	<b>30 June 2016 Effective rates %</b>	<b>30 June 2016 Analysis of debt R'000</b>
Variable linked				
– Unsecured loans	<b>9.05% – 12.25%</b>	<b>2 567 700</b>	8.9% – 10.81%	3 465 846
– Unsecured call borrowings	–	–	7.5% – 10.67%	779 426
– Bonds	<b>9.34% – 10.08%</b>	<b>1 233 897</b>	8.65% – 9.99%	1 680 765
		<b>3 801 597</b>		5 926 037

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

	<b>2022 and onwards R'000</b>	<b>2021 R'000</b>	<b>2020 R'000</b>	<b>2019 R'000</b>	<b>2018 R'000</b>	<b>Total R'000</b>
<b>31 August 2017</b>						
<b>SA Rands</b>	<b>893 464</b>	<b>675 836</b>	<b>845 550</b>	<b>700 843</b>	<b>685 904</b>	<b>3 801 597</b>
<b>Total</b>	<b>893 464</b>	<b>675 836</b>	<b>845 550</b>	<b>700 843</b>	<b>685 904</b>	<b>3 801 597</b>
	2021 and onwards R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	Total R'000
30 June 2016						
SA Rands	–	–	46 500	541 265	5 244 926	5 832 691
Other	–	–	–	49 953	43 393	93 346
Total	–	–	46 500	591 218	5 288 319	5 926 037

<b>Borrowing facilities</b>	<b>31 August 2017 R'000</b>	<b>30 June 2016 R'000</b>
In terms of the memorandum of incorporation the borrowing powers of the company are unlimited.		
Total facilities established	<b>4 524 728</b>	4 883 424
Less: Total borrowings, excluding bonds	<b>(3 801 597)</b>	(4 245 272)
Unutilised borrowing facilities	<b>723 131</b>	638 152

No assets are encumbered or held as security.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
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#### 16. DEFERRED TAXATION

Balance at beginning of the period	<b>313 250</b>	386 692
Accounted for in the statement of comprehensive income	<b>(89 739)</b>	(73 442)
Balance at end of the period	<b>223 511</b>	313 250
<b>Analysis of deferred taxation</b>		
– Accruals	<b>(56 293)</b>	(56 753)
– Property, plant and equipment	<b>3 425</b>	5 238
– Leasing assets	<b>271 525</b>	334 093
– Estimated taxation losses	<b>(5 497)</b>	–
– Intangibles	<b>18 565</b>	22 137
– Current derivative instruments	<b>(561)</b>	9 052
– Other	<b>(7 653)</b>	( 517)
	<b>223 511</b>	313 250
<b>Taxation losses</b>		
Unutilised taxation losses available for offset against future profits	<b>19 632</b>	–
Deferred taxation assets recognised in respect of such losses	<b>5 497</b>	–

Deferred taxation assets are raised only to the extent that their recoverability is probable. Deferred taxation assets relating to the carry-forward of unused taxation 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.

Management has projected that future taxable income will be in excess of these tax losses based on budgets approved by the board of directors.

#### 17. TRADE AND OTHER PAYABLES

Trade payables	<b>36 895</b>	82 201
Other payables and accruals	<b>223 565</b>	307 603
Interest accrual	<b>15 337</b>	71 432
Employee related accruals	<b>43 503</b>	41 412
	<b>319 300</b>	502 648

The carrying amount of trade and other payables approximates its fair value. There were no provisions at 31 August 2017 (2016: R Nil).

#### 18. REVENUE

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

Sales of goods	<b>519 902</b>	690 194
Rendering of services and lease rentals	<b>1 805 943</b>	1 459 425
	<b>2 325 845</b>	2 149 619

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>19. NET OPERATING EXPENSES</b>		
Cost of sales	<b>476 344</b>	542 329
Staff costs	<b>326 730</b>	263 874
Other operating income	<b>(45 608)</b>	(41 389)
Other operating costs	<b>740 850</b>	553 606
	<b>1 498 316</b>	1 318 420
The above costs are arrived at after including:		
Auditor's remuneration	<b>4 192</b>	6 567
Share-based payment expense (included in staff costs)	<b>4 621</b>	2 424
IT related costs	<b>8 943</b>	–
Rental and operating lease charges	<b>24 377</b>	13 885
Properties	<b>11 834</b>	12 459
Office equipment	<b>12 543</b>	1 426
Defined contribution retirement plan costs included in staff costs	<b>22 634</b>	26 505
enX Group provides benefits through independent funds under the control of a board of trustees and all contributions to those funds are charged to the statement of comprehensive income.		
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 enX and eXtract Pension Fund and the enX and eXtract Provident Fund which are governed by the Pensions Fund Act, 1956.		
<b>20. DEPRECIATION, AMORTISATION AND PROFIT ON DISPOSAL</b>		
Intangible assets	<b>3 679</b>	4 514
Property, plant and equipment	<b>11 515</b>	10 872
Leasing assets	<b>570 146</b>	583 535
	<b>585 340</b>	598 921
Profit on disposal of property, plant and equipment and intangibles	<b>(20 061)</b>	(5 301)
	<b>565 279</b>	593 620
<b>21. IMPAIRMENTS AND FAIR VALUE ADJUSTMENTS</b>		
Impairment of computer software	–	182 692
Impairment of goodwill	–	3 012
Impairment of investments	–	27 881
Total impairments	–	213 585
Fair value adjustment of loan receivable from MCC	<b>28 448</b>	–

At 30 June 2016, computer software and goodwill were written off in terms of IFRS 5 – Non-Current Assets Held for Sale as part of the Eqstra transaction.

A fair value adjustment of R27 331 million was recognised in 2015 through the fair value reserve in equity and was reversed to profit and loss at 30 June 2016, as the carrying value of the available for sale financial investments was considered impaired.



	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>22. NET FINANCE COSTS</b>		
Finance costs	<b>527 301</b>	572 725
Finance income	<b>(332 346)</b>	(410 997)
Net finance cost	<b>194 955</b>	161 728
Fair value gains arising from interest swap instruments – unrealised	<b>(446)</b>	–
Net finance cost	<b>194 509</b>	161 728
Included in finance costs is the following:		
– Finance costs on bank overdrafts and other financial liabilities	<b>527 301</b>	572 725
– Fair value gains arising from interest swap instruments (unrealised)	<b>(446)</b>	–
Finance costs including fair value gains	<b>526 855</b>	572 725
Included in finance income is the following:		
– Finance income on loans and receivables	<b>329 320</b>	403 649
– Finance income on cash and cash equivalents and interest swaps	<b>3 026</b>	7 348
Finance income	<b>332 346</b>	410 997
<b>23. INCOME TAX EXPENSE</b>		
South African taxation		
Normal taxation		
– Current period	<b>50 624</b>	110 805
– Prior year	<b>6 933</b>	–
Capital gains taxation	<b>4 544</b>	–
Deferred taxation		
– Current period	<b>(89 739)</b>	(73 442)
	<b>(27 638)</b>	37 363
Reconciliation of taxation rates:	%	%
Profit before taxation – effective tax rate	<b>74,8</b>	(27,2)
Taxation effect of:		
– Permanent differences: Fair value adjustment	<b>(21,4)</b>	5,7
– Permanent differences: Transaction costs	<b>(2,0)</b>	8,1
– Permanent differences: Legal fees of a capital nature	<b>(4,4)</b>	0,9
– Permanent differences: Impairment of intangible asset	–	35,5
– Permanent differences: Depreciation on leasehold improvements	<b>(1,3)</b>	–
– Permanent differences: Profit on disposal of assets	<b>15,3</b>	–
– Non-deductible expenditure	<b>(2,2)</b>	4,0
– Prior year over provision	<b>(18,6)</b>	–
– Capital gains taxation	<b>(12,2)</b>	1,0
Statutory tax rate	<b>28,0</b>	28,0

	<b>31 August 2017 R'000</b>	30 June 2016 R'000	
<b>24. NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>24A. Cash generated by operations</b>			
Profit before net finance costs	<b>231 714</b>	24 154	
Adjustments for non cash movements			
– Amortisation of intangible assets	<b>3 679</b>	4 514	
– Depreciation of property, plant and equipment	<b>11 515</b>	10 872	
– Depreciation of leasing assets	<b>570 146</b>	583 535	
– Fair value adjustment in respect of investments	<b>28 448</b>	3 987	
– Impairment of computer software	–	182 692	
– Impairment of goodwill	–	3 012	
– Profit on disposal of property, plant and equipment	<b>(20 061)</b>	(5 301)	
– Recognition of share-based payments	<b>4 621</b>	2 424	
– Movement in inventory provision	<b>(438)</b>	(639)	
– Movement in allowance for doubtful debts	<b>17 031</b>	415	
– Impairment of investments	–	27 881	
– Other non-cash flow movements	<b>1 156</b>	(188)	
Cash generated by operations before changes in working capital	<b>849 811</b>	837 358	
Working capital movements			
– Decrease in inventories	<b>454 375</b>	413 361	
– Decrease (increase) in trade and other receivables	<b>54 614</b>	(49 595)	
– (Decrease) increase in trade and other payables	<b>(183 348)</b>	60 981	
Total cash generated by operations	<b>1 173 452</b>	1 262 105	
<b>24B. Taxation paid</b>			
Net balance payable at beginning of period	<b>42 480</b>	–	
Taxation charge	<b>62 101</b>	110 805	
Net balance receivable (payable) at end of period	<b>18 290</b>	(42 480)	
	<b>122 871</b>	68 325	
<b>25. COMMITMENTS</b>			
Guarantees	–	9 574	
Operating lease commitments			
	One to five years R'000	Less than one year R'000	Total R'000
31 August 2017			
Property	<b>4 914</b>	<b>6 836</b>	<b>11 750</b>
30 June 2016			
Property	10 881	6 069	16 950
<b>26. CONTINGENT LIABILITIES</b>			
There are no current or pending litigation that is considered likely to have a material adverse effect on the company.			
For details on subordinations refer to note 8.			

## 27. OPERATING LEASE RECEIVABLES

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

	More than five years R'000	One to five years R'000	Less than one year R'000	Total R'000
<b>31 August 2017</b>				
Vehicles	<b>41 909</b>	<b>1 765 354</b>	<b>841 239</b>	<b>2 648 502</b>
<b>30 June 2016</b>				
Vehicles	290 014	1 964 221	1 003 661	3 257 896

## 28. FINANCIAL INSTRUMENTS

### Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and the enX Group's asset and liability committee's ("ALCO") strategies. The ALCO is an enX 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 of directors of enX Group.

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 group's audit and risk 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 the statement of comprehensive income that are offset by equivalent gains/losses in currency derivatives. As the company does not transact with any material foreign receivables or payables, there is no material foreign currency exposure.

### **Concentration risk**

This is the risk of a single non-related party customer exceeding 5% of total company revenue. There is one 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:

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
Pay floating receive fixed		
One to five years	<b>106 000</b>	106 000
Fair value of interest rate swaps		
– Asset	–	1 863
– Liability	<b>2 005</b>	–

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 swops 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 period under review for collateral purposes.

### **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.

### **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.

### **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.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
Trade receivables that are neither past due nor impaired	<b>72 077</b>	91 662

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 31 August 2017 amounted to R2 million (2016: R32.2 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	<b>28 778</b>	18 195
Between 1 – 3 months	<b>24 806</b>	5 499
	<b>53 584</b>	23 694

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 enhancements over the financial assets during the period.

#### *Allowance 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.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>Analysis of provision for doubtful debts</b>		
Balance at beginning of the period	<b>10 876</b>	10 461
Amounts written off during the period	<b>(11 704)</b>	(1 531)
Increase in allowance recognised in the statement of comprehensive income	<b>28 735</b>	1 946
Balance at end of period	<b>27 907</b>	10 876

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.

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 service acceptances and invoices.

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

	<b>Carrying amount (Fair value) R'000</b>	<b>Contractual cash flow R'000</b>	<b>Less than one year R'000</b>	<b>One to five years R'000</b>
<b>31 August 2017</b>				
<b>Financial assets</b>				
Investments and loans	<b>242 925</b>	<b>271 373</b>	<b>100 000</b>	<b>171 373</b>
Amounts owing by group companies	<b>1 559 024</b>	<b>1 559 024</b>	<b>39 608</b>	<b>1 519 416</b>
Trade receivables	<b>125 661</b>	<b>125 661</b>	<b>125 661</b>	–
Cash and cash equivalents	<b>81 161</b>	<b>81 161</b>	<b>81 161</b>	–
	<b>2 008 771</b>	<b>2 037 219</b>	<b>346 430</b>	<b>1 690 789</b>
Percentage profile (%)			<b>17</b>	<b>83</b>
<b>Financial liabilities</b>				
Amounts owing to group companies	<b>269 667</b>	<b>269 667</b>	<b>269 667</b>	–
Interest-bearing borrowings	<b>3 801 597</b>	<b>4 857 079</b>	<b>1 028 785</b>	<b>3 828 294</b>
Derivative financial liabilities	<b>2 005</b>	<b>2 005</b>	<b>2 005</b>	–
Trade and other payables	<b>319 300</b>	<b>319 300</b>	<b>319 300</b>	–
	<b>4 392 569</b>	<b>5 448 051</b>	<b>1 619 757</b>	<b>3 828 294</b>
Percentage profile (%)			<b>30</b>	<b>70</b>

	<b>Carrying amount (Fair value) R'000</b>	<b>Contractual cash flow R'000</b>	<b>Less than one year R'000</b>	<b>One to five years R'000</b>
<b>30 June 2016</b>				
<b>Financial assets</b>				
Investments and loans	27 062	27 062	–	27 062
Amounts owing by group companies	4 353 195	4 353 195	1 717 521	2 635 674
Trade receivables	110 994	121 870	121 870	–
Derivative financial assets	32 329	32 329	32 329	–
Cash and cash equivalents	106 078	106 078	106 078	–
	4 629 658	4 640 534	1 977 798	2 662 736
Percentage profile (%)			43	57
<b>Financial liabilities</b>				
Amounts owing to group companies	83 409	83 409	83 409	–
Interest-bearing borrowings	5 926 037	6 302 018	5 525 533	776 485,00
Trade and other payables	502 648	502 648	502 648	–
	6 512 094	6 888 075	6 111 590	776 485
Percentage profile (%)			89	11

### **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 listed investments 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 the fair value.

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.

	<b>Financial asset/ liabilities at fair value R'000</b>	<b>Loans and receivables at amortised cost R'000</b>
<b>31 August 2017</b>		
Financial assets		
Available-for-sale financial assets		
– Investments	<b>21 373</b>	<b>221 552</b>
<b>Total financial assets</b>	<b>21 373</b>	<b>221 552</b>
Financial liabilities designated as fair value through profit and loss		
– Derivative financial liabilities	<b>2 005</b>	–
<b>Total financial liabilities</b>	<b>2 005</b>	–
<b>30 June 2016</b>		
Financial assets		
Available-for-sale financial assets		
– Investments	27 062	–
Financial assets designated as fair value through profit and loss		
– Derivative financial assets	32 329	–
Total financial assets	59 391	–
Total financial liabilities	–	–

### **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.

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

#### ***Equity investments held as assets***

The fair value of these investments is determined using listed market values. These instruments are considered to be level 1.



## **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. These instruments are considered to be level 1.

## **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.

## **29. SEGMENTAL INFORMATION**

“Operating segments have been identified using the management approach as required by IFRS 8 (Operating Segments) in terms of which segment classification is determined according to the basis on which management presents operating results to the board quarterly, in line with the industries in which the segments operate.

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

## **30. RELATED PARTY TRANSACTIONS**

Fellow subsidiaries and key management are considered to be related parties. During the period 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 and can be substantiated.

### **Interest of directors in contracts**

The directors have confirmed that they were not interested in any transaction of any significance with the company or any of enX Group 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:**

	<b>31 August 2017 R’000</b>	30 June 2016 R’000
Short-term employee benefits	<b>40 261</b>	29 536
Long-term employee benefits	<b>1 369</b>	2 416
Share-based payments recognised as an expense	<b>4 621</b>	–
	<b>46 251</b>	31 952
Number of key management personnel	<b>5</b>	20

Directors' remuneration	Salary R'000	Incentive R'000	Retirement benefits R'000	Other benefits R'000	Total R'000
<b>2017</b>					
<b>Paid by company</b>					
PM Mansour***	2 549	3 823	–	–	6 372
IM Lipworth***	1 438	2 250	–	–	3 688
JV Carr	3 335	8 211	520	859	12 925
JL Serfontein	4 794	8 424	747	1 051	15 016
HM Lindeque**	712	427	102	2 388	3 629
	<b>12 828</b>	<b>23 135</b>	<b>1 369</b>	<b>4 298</b>	<b>41 630</b>
<b>Paid by enX Group</b>					
PM Mansour***	1 899	–	–	–	1 899
IM Lipworth***	1 375	–	–	–	1 375
	<b>3 274</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 274</b>
<b>2016</b>					
<b>Paid by company</b>					
WS Hill*	2 078	–	336	52	2 466
JV Carr	2 806	1 660	453	272	5 191
JL Serfontein	3 884	1 245	614	288	6 031
HM Lindeque**	1 596	200	–	406	2 202
	<b>10 364</b>	<b>3 105</b>	<b>1 403</b>	<b>1 018</b>	<b>15 890</b>

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 28 November 2016.

\*\*\* Appointed as a director on 16 January 2017.

#### Participation in enX FSP scheme:

Name	Grant date	Shares committed to plan	Vesting date
IM Lipworth	December 2016	80 357	
JV Carr	December 2016	245 682	15 January 2018
JL Serfontein	December 2016	429 912	15 September 2018

#### Participation in enX SAR' scheme:

Name	Grant date	Shares committed to plan	Vesting date
IM Lipworth	February 2016	404 916	
JV Carr	February 2017	330 943	15 January 2018
JL Serfontein	February 2018	749 710	15 September 2018

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<b>Related party balances</b>		
<i>Amounts due by (to) group companies – Refer note 8</i>		
<i>Trade and other receivables (group companies)</i>		
Eqstra Fleet Services Proprietary Limited	<b>526</b>	–
Eqstra Zambia Limited	–	994
GPS Tracking Solutions Proprietary Limited	<b>507</b>	–
Amasondo Fleet Services Proprietary Limited	<b>1 950</b>	7 183
Eqstra TA Equipment Proprietary Limited	<b>20</b>	48
Eqstra NH Equipment Proprietary Limited	–	144
Eqstra Swaziland Proprietary Limited	<b>47</b>	–
Saficon Industrial Equipment Proprietary Limited	<b>256</b>	407
Eqstra Lesotho Proprietary Limited	<b>4</b>	–
Eqstra Financial Services Proprietary Limited	<b>373</b>	78
Centlube Proprietary Limited	<b>375</b>	–
600 SA Holdings Proprietary Limited	<b>139</b>	–
enX Fleet Management Botswana Proprietary Limited	<b>1 677</b>	–
	<b>5 874</b>	8 854
<i>Trade and other payables (group companies)</i>		
Eqstra TA Equipment Proprietary Limited	–	(25)
Saficon Industrial Equipment Proprietary Limited	<b>(7)</b>	(196)
GPS Tracking Solutions Proprietary Limited	<b>(9 017)</b>	(4 494)
Eqstra Fleet Services Proprietary Limited	<b>(499)</b>	–
Eqstra Financial Services Proprietary Limited	<b>(48)</b>	–
New Way Power Proprietary Limited	<b>(308)</b>	–
Eqstra Swaziland Proprietary Limited	–	(122)
600 SA Holdings Proprietary Limited	–	(81)
enX Fleet Management Botswana Proprietary Limited	<b>(30)</b>	–
Centlube Proprietary Limited	<b>(284)</b>	–
Power O <sup>2</sup> Proprietary Limited	<b>(4)</b>	–
enX Group Limited	<b>(832)</b>	–
	<b>(11 029)</b>	(4 918)
<i>Trade and other receivables – other related parties</i>		
MCC Contracts Proprietary Limited**	<b>4 852</b>	735
	<b>4 852</b>	735
<b>Related party transactions</b>		
<i>Revenue (group companies)</i>		
Eqstra TA Equipment Proprietary Limited	<b>4 193</b>	4 809
Eqstra NH Equipment Proprietary Limited	<b>1 900</b>	4 198
600 SA Holdings Proprietary Limited	<b>1 144</b>	563
GPS Tracking Solutions Proprietary Limited	<b>3 618</b>	17 007
Saficon Industrial Equipment Proprietary Limited	<b>43 129</b>	28 438
Amasondo Fleet Services Proprietary Limited	<b>7 659</b>	10 149
Eqstra Fleet Services Proprietary Limited	–	17
Eqstra Financial Services Proprietary Limited	<b>1 616</b>	–
Other	–	239
	<b>63 259</b>	65 420

\* On 8 November 2016, enX Corporation Limited was acquired by enX Group as part of the Eqstra transaction. As a result group entities at 31 August 2017 no longer includes those entities which were not acquired by enX Group.

# These entities remain related parties based on the shareholding of enX Corporation's ultimate holding company, enX Group, in eXtract at 31 August 2017. In addition Mr JL Serfontein serves as a non-executive director of eXtract.

	<b>31 August 2017 R'000</b>	30 June 2016 R'000
<i>Cost recoveries received (group companies)</i>		
<i>Eqstra NH Equipment Proprietary Limited</i>	–	654
New Way Power Proprietary Limited	<b>5 742</b>	–
Saficon Industrial Equipment Proprietary Limited	<b>39 203</b>	28 345
Centlube Proprietary Limited	<b>1 458</b>	–
Austro Proprietary Limited	<b>2 409</b>	–
African Group Lubricants Proprietary Limited	<b>450</b>	–
West Africa International Proprietary Limited	<b>900</b>	–
	<b>50 162</b>	28 999
<i>Management fee paid (group companies)</i>		
enX Group Limited	<b>3 689</b>	–
	<b>3 689</b>	–
<i>Interest received (paid) (group companies)</i>		
Eqstra Swaziland Proprietary Limited	<b>1 083</b>	1 193
Amasondo Fleet Services Proprietary Limited	<b>(186)</b>	402
Eqstra Fleet Services Namibia Proprietary Limited	<b>2 580</b>	4 826
Eqstra NH Equipment Proprietary Limited	<b>5 560</b>	24 627
Eqstra Flexifleet Proprietary Limited	–	(1 742)
Saficon Industrial Equipment Proprietary Limited	<b>186 050</b>	137 262
Eqstra Lesotho Proprietary Limited	<b>542</b>	441
Eqstra Fleet Services (PVPS) Proprietary Limited	<b>(4 455)</b>	(3 700)
Eqstra Financial Services Proprietary Limited	<b>118</b>	172
enX Group Limited	<b>(104)</b>	
Omatemba Fleet Services Proprietary Limited	<b>358</b>	406
	<b>191 546</b>	163 887
<i>Other related party transactions (group companies)</i>		
MCC Contracts Proprietary Limited#		
– Revenue	<b>44 211</b>	55 154
– Cost recoveries	<b>30 683</b>	40 598
– Interest received	<b>126 050</b>	218 846
Mutual Construction Company (Transvaal) Proprietary Limited#		
– Revenue	–	13 786
– Cost recoveries	–	7 195
– Interest received	–	10 058
Pemberley Fleet Services Proprietary Limited#		
– Interest received	<b>(64)</b>	(222)
MCC Equipment Rental (Namibia) Proprietary Limited#		
– Interest received	–	2 274

# These entities remain related parties based on the shareholding of enX Corporation's ultimate holding company, enX Group, in eXtract at 31 August 2017. In addition Mr JL Serfontein serves as a non-executive director of eXtract.

### 31. POST-BALANCE SHEET EVENTS

Subsequent to year-end, as part of the eXtract restructure agreement, the loan with MCC was delegated to enX Group at an amount of R626 million and the ordinary shares were also sold to enX Group at R0.5 per share.

With effect from 31 March 2017, Mr JL Serfontein will resign as a director of the company.

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 31 August 2017 or the results of its operations or cash flows for the 14-months then ended.