



## **enX Corporation Limited**

(formerly Eqstra Corporation Limited)  
Registration number: 1984/007045/06

**Audited Annual Financial Statements**  
for the year ended 31 August 2018

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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 STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS**

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For the year ended 31 August 2018

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.

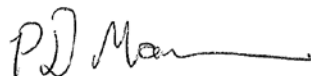
The annual financial statements of the company are prepared on the going-concern basis. The directors have reviewed the company's cash flow forecast for the year to 31 August 2019 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 9 to 44 were approved by the board of directors on 12 December 2018 and are signed on its behalf by:



**JS Friedman**  
(Director)



**PM Mansour**  
(Director)

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## INDEPENDENT AUDITOR'S REPORT

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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 44, which comprise the statement of financial position as at 31 August 2018, 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 2018, 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. These matters are 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.

#### Key Audit Matter

##### Accounting for maintenance revenues

The Company's Fleet Management and Logistics business generates material maintenance revenues from 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 *IAS 18 Revenue*.

Maintenance revenues are recognised as part of services and leasing revenue, which is disclosed in Note 19 to the financial statements, the judgements applied by the directors' in accounting for maintenance revenues are outlined in the accounting policy notes 2.6 and 3.

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

#### How the matter was addressed in the audit

We tested the business process controls around the revenue cycle to assess the design and implementation of key financial controls implemented 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*. We assessed the judgements applied in determining maintenance revenues and confirmed that the amounts recognised are reasonable in relation to the maintenance costs incurred after recognising onerous contracts.

We reviewed the disclosures in notes 2.6, 3 and 19 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.

## **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.

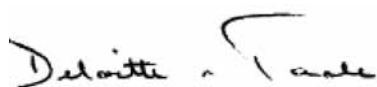
We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 4 December 2015, we report that Deloitte & Touche has been the auditor of enX Corporation Limited for 19 years.



#### **Deloitte & Touche**

Registered Auditor

Per: Sebastian Benedikt Field Carter

Partner

12 December 2018

Deloitte & Touche, Registered Auditors, The Woodlands, 20 Wooldands Drive, Woodmead, 2196  
(Private Bag X6, Gallo Manor, 2052)

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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 full Audit and Risk Committee report has been in the enX Group Integrated Report, for the year ended 31 August 2018.

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 reporting 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 Chairperson*

12 December 2018

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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 year ended 31 August 2018 with the Registrar of Companies and that all these returns are true, correct and up to date.



**L Möller**

*Company secretary*

12 December 2018

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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 Limited for the year ended 31 August 2018.

### 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 year ended 31 August 2018 are set out in detail in the financial statements. The company recorded a profit before taxation of R39 million (2017: R37 million).

### DIVIDENDS

No dividends were declared and paid during the period under review (2017: R54 million).

### AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes to 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;
- SB Joffe (appointed 18 March 2018);
- PD Mansour; and
- JS Friedman (appointed on 1 August 2018).

JL Serfontein resigned as director on 31 December 2017 and IM Lipworth resigned as director on 1 August 2018.

### 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.



## **GOING-CONCERN**

The annual financial statements 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, enables 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.

## **KING IV**

For full details with regards to the company's compliance with King IV please refer to the integrated report section on the website where the "King IV Compliance Enx Corporation 2018" document has been loaded.

## **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**

After year-end, the group negotiated an amendment to the repayment terms of the term loan facility by moving out the 31 August 2019, 30 November 2019 and 28 February 2020 repayments of R170 million each, across the remaining term of the loan. This will reduce the number of quarterly repayments from 14 to 11, while increasing the quarterly amortisation to R216 million from R170 million. Repayments will commence at the end of May 2020.

enX Corporation Limited settled EQS08 in September 2018 with a final payment of R46.5 million. In addition, R96 million of four-year notes were raised in the capital market.

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 2018 or the results of its operations or cash flows for the year then ended.

## **COMPANY INFORMATION**

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

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

Business address:  
202D 11 Crescent Drive  
Melrose Arch  
1619

Postal address:  
PO Box 1050  
Bedfordview  
2008

## STATEMENT OF FINANCIAL POSITION

As at

	Notes	31 August 2018 R'000	31 August 2017 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
		<b>4 011 796</b>	4 077 919
Intangible assets	4	5 222	730
Property, plant and equipment	5	53 991	58 392
Leasing assets	6	2 368 198	2 341 095
Investments and loans receivable	7	20 768	148 510
Amounts owing by group companies	8	1 563 617	1 529 192
<b>Current assets</b>			
		<b>954 456</b>	1 071 938
Investments and loans receivable	7	–	94 415
Amounts owing by group companies	8	640 329	29 832
Inventories	10	6 848	18 311
Trade and other receivables	11	184 589	201 559
Taxation receivable		1 699	18 290
Cash and cash equivalents	12	120 991	81 161
Assets held for distribution	13	–	628 370
<b>Total assets</b>			
		<b>4 966 252</b>	5 149 857
<b>Equity and liabilities</b>			
Stated capital	14	548 874	548 874
Other reserves	14	7 701	4 621
Equity loan	8	25 360	25 360
Accumulated losses		(20 346)	(45 078)
<b>Total equity</b>			
		<b>561 589</b>	533 777
<b>Non-current liabilities</b>			
		<b>3 089 770</b>	3 339 204
Interest-bearing liabilities	15	2 850 129	3 115 693
Deferred taxation	16	233 713	223 511
Non-current financial liabilities	17	5 928	–
<b>Current liabilities</b>			
		<b>1 314 893</b>	1 276 876
Derivative financial liabilities	9	–	2 005
Amounts owing to group companies	8	394 563	269 667
Interest-bearing liabilities	15	646 475	685 904
Trade and other payables	18	273 855	319 300
<b>Total equity and liabilities</b>			
		<b>4 966 252</b>	5 149 857

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the periods ended

	Notes	<b>31 August 2018 12-months R'000</b>	31 August 2017 14 months* R'000
<b>Revenue</b>	19	<b>1 999 363</b>	2 325 845
Net operating expenses	20	<b>(1 364 024)</b>	(1 498 316)
<b>Profit from operations before depreciation, amortisation, profit on disposals and impairments</b>		<b>635 339</b>	827 529
Depreciation, amortisation and profit on disposals	21	<b>(409 211)</b>	(565 279)
Impairment of investments	22	<b>(5 100)</b>	–
Fair value adjustment loans receivable	22	–	(28 448)
<b>Operating profit</b>		<b>221 028</b>	233 802
Net foreign exchange gains/(losses)		<b>235</b>	(2 088)
<b>Profit before net finance costs</b>		<b>221 263</b>	231 714
Net finance costs		<b>(182 316)</b>	(194 509)
Finance costs including fair value gains	23	<b>(357 550)</b>	(526 855)
Finance income	23	<b>175 234</b>	332 346
<b>Profit before taxation</b>		<b>38 947</b>	37 205
Income tax	24	<b>(14 215)</b>	27 638
<b>Profit for the year</b>		<b>24 732</b>	64 843
<b>Total comprehensive income for the year</b>		<b>24 732</b>	64 843

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 prior period covers a 14 month period and is thus not comparable to the audited 12-month period ended 31 August 2018.

## STATEMENT OF CHANGES IN EQUITY

For the periods ended

	Stated capital R'000	Other reserves R'000	Equity loans R'000	Accumulated losses R'000	Total R'000
<b>Balance at 1 July 2016</b>	<b>548 874</b>	<b>12 282</b>	<b>25 360</b>	<b>(65 914)</b>	<b>520 602</b>
Total comprehensive income for the 14 months	–	–	–	64 843	64 843
Vesting of share incentive scheme	–	(2 522)	–	–	(2 522)
Transfer of share-based payment reserve to accumulated losses	–	(9 760)	–	9 760	–
Share-based payment expense	–	4 621	–	–	4 621
Dividend paid	–	–	–	(53 767)	(53 767)
<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>
Total comprehensive income for the year	–	–	–	24 732	24 732
Vesting of share incentive scheme	–	(7 690)	–	–	(7 690)
Share-based payment expense	–	10 770	–	–	10 770
<b>Balance at 31 August 2018</b>	<b>548 874</b>	<b>7 701</b>	<b>25 360</b>	<b>(20 346)</b>	<b>561 589</b>

## STATEMENT OF CASH FLOWS

For the periods ended

	Notes	<b>31 August 2018 12-months R'000</b>	31 August 2017 14 months* R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		<b>2 029 499</b>	2 380 459
Cash paid to suppliers and employees		<b>(1 058 250)</b>	(1 207 007)
Cash generated by operations	25A	<b>971 249</b>	1 173 452
Finance costs	23	<b>(357 550)</b>	(526 855)
Finance income	25C	<b>162 284</b>	332 346
Taxation paid	25B	<b>12 578</b>	(122 871)
<b>Net cash flows generated from operating activities</b>		<b>788 561</b>	856 072
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	4	<b>(5 172)</b>	(4 596)
Purchase of property, plant and equipment	5	<b>(4 546)</b>	(3 369)
Purchase of leasing assets	6	<b>(786 266)</b>	(815 725)
Proceeds from sale of property, plant and equipment	5	–	25 004
Proceeds from loans receivable		<b>250 000</b>	91 299
Net movement in amounts due by group companies		<b>108 344</b>	132 318
Net movement in other investments and loans		<b>(4 093)</b>	–
<b>Net cash flows utilised in investing activities</b>		<b>(441 733)</b>	(575 069)
<b>Cash flows from financing activities</b>			
Dividend paid		–	(53 767)
Repayment of interest-bearing borrowings		<b>(766 998)</b>	(508 881)
Increase in interest-bearing borrowings		<b>460 000</b>	256 728
<b>Net cash flows utilised by financing activities</b>		<b>(306 998)</b>	(305 920)
Net movement in cash and cash equivalents		<b>39 830</b>	(24 917)
Cash and cash equivalents at beginning of the year		<b>81 161</b>	106 078
Cash and cash equivalents at end of the year	12	<b>120 991</b>	81 161

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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 Listings Requirements. The accounting policies are consistent with the prior year.

The financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments 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 year ended 31 August 2018, 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 Payments	1 January 2018
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 15: Revenue from Contracts with Customers	1 January 2018
IFRS 16: Leases	1 January 2019
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

Management has performed a detailed assessment regarding the possible impacts on future reporting of IFRS 9 and IFRS 15, which are applicable to the 2019 financial year.

#### **IFRS 15: Revenue from Contracts with Customers**

Detailed consideration has been given over the past year to the possible impact that IFRS 15 could have on all revenue streams across the group for the year ending 31 August 2019 and reporting periods thereafter. The only revenue stream which is expected to be impacted by the new revenue standard is the recognition of maintenance revenues across the group's various leasing businesses.

Maintenance revenues contribute approximately 27% to total company revenues. Whilst consideration is still being given to certain assumptions applied in determining the revenue to be recognised from maintenance arrangements whilst fleet assets are active, it is not considered that these will have a material impact on either the revenues or costs recognised from maintenance arrangements on an annual basis when compared to how these are currently accounted for due to revenues being limited to costs incurred.

#### **IFRS 9: Financial Instruments**

Detailed consideration has been given over the past year to the possible impact that IFRS 9 could have on financial statements of the group for the year ending 31 August 2019 and reporting periods thereafter. The changes in the classification and measurement of financial assets introduced by the new standard will not have a material impact on the consolidated statement of financial position and consolidated statement of profit, loss and other comprehensive income disclosed for the 2018 financial year.

The most relevant change to the group is the requirement to use an expected loss model instead of the incurred loss model, which is currently being used, when assessing the recoverability of trade and other receivables. Based on the expected loss model contained in IFRS 9, there is not expected to be any significant change in the provision for doubtful debts at 1 September 2018. Retrospective adoption of the standard will not be elected by the group.

### **IFRS 16: Leases**

A project is in progress to assess the impact of IFRS 16 which is only applicable from the year beginning 1 September 2019. The estimated impact will be discussed in the 31 August 2019 annual financial statements, being the year prior to adoption of this standard.

The group has chosen to apply the 'simplified approach' on adoption of IFRS 16 that includes certain relief related to the measurement of the right-of-use asset and the lease liability at 1 September 2018, rather than full retrospective application. Furthermore, the 'simplified approach' does not require a restatement of comparatives. The only more material assets which the group leases and which are currently treated as operating leases relate to land and buildings and plant.

The remainder of the new standards and interpretations applicable for the 2019 financial year are not considered to have a material impact on financial reporting.

## **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.

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	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

Residual values are re-assessed each year together with the useful life of assets.

Assets held under finance leases are depreciated over their expected useful lives on the shorter of the same basis as owned assets or the relevant lease.

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 which have finite useful lives are measured at cost less accumulated amortisation and impairment losses. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. The assessments that the useful lives are indefinite are assessed at least annually.

## 2.2 Intangible assets other than goodwill (continued)

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 profit or loss.

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:

Item	Useful life
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 and accessories.

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

Vehicles	Specific cost
Spares and accessories	Weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business, less 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 an increase 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 group or 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 profit or loss, 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 the financial assets are transferred 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 measured at amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts.



## 2.4 Intangible assets other than goodwill (continued)

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 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.

### **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*, these 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:**

#### **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 the contractual lease term to their applicable residual value.

### **The company as lessee:**

#### **Finance leases**

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

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

#### **Operating leases**

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is 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 (new or used) is delivered to the customer and the group 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.

Dividend income is recognised when the right to receive payment has been established.

## 2.7 Cost of sales and services

Cost of sales and services comprise the cost of inventories sold during the year, inventory impairments, personnel costs, overheads and depreciation of property, plant and equipment on assets directly attributable to the provision of goods and services in revenue generation.

## 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, except to the extent in which interest paid meets the criteria for capitalisation against a qualifying asset, in which case it is capitalised as part of the cost of the asset.

## 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 tax

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.

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 group 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 warranty provisions.

## 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 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 CGUs to which the asset belongs is determined. An impairment loss on a CGUs will be allocated first to goodwill and then to the other assets in the CGUs 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

Contributions are made to independently administered defined contribution pension and provident funds are made. Current contributions 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.

### 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

### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in South African Rand, which is the company's presentation and functional currency.

### 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

The company participates in the following group share-related incentive plans:

### Cash settled share-based payment plan

The share appreciation rights plan is accounted for as a cash-settled share-based payment plan. The plan is recognised at the fair value of the obligations due, in the statement of financial position, over the vesting period up to and including settlement date with a corresponding charge to the statement of comprehensive income. The liability is re-measured at each reporting date, using the Black-Scholes model to reflect the revised value of the notional enX shares at reporting date, adjusted for changes in assumptions including management's estimate of the number of notional enX shares that will ultimately vest. Changes in the fair value are recognised through the statement of comprehensive income.

### Equity-settled share-based payment plan

*The Forfeitable Share Plan (FSP) is equity-settled.*

## 2.14 **Share-based payments** (continued)

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 or purchased in the open market and held in an escrow account. These escrow 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 **Assets held for sale**

Non-current assets and disposal groups are classified as 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.

#### *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 or after having been handed over to legal counsel.

#### *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.

	<b>Computer software R'000</b>	<b>Total R'000</b>
<b>4. INTANGIBLE ASSETS</b>		
<b>31 August 2018</b>		
– Cost	207 112	207 112
– Accumulated amortisation and impairment	(201 890)	(201 890)
	<b>5 222</b>	<b>5 222</b>
<b>Movement summary:</b>		
Net book value at beginning of the year	730	730
Additions	5 172	5 172
Amortisation	(680)	(680)
Net book value at end of the year	<b>5 222</b>	<b>5 222</b>
<b>31 August 2017</b>		
– Cost	201 940	201 940
– Accumulated amortisation and impairment	(201 210)	(201 210)
	730	730
<b>Movement summary:</b>		
Net book value at beginning of the year	–	–
Additions	4 596	4 596
Amortisation	(3 679)	(3 679)
Loss on disposal	(187)	(187)
Net book value at end of the year	730	730

	<b>Land and buildings and leasehold improvements R'000</b>	<b>Equipment and furniture R'000</b>	<b>Motor vehicles R'000</b>	<b>Total R'000</b>
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>31 August 2018</b>				
– Cost	38 588	59 774	17 530	115 892
– Accumulated depreciation	(6 715)	(47 176)	(8 010)	(61 901)
	<b>31 873</b>	<b>12 598</b>	<b>9 520</b>	<b>53 991</b>
<b>Movement summary:</b>				
Net book value at beginning of the year	33 337	12 822	12 233	58 392
Additions	–	4 546	–	4 546
Depreciation	(1 464)	(4 733)	(2 567)	(8 764)
Loss on disposals	–	( 37)	–	(37)
Transfer to leasing assets	–	–	(146)	(146)
Net book value at end of the year	<b>31 873</b>	<b>12 598</b>	<b>9 520</b>	<b>53 991</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)
	33 337	12 822	12 233	58 392
<b>Movement summary:</b>				
Net book value at beginning of the year	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 year	33 337	12 822	12 233	58 392

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>6. LEASING ASSETS</b>		
Cost	<b>3 711 077</b>	3 804 598
Accumulated depreciation and impairment	<b>(1 342 879)</b>	(1 463 503)
	<b>2 368 198</b>	2 341 095
<b>Movement summary:</b>		
Net book value at beginning of the year	<b>2 341 095</b>	2 546 735
Additions	<b>786 266</b>	815 725
Depreciation	<b>(399 730)</b>	(570 146)
Transfer from property, plant and equipment	<b>146</b>	2 927
Transfer to inventory	<b>(359 579)</b>	(454 146)
Net book value at end of the year	<b>2 368 198</b>	2 341 095
Leasing assets consist of passenger and commercial vehicles. No assets are encumbered or held as security for borrowings.		
<b>7. INVESTMENTS AND LOANS RECEIVABLE</b>		
<b>Investments</b>		
Listed investments at market value	<b>7 395</b>	9 102
Unlisted investments at fair value	<b>13 373</b>	12 271
<b>Loans receivable</b>		
Loans receivable from MCC Contracts Proprietary Limited	–	221 552
<b>Total investments and loans receivable</b>	<b>20 768</b>	242 925
The above are categorised as follows:		
– Loans and receivables	–	221 552
– Available-for-sale	<b>20 768</b>	21 373
	<b>20 768</b>	242 925
<i>Disclosed as:</i>		
– Non-current assets	<b>20 768</b>	148 510
– Current assets	–	94 415
	<b>20 768</b>	242 925

The listed investment comprises 568 872 (2017: 568 872) ordinary shares in enX Group carried at market value. The investment has been recognised and measured as an available-for-sale financial instrument. This is considered to be a level 1 financial instrument as the valuation is based on observable inputs of quoted market prices.

The unlisted investment comprises an investment in an insurance cell captive and is held at fair value being its net asset value. Unlisted investments are level 3 financial instruments. Level 3 financial instruments are valued using various business-related inputs which are not based on observable market data.

The loan with MCC Contracts Proprietary Limited ('MCC') of R221.5 million (being the discounted value of the underlying loan due to the fact that it was not at a market-related interest rate) was settled in full during the current year. The loan receivable was valued on the basis of a level 3 financial instrument. Level 3 financial instruments are valued using various business-related inputs which are not based on observable market data.



	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>8. AMOUNTS OWING BY (TO) GROUP COMPANIES AND EQUITY LOAN</b>		
<b>Due by group companies</b>		
<b>Long term</b>		
Eqstra NH Equipment Proprietary Limited	<b>2 501</b>	2 306
Saficon Industrial Equipment Proprietary Limited	<b>1 532 825</b>	1 493 054
Amasondo Fleet Services Proprietary Limited	<b>10 986</b>	8 675
GPS Tracking Solutions Proprietary Limited	<b>10 632</b>	15 381
Eqstra Swaziland Proprietary Limited	<b>6 673</b>	6 534
Eqstra Fleet Services Namibia Proprietary Limited	<b>–</b>	3 242
Total long-term portion	<b>1 563 617</b>	1 529 192
<i>These amounts have been subordinated and as a result are not expected to be recovered in the next 12-months.</i>		
<b>Short term</b>		
Eqstra Financial Services Proprietary Limited	<b>16 914</b>	23 241
Eqstra Lesotho Proprietary Limited	<b>–</b>	4 460
Omatemba Fleet Services Proprietary Limited	<b>–</b>	1 538
Eqstra Zambia Limited	<b>579</b>	579
enX Group Limited	<b>622 793</b>	14
K2016224128 (South Africa) (Proprietary) Limited	<b>43</b>	–
Total short-term portion	<b>640 329</b>	29 832
<i>These amounts are considered to be short term as they are repayable on demand or are expected to be settled in the next 12-months.</i>		
Total amounts due by group companies	<b>2 203 946</b>	1 559 024
<b>Due to group companies</b>		
Eqstra Flexifleet Proprietary Limited	<b>(53)</b>	(52)
Eqstra Fleet Services (PVPS) Proprietary Limited	<b>(63 743)</b>	(62 543)
Eqstra Transformation Trust	<b>(1 906)</b>	(7 265)
enX Leasing Investments Proprietary Limited	<b>(266 523)</b>	(197 063)
Eqstra Fleet Services Proprietary Limited	<b>(2 479)</b>	(2 744)
Eqstra Fleet Services Namibia Proprietary Limited	<b>(30 456)</b>	–
Omatemba Fleet Services Proprietary Limited	<b>(1 612)</b>	–
Eqstra Lesotho Proprietary Limited	<b>(5 233)</b>	–
Eqstra NH Equipment Proprietary Limited	<b>(22 558)</b>	–
Total amounts due to group companies	<b>(394 563)</b>	(269 667)
<b>Effective interest rates</b>		
Loans	<b>10,00%</b>	10,00%
The loans are unsecured, have no fixed repayment terms and bear interest at a market related interest rate of 10% per annum (2017: 10%) and as a result the carrying amounts are considered to approximate fair value.		
Loans with group entities are level 3 financial instruments. Level 3 financial instruments are valued using various business-related inputs which are not based on observable market data.		
<b>Equity loan</b>		
enX Leasing Investments Proprietary Limited	<b>25 360</b>	25 360
The equity loan bears no interest and is payable at the option of the company to which the liability is due.		

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>9. DERIVATIVE FINANCIAL INSTRUMENTS</b>		
<b>Short term</b>		
Liabilities		
Interest rate derivatives	–	2 005
	–	2 005
<i>Fair value through profit and loss</i>	–	2 005
<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 swops</b>		
The fair value of interest rate derivatives were determined by reference to quoted market prices for similar instruments.		
	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>10. INVENTORIES</b>		
Gross inventory	<b>7 404</b>	19 341
Less: Impairment provision	<b>(556)</b>	(1 030)
Net inventory	<b>6 848</b>	18 311
<i>Comprising of:</i>		
Used vehicles	<b>785</b>	14 668
Spares and accessories	<b>6 063</b>	3 643
	<b>6 848</b>	18 311
Inventories carried at net realisable value included above	<b>5 252</b>	1 184
Net amount of inventories write-down expensed in the statement of comprehensive income.	<b>(161)</b>	580
<b>11. TRADE AND OTHER RECEIVABLES</b>		
Net trade receivables	<b>113 073</b>	125 661
Gross trade receivables	<b>127 814</b>	153 568
Less: Provision for impairment of trade receivables*	<b>(14 741)</b>	(27 907)
Sundry debtors, claims, recoverables and prepayments	<b>71 516</b>	75 898
	<b>184 589</b>	201 559
<i>*An assessment of credit risk pertaining to trade receivables is included at note 28.</i>		
The carrying amount of trade and other receivables approximates its fair value.		
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	<b>330</b>	204
Bank balance	<b>120 661</b>	80 957
Net cash and cash equivalents	<b>120 991</b>	81 161
Effective interest rates earned during the year	<b>6,0%</b>	6,0%

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>13. ASSETS HELD FOR DISTRIBUTION</b>		
Ordinary shares in eXtract Group Limited	–	2 234
Loans in MCC Contracts Proprietary Limited	–	626 136
	–	628 370

In the current year, as part of the eXtract restructure agreement, the loan in MCC Contracts Proprietary Limited was delegated to enX Group at an amount of R626 million and the ordinary shares were also sold to enX Group at their carrying value of R0.50 per share.

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>14. STATED CAPITAL AND OTHER RESERVES</b>		
<b>Authorised stated capital</b>		
4 000 000 (2017: 4 000 000) ordinary shares of no par value	<b>4</b>	4
<b>Issued stated capital</b>		
600 002 (2017: 600 002) ordinary shares of no par value	<b>548 874</b>	548 874

#### 14.1 Equity Compensation Benefits

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

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

	<b>Date of issue</b>	<b>Period to expiry</b>	<b>IFRS 2 classification</b>
enX Group	14 December 2016	3 years	Equity settled
enX Group	1 June 2018	3 years	Equity settled

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

	<b>2018 scheme</b>	2016 scheme
Expected dividend yield (%)	–	–
Fair value of the FSP on grant date	<b>R14,46</b>	R17,90

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
Share-based payment expense recognised	<b>R'000</b>	R'000
2016 and 2018 Scheme	<b>10 770</b>	4 621

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>Number of FSP (000's)</b>	<b>Number of FSP (000's)</b>
<b>Movement on the number of FSPs granted</b>		
Balance at beginning of the year	1 093 335	–
Share appreciation rights granted during the year	300 000	1 093 335
Share appreciation rights forfeited/received during the year	(513 455)	–
Balance at end of the year	879 880	1 093 335

#### 14.1 Equity Compensation Benefits (continued)

The expected volatility was determined by assessing the volatility of enX share 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 2018 R'000</b>	31 August 2017 R'000
<b>14.2 Other reserves</b>		
Share-based payment reserve	<b>7 701</b>	4 621
	<b>31 August 2018 R'000</b>	31 August 2017 R'000

#### 15. INTEREST-BEARING LIABILITIES

##### Long-term in nature

– Unsecured loans, bonds and call borrowings **3 496 604** 3 801 597

##### Short-term in nature

– Unsecured loans and call borrowings – –

**Total borrowings (at amortised cost)** **3 496 604** 3 801 597

Less: Current portion of interest-bearing borrowings **(646 475)** ( 685 904)

Long-term portion of interest-bearing borrowings **2 850 129** 3 115 693

All covenants were met during the current and prior year.

After year-end, the group negotiated an amendment to the repayment terms of the term loan facility by moving out the 31 August 2019, 30 November 2019 and 28 February 2020 repayments of R170 million each, across the remaining term of the loan. This will reduce the number of quarterly repayments from 14 to 11, while increasing the quarterly amortisation to R216 million from R170 million. Repayments will commence at the end of May 2020.

enX Corporation settled EQS08 in September 2018 with a final payment of R46.5 million. In addition, R96 million of four-year notes were raised in the capital market.

	<b>31 August 2018 Effective rates</b>	<b>31 August 2018 Analysis of debt</b>	<b>31 August 2017 Effective rates</b>	<b>31 August 2017 Analysis of debt</b>
Interest rate analysis	%	R'000	%	R'000
<b>Variable linked</b>				
– Unsecured loans	9.01% – 9.508%	2 590 437	9.05% – 12.25%	2 567 700
– Bonds	8.96% – 12.93%	906 167	9.34% – 10.08%	1 233 897
		<b>3 496 604</b>		<b>3 801 597</b>

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

	<b>2023 and onwards R'000</b>	<b>2022 R'000</b>	<b>2021 R'000</b>	<b>2020 R'000</b>	<b>2019 R'000</b>	<b>Total R'000</b>
<b>31 August 2018</b>						
SA Rands	<b>169 560</b>	<b>744 390</b>	<b>1 137 390</b>	<b>798 790</b>	<b>646 475</b>	<b>3 496 604</b>
Total	<b>169 560</b>	<b>744 390</b>	<b>1 137 390</b>	<b>798 790</b>	<b>646 475</b>	<b>3 496 604</b>

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

	<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>
31 August 2017						
SA Rands	893 464	675 836	845 550	700 843	685 904	3 801 597
Total	893 464	675 836	845 550	700 843	685 904	3 801 597
				<b>31 August 2018 R'000</b>		31 August 2017 R'000
<b>Borrowing facilities</b>						
In terms of the memorandum of incorporation the borrowing powers of the company are unlimited.						
Total facilities established				<b>4 233 290</b>		4 524 728
Less: Total borrowings, excluding bonds				<b>3 496 604</b>		3 801 597
Unutilised borrowing facilities				<b>736 686</b>		723 131
No assets are encumbered or held as security for these borrowings.						
				<b>31 August 2018 R'000</b>		31 August 2017 R'000

16. **DEFERRED TAXATION**

Balance at beginning of the year	<b>223 511</b>	313 250
Accounted for in the statement of comprehensive income	<b>10 202</b>	(89 739)
Balance at end of the year	<b>233 713</b>	223 511
<b>Analysis of deferred taxation</b>		
– Accruals	<b>(49 726)</b>	(56 293)
– Property, plant and equipment	<b>2 665</b>	3 425
– Leasing assets	<b>266 941</b>	271 525
– Estimated taxation losses	<b>(1 292)</b>	(5 497)
– Intangibles	<b>22 048</b>	18 565
– Current derivative instruments	–	(561)
– Other non-current financial liabilities	<b>(1 660)</b>	–
– Other	<b>(5 263)</b>	(7 653)
	<b>233 713</b>	223 511
<b>Taxation losses</b>		
Unutilised taxation losses available for set-off against future profits	<b>4 614</b>	19 632
Deferred taxation assets recognised in respect of such losses	<b>1 292</b>	5 497

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. EMPLOYEE BENEFITS

### Management participation in share-related incentive plan

In order to align the interests of management with those of shareholders, share-related incentives were awarded to certain key members of the management team during the year. These incentives entitle the recipients to a cash settlement upon vesting, the quantum of which is to be referenced off any appreciation in the company's share price in excess of the strike price over the period between the commencement date and the determination date in respect of a notional holding of enX shares. The incentive scheme issued in 2018 vests after three years from issuance, allowing participants an additional two years to exercise from vesting date.

### Share appreciation rights (SAR) scheme

	Date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	June 2018	3 years	Cash settled
			<b>2018 scheme</b>
Expected volatility (%)			<b>28,84</b>
Expected dividend yield (%)			–
Expected forfeiture rate (%)			–
Exercise price of share appreciation rights			<b>R12,34</b>
		<b>Valuation 2018</b>	Valuation 2017
		<b>R'000</b>	R'000
<b>IFRS 2 share-related incentive valuation</b>			
Expense recognised during the financial year		<b>5 928</b>	–
Balance at the end of the year		<b>5 928</b>	–
Disclosed as:			
Non-current financial liabilities		<b>5 928</b>	–
		<b>5 928</b>	–

Share-related incentives are valued using the Black-Scholes model. The 30-day volume weighted average price ("VWAP") of the enX share as at 31 August 2018 and a risk-free rate of 7,93% was used to value the share incentive at year-end.

The share-related incentive is a level 2 fair value item in terms of fair value hierarchy. Valuations of the share-related incentive are based on observable and unobservable inputs in terms of the Black-Scholes model as the enX share price is used in the model as well other inputs that are not quoted market prices but are observable. There were no transfers between level 1 and level 2 of the fair value hierarchy.

The expected volatility was determined using volatility of the enX share price since in 1 September 2017.

The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of enX at the vesting date and the probability of meeting the non-market vesting conditions relating to profitability targets over the vesting period.

The calculation of the share-based payment expense requires management to exercise a degree of judgement.

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>18. TRADE AND OTHER PAYABLES</b>		
Trade payables	<b>27 592</b>	36 895
Other payables and accruals	<b>192 755</b>	223 565
Interest accrual	<b>11 144</b>	15 337
Employee related accruals	<b>42 364</b>	43 503
	<b>273 855</b>	319 300

The carrying amount of trade and other payables approximates its fair value.  
There were no provisions at 31 August 2018 (2017: R Nil).

**19. REVENUE**

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

Sales of goods	<b>424 625</b>	519 902
Rendering of services and lease rentals	<b>1 574 738</b>	1 805 943
	<b>1 999 363</b>	2 325 845

**20. NET OPERATING EXPENSES**

Cost of sales	<b>373 301</b>	476 344
Staff costs	<b>285 291</b>	326 730
Other operating income	<b>(27 006)</b>	(45 608)
Other operating costs	<b>732 438</b>	740 850
	<b>1 364 024</b>	1 498 316

The above costs are arrived at after including:

Auditor's remuneration	<b>5 075</b>	4 192
Share-based payment expense (included in staff costs)	<b>16 698</b>	4 621
IT related costs	<b>–</b>	8 943
Rental and operating lease charges	<b>25 899</b>	24 377
Properties	<b>11 685</b>	11 834
Office equipment	<b>14 214</b>	12 543
Defined contribution retirement plan costs (included in staff costs)	<b>19 915</b>	22 634

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 Pension Fund and the EnX Provident Fund which are governed by the Pensions Fund Act.

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>21. DEPRECIATION, AMORTISATION AND PROFIT ON DISPOSAL</b>		
Intangible assets	<b>680</b>	3 679
Property, plant and equipment	<b>8 764</b>	11 515
Leasing assets	<b>399 730</b>	570 146
	<b>409 174</b>	585 340
Loss/(profit) on disposal of property, plant and equipment and intangibles	<b>37</b>	(20 061)
	<b>409 211</b>	565 279

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>22. IMPAIRMENTS AND FAIR VALUE ADJUSTMENTS</b>		
Impairment of investments	<b>5 100</b>	–
Total impairments	<b>5 100</b>	–
Fair value adjustment of loan receivable from MCC Contracts Proprietary Limited	–	28 448
The measurement considerations with regards to investments have been detailed in note 7.		
<b>23. NET FINANCE COSTS</b>		
Finance costs	<b>357 550</b>	527 301
Finance income	<b>(175 234)</b>	(332 346)
Net finance cost	<b>182 316</b>	194 955
Fair value gains arising from interest swap instruments – unrealised	–	(446)
Net finance cost	<b>182 316</b>	194 509
Included in finance costs is the following:		
– Finance costs on bank overdrafts and other financial liabilities	<b>357 550</b>	527 301
– Fair value gains arising from interest swap instruments (unrealised)	–	(446)
Finance costs including fair value gains	<b>357 550</b>	526 855
Included in finance income is the following:		
– Finance income on loans and receivables	<b>160 309</b>	329 320
– Deemed finance income	<b>12 950</b>	–
– Finance income on cash and cash equivalents and interest swaps	<b>1 975</b>	3 026
Finance income	<b>175 234</b>	332 346



	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>24. INCOME TAX</b>		
South African taxation		
Normal taxation		
– Current year	<b>4 013</b>	50 624
– Prior year	–	6 933
Capital gains taxation	–	4 544
Deferred taxation		
Current year	<b>10 202</b>	(89 739)
	<b>14 215</b>	(27 638)
Reconciliation of the taxation rate:		
Effective tax rate	<b>36.5%</b>	74.8%
Taxation effect of:		
– Permanent differences: Fair value adjustment on loan receivable	<b>(20.3%)</b>	(21.4%)
– Permanent differences: Transaction costs	–	(2.0%)
– Permanent differences: Legal fees of a capital nature	<b>5.3%</b>	(4.4%)
– Permanent differences: Depreciation on leasehold improvements	<b>1.1%</b>	(1.3%)
– Permanent differences: Profit on disposal of property, plant and equipment	–	15.3%
– Non-deductible expenditure: Share option cost	<b>9.1%</b>	(2.2%)
– Prior year over provision	–	(18.6%)
– Capital gains taxation	–	(12.2%)
– Impairment of investments	<b>(3.7%)</b>	–
Statutory tax rate	<b>28.0%</b>	28.0%

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<b>25. NOTES TO THE STATEMENT OF CASHFLOWS</b>		
<b>25A Cash generated by operations</b>		
Profit before net finance costs	<b>221 263</b>	231 714
Adjustments for non-cash movements:		
– Amortisation of intangible assets	<b>680</b>	3 679
– Depreciation of property, plant and equipment	<b>8 764</b>	11 515
– Depreciation of leasing assets	<b>399 730</b>	570 146
– Fair value adjustment in respect of investments	–	28 448
– Loss/(profit) on disposal of property, plant and equipment and intangibles	<b>37</b>	(20 061)
– Share-based payments charge	<b>9 008</b>	4 621
– Movement in inventory provision	<b>(474)</b>	(438)
– Movement in allowance for doubtful debts	<b>(13 166)</b>	17 031
– Impairment of investments	<b>5 100</b>	–
– Deemed interest and fair value adjustment on eXtract loan	<b>(15 900)</b>	1 156
Cash generated by operations before changes in working capital	<b>615 042</b>	847 811
Working capital movements		
– Decrease in inventories	<b>371 516</b>	454 375
– Decrease in trade and other receivables	<b>30 136</b>	54 614
– Decrease in trade and other payables	<b>(45 445)</b>	(183 348)
Total cash generated by operations	<b>971 249</b>	1 173 452
<b>25B Taxation paid</b>		
Tax (receivable)/payable at beginning of year	<b>(18 290)</b>	42 480
Taxation charge	<b>4 013</b>	62 101
Tax receivable at end of year	<b>1 699</b>	18 290
	<b>(12 578)</b>	122 871
<b>25C Interest received</b>		
Interest received (note 23)	<b>175 234</b>	332 346
Less deemed interest received	<b>(12 950)</b>	–
	<b>162 284</b>	332 346

31 August 2018 R'000	31 August 2017 R'000
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26. **COMMITMENTS**

Guarantees

enX Corporation has provided a corporate guarantee for a maximum amount of R300 million to Toyota Tsusho, R4.7 million to Maksat and R34 million to Teberg.

	<b>One to five years R'000</b>	<b>Less than one year R'000</b>	<b>Total R'000</b>
Operating lease commitments			
<b>31 August 2018</b>			
<b>Property</b>	<b>1 333</b>	<b>4 751</b>	<b>6 084</b>
31 August 2017			
Property	4 914	6 836	11 750

27. **CONTINGENT LIABILITIES**

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

28. **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 2018</b>				
<b>Vehicles</b>	<b>42 724</b>	<b>1 662 306</b>	<b>857 946</b>	<b>2 562 976</b>
31 August 2017				
Vehicles	41 909	1 765 354	841 239	2 648 502

## 29. FINANCIAL INSTRUMENTS

### Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and to enX Group's asset and liability committee's ("ALCO") strategies. 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 and foreign exchange risk. 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 market funding and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analysis 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 credit risk 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 credit risk.

### 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 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 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.

## 29. FINANCIAL INSTRUMENTS (continued)

### 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 2018 R'000</b>	31 August 2017 R'000
<b>Pay floating receive fixed</b>		
One to five years	–	106 000
<b>Fair value of interest rate swaps</b>		
– Liability	–	2 005

The impact of a 1% change in interest rates will have not a material impact on profit and loss as the fixed rate 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.

### 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 within the mandate of the credit committee.

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.

The risk of a single non-related party customer exceeding 5% of total company revenue is limited. There is one customer that individually accounts for more than 5% of company revenue.

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

29. **FINANCIAL INSTRUMENTS** (continued)

**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 2018 R'000</b>	31 August 2017 R'000
Trade receivables that are neither past due nor impaired	<b>83 621</b>	72 077

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 2018 was Nil (2017: R2 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 past due	<b>29 377</b>	28 778
Between 1 – 3 months past due	<b>75</b>	24 806
	<b>29 452</b>	53 584

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 2018 R'000</b>	31 August 2017 R'000
<b>Analysis of allowance for doubtful debts</b>		
Balance at beginning of the year	<b>27 907</b>	10 876
Amounts written off during the year	<b>(16 413)</b>	(11 704)
Increase in allowance recognised in the statement of comprehensive income	<b>3 247</b>	28 735
Balance at end of year	<b>14 741</b>	27 907

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.

29. **FINANCIAL INSTRUMENTS** (continued)

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.

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 2018</b>				
<b>Financial assets</b>				
Investments and loans	20 768	20 768	–	20 768
Amounts owing by group companies	2 203 946	2 203 946	640 329	1 563 617
Trade receivables	113 073	113 073	113 073	–
Cash and cash equivalents	120 991	120 991	120 991	–
	<b>2 458 778</b>	<b>2 458 778</b>	<b>874 393</b>	<b>1 584 385</b>
Percentage profile (%)			<b>36</b>	<b>64</b>
<b>Financial liabilities</b>				
Amounts owing to group companies	394 563	394 563	394 563	–
Interest-bearing borrowings	3 496 604	4 268 603	966 968	3 301 635
Trade and other payables	273 855	273 855	273 855	–
Percentage profile (%)			<b>33</b>	<b>67</b>
<b>31 August 2017</b>				
<b>Financial assets</b>				
Investments and loans	242 925	271 373	100 000	171 373
Amounts owing by group companies	1 559 024	1 559 024	39 608	1 519 416
Trade receivables	125 661	125 661	125 661	–
Cash and cash equivalents	81 161	81 161	81 161	–
	2 008 771	2 037 219	346 430	1 690 789
Percentage profile (%)			17	83
<b>Financial liabilities</b>				
Amounts owing to group companies	269 667	269 667	269 667	–
Interest-bearing borrowings	3 801 597	4 857 079	1 028 785	3 828 294
Derivative financial liabilities	2 005	2 005	2 005	–
Trade and other payables	319 300	319 300	319 300	–
	4 392 569	5 448 051	1 619 757	3 828 294
Percentage profile (%)			30	70

29. **FINANCIAL INSTRUMENTS** (continued)

**Fair values**

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

The fair values of 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 qualified for derecognition during the period.

**Fair value hierarchy disclosures**

*Valuation methodology*

The table below shows the company's financial assets and liabilities 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 assets/ liabilities at fair value R'000</b>	Financial assets/ liabilities at amortised cost R'000
<b>31 August 2018</b>		
<b>Financial assets</b>		
Available-for-sale financial assets		
– Investments	<b>20 768</b>	–
<b>Total financial assets</b>	<b>20 768</b>	–
<b>Total financial liabilities</b>	<b>–</b>	–
<b>31 August 2017</b>		
<b>Financial assets</b>		
Available-for-sale financial assets		
– Investments	<b>21 373</b>	27 062
<b>Total financial assets</b>	<b>21 373</b>	59 391
<b>Financial liabilities</b>		
Financial liabilities designated at fair value through profit and loss		
– Derivative financial liabilities	<b>2 005</b>	–
<b>Total financial liabilities</b>	<b>2 005</b>	–

**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.



## 29. **FINANCIAL INSTRUMENTS** (continued)

### **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.

### **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.

## 30. **SEGMENTAL INFORMATION**

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

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.

## 31. **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 the 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.

31. **RELATED PARTY TRANSACTIONS** (continued)

**Key management personnel remuneration comprises:**

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
Short-term employee benefits	<b>27 231</b>	40 261
Long-term employee benefits	<b>691</b>	1 369
Share-based payments recognised as an expense	<b>7 969</b>	4 621
	<b>35 891</b>	46 251
Number of key management personnel	<b>5</b>	5

	<b>Salary R'000</b>	<b>Incentive R'000</b>	<b>Retirement benefits R'000</b>	<b>Other benefits R'000</b>	<b>Total R'000</b>
Directors' remuneration					
<b>2018</b>					
<b>Paid by company</b>					
PM Mansour <sup>(a)</sup>	<b>4 040</b>	<b>806</b>	–	<b>5 400</b>	<b>10 246</b>
IM Lipworth <sup>(b)</sup>	<b>2 984</b>	–	–	<b>41</b>	<b>3 025</b>
JV Carr	<b>2 965</b>	<b>3 740</b>	<b>470</b>	<b>552</b>	<b>7 727</b>
JL Serfontein <sup>(c)</sup>	<b>1 985</b>	–	<b>221</b>	<b>118</b>	<b>2 324</b>
SB Joffe <sup>(d)</sup>	<b>2 950</b>	<b>1 401</b>	–	–	<b>4 351</b>
JS Friedman <sup>(e)</sup>	<b>250</b>	–	–	–	<b>250</b>
	<b>15 174</b>	<b>5 947</b>	<b>691</b>	<b>6 111</b>	<b>27 923</b>

<sup>(a)</sup> P Mansour, the previous Executive Deputy Chairman, resigned effective 31 December 2017 and was appointed Chief Investment Officer and received a settlement payment for loss of office.

<sup>(b)</sup> Resigned effective 1 August 2018

<sup>(c)</sup> Resigned effective 31 December 2017

<sup>(d)</sup> Appointed 18 March 2018

<sup>(e)</sup> Appointed 1 August 2018

	Salary R'000	Incentive R'000	Retirement benefits R'000	Other benefits R'000	Total R'000
Directors remuneration					
<b>2017</b>					
<b>Paid by company</b>					
PM Mansour <sup>***</sup>	2 549	3 823	–	–	6 372
IM Lipworth <sup>***</sup>	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 <sup>**</sup>	712	427	102	2 388	3 629
	12 828	23 135	1 369	4 298	41 630
<b>Paid by enX Group</b>					
PM Mansour	1 899	–	–	–	1 899
IM Lipworth	1 375	–	–	–	1 375
	3 274	–	–	–	3 274

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 enX group scheme.

<sup>\*\*</sup> Resigned as a director on 28 November 2016.

<sup>\*\*\*</sup> Appointed as a director on 16 January 2017.

31. **RELATED PARTY TRANSACTIONS** (continued)

**Participation in enX FSP scheme**

Name	Grant date	Shares committed to plan	Vesting date
IM Lipworth	December 2016	80 357	September 2018
JV Carr	December 2016	245 682	December 2019
SB Joffe	August 2018	300 000	August 2021

**Participation in enX SAR's scheme**

Name	Grant date	Shares committed to plan	Vesting date
S Joffe	June 2018	424 995	June 2021
JV Carr	February 2017	414 906	December 2019
JV Carr	June 2018	215 386	June 2021
PD Mansour	February 2017	749 710	December 2019
		<b>31 August 2018</b>	31 August 2017
		<b>R'000</b>	R'000

**Related party balances**

*Amounts due by (to) group companies – Refer note 8*

*Amounts included in trade and other receivables relating to group companies*

Eqstra Fleet Services Proprietary Limited	–	526
GPS Tracking Solutions Proprietary Limited	<b>546</b>	507
Amasondo Fleet Services Proprietary Limited	<b>586</b>	1 950
Eqstra TA Equipment Proprietary Limited	<b>133</b>	20
Eqstra Swaziland Proprietary Limited	–	47
Saficon Industrial Equipment Proprietary Limited	<b>3 658</b>	256
Eqstra Lesotho Proprietary Limited	–	4
Eqstra Financial Services Proprietary Limited	<b>4 002</b>	373
Centlube Proprietary Limited	<b>60</b>	375
600 SA Holdings Proprietary Limited	–	139
enX Fleet Management Botswana Proprietary Limited	<b>1 464</b>	1 677
Eqstra Fleet Services Namibia Proprietary Limited	<b>2</b>	–
New Way Power Proprietary Limited	<b>6</b>	–
Austro Proprietary Limited	<b>325</b>	–
African Group Lubricants Proprietary Limited	<b>10</b>	–
	<b>10 792</b>	5 874

31. **RELATED PARTY TRANSACTIONS** (continued)

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<i>Amounts included in trade and other payables relating to group companies</i>		
Saficon Industrial Equipment Proprietary Limited	<b>(52)</b>	(7)
GPS Tracking Solutions Proprietary Limited	<b>(7 000)</b>	(9 017)
Eqstra Fleet Services Proprietary Limited	<b>(225)</b>	(499)
Eqstra Financial Services Proprietary Limited	<b>(108)</b>	(48)
New Way Power Proprietary Limited	–	(308)
Amasondo Fleet Services Proprietary Limited	<b>(36)</b>	–
enX Trading Investments Proprietary Limited	<b>(26)</b>	–
enX Fleet Management Botswana Proprietary Limited	–	(30)
Centlube Proprietary Limited	<b>(105)</b>	(284)
Power 02 Proprietary Limited	–	(4)
enX Group Limited	–	(832)
IngweLubricants	<b>(116)</b>	–
	<b>(7 668)</b>	(11 029)
<i>Amounts included in trade and other receivables relating to related parties</i>		
MCC Contracts Proprietary Limited #	–	4 852
	–	4 852
Related party transactions		
<i>Revenue (group companies)</i>		
Eqstra TA Equipment Proprietary Limited	<b>1 575</b>	4 193
Eqstra NH Equipment Proprietary Limited	–	1 900
600 SA Holdings Proprietary Limited	<b>299</b>	1 144
GPS Tracking Solutions Proprietary Limited	–	3 618
Saficon Industrial Equipment Proprietary Limited	<b>20 045</b>	43 129
Amasondo Fleet Services Proprietary Limited	–	7 659
Eqstra Financial Services Proprietary Limited	–	1 616
	<b>21 919</b>	63 258

\* 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.

# This entity was a related party in the prior year based on the shareholding of Eqstra 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. In the current year the investment in eXtract was unbundled therefore eXtract is not longer a related party in the current year.

	<b>31 August 2018 R'000</b>	31 August 2017 R'000
<i>Cost recoveries received (group companies)</i>		
New Way Power Proprietary Limited	–	5 742
Saficon Industrial Equipment Proprietary Limited	<b>21 568</b>	39 203
Centlube Proprietary Limited	–	1 458
Austro Proprietary Limited	–	2 409
African Group Lubricants Proprietary Limited	–	450
West Africa International Proprietary Limited	–	900
	<b>21 568</b>	50 162
<i>Management fee paid (group companies)</i>		
enX Group Limited	<b>4 563</b>	3 689
	<b>4 563</b>	3 689
<i>Interest received (paid) (group companies)</i>		
Eqstra Swaziland Proprietary Limited	<b>782</b>	1 083
Amasondo Fleet Services Proprietary Limited	<b>1 308</b>	( 186)
Eqstra Fleet Services Namibia Proprietary Limited	<b>(1 430)</b>	2 580
Eqstra NH Equipment Proprietary Limited	<b>( 476)</b>	5 560
Saficon Industrial Equipment Proprietary Limited	<b>154 877</b>	186 050
Eqstra Lesotho Proprietary Limited	<b>133</b>	542
Eqstra Fleet Services (PVPS) Proprietary Limited	<b>(3 785)</b>	(4 455)
Eqstra Financial Services Proprietary Limited	–	118
enX Group Limited	–	(104)
Omatemba Fleet Services Proprietary Limited	<b>( 170)</b>	358
GPS Tracking Solutions Proprietary Limited	<b>1 020</b>	–
	<b>152 259</b>	191 546
<b>Other related party transactions</b>		
MCC Contracts Proprietary Limited#		
– Revenue	–	44 211
– Cost recoveries	–	30 683
– Interest received	–	126 050
Pemberley Fleet Services Proprietary Limited#		
Interest received	–	(64)

This entity was a related party in the prior year based on the shareholding of Eqstra 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. In the current year the investment in eXtract was unbundled therefore eXtract is not longer a related party in the current year.

### 32. POST-BALANCE SHEET EVENTS

After year-end the group negotiated an amendment to the repayment terms of the term loan facility by moving out the 31 August 2019, 30 November 2019 and 28 February 2020 repayments of R170 million each, across the remaining term of the loan. This will reduce the number of quarterly repayments from 14 to 11, while increasing the quarterly amortisation to R216 million from R170 million. Repayments will commence at the end of May 2020.

enX Corporation settled EQS08 in September 2018 with a final payment of R46.5 million. In addition, R96 million of 4-year notes were raised in the capital market.

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 2018 or the results of its operations or cash flows for the year then ended.