PBT Group Limited

2017 CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS

These consolidated financial statements have been prepared under the supervision of the Financial Director AM Louw

Audited in compliance with the applicable requirements of the Companies Act.

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GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Financial and information management services
Directors	PJ de Wet (CEO) AM Louw (Chairman and Financial Director) AL Winkler (Independent Non-Executive Director) HC Steyn (Non-executive Director) AJ Taylor (Lead Independent Non-Executive Director) CL Dyers (Independent Non-Executive Director)
Registered office	PBT House 2 Mews Close Waterford Mews, Century City 7741 South Africa
Postal address	PO Box 276 Century City 7446
Website	www.pbtgroup.co.za
Auditor	KPMG Inc.
Company secretary	Bianca Pieters PBT House 2 Mews Close Waterford Mews Century City 7441
Company registration number	1936/008278/06
Audit and Risk Committee	CL Dyers AJ Taylor AL Winkler (Chairman)
Remuneration and Nomination Committee	HC Steyn AJ Taylor CL Dyers (Chariman)
Social and Ethics Committee	E Read (Chairman) CL Dyers B Pieters
Sponsors	Bridge Capital Advisors (Proprietary) Limited
Transfer secretaries	Link Market Services South Africa (Proprietary) Limited PO Box 4844 Johannesburg 2000 19 Ameshoff Street Braamfontein 2001

DIRECTORS' RESPONSIBILITY REPORT

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of PBT Group Ltd, comprising the consolidated statement of financial position at 31 March 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Directors' Report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of PBT Group Ltd., as identified in the first paragraph, were approved by the Board of Directors on 2 August 2017 and signed by:

PJ de Wet
Authorised Director

DIRECTORS' REPORT

Business activities and Group results

During the period under review, PBT Group Limited (previously Prescient Limited) shareholders approved a transaction with Stellar Capital Partners and received a distribution to an amount of R1.428 billion from Prescient Holdings (Pty) Ltd resulting in the effective disposal of Prescient Holdings. Prescient Limited was renamed to PBT Group Limited to better reflect the ongoing operations and strategic vision of the Company.

The pro rata income and expenses associated with Prescient Holdings (Pty) Ltd are disclosed as profits from discontinued operations in the consolidated statement of profit or loss and other comprehensive income. The comparative profit from Prescient Holdings for the prior year has been restated to reflect as profits from discontinued operations in the comparative period. The corresponding earnings per share and headline earnings per share have also been reflected as a split between continuing and discontinued operations.

Total loss after tax from continuing operations after the impairment of goodwill (R 31.6 million) for the period was R23.6 million (March 2016: profit of R19.7 million) with profit before tax for continuing operations being R1.8 million (March 2016: profit of R40 million). Headline earnings per share was 5.93 cents per share (March 2016: 6.79 cents per share) while headline earnings per share for continuing operations was 0.16 cents per share (March 2016: 0.98 cents per share) and headline earnings per share for discontinued operations was 5.77 cents per share (March 2016: 5.81 cents per share).

The weighted average number of shares in issue for the 12 months ended 31 March 2017 was 1 619 927 367 (March 2016: 1 600 156 235).

South Africa and Australia

The South African and Australian operations continue to operate well despite the general challenging environment. The demand for our services in these two segments remain strong and resulted in satisfactory growth and profits.

Middle-East/Africa

The headwinds in the Middle-East/Africa ("MEA") segment of our business resulted in a loss after tax of R51.8 million for the region. The negative payment culture resulted in very high interest charges and a bad debt write-off of R18.4 million. An implemented change in the tax law resulted in withholding tax ("WHT") of R16.6 million expensed as additional tax paid in the current financial year that resulted in an exceptionally high tax charge. This will be a recurring expense in future periods. WHT is deducted from payments to the Company from certain MEA countries. South Africa has Double Tax Agreements with most of these countries which disallows the deduction of WHT. The WHT was allowed as a credit against the South African Tax in terms of Section 6quin of the Income Tax Act. This Section has however been deleted and for all tax years starting on or after 1 January 2016 no concession is allowed. As of this date a deduction cannot be claimed against the income in terms of Section 6quat(1C) of the Income Tax Act. Although WHT of R14.9 million relating to previous periods is available to be offset against future tax payable, we felt it prudent to impair this asset and expense it through profit or loss.

Consolidated Annual Financial Statements

The annual financial statements for the year ended 31 March 2017 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the JSE Listings Requirements.

Capital reduction distribution

In accordance with the SENS announcement released on 26 May 2017, an excess payout was made post year end to PBT Group by Prescient Holdings Group. The cash portion of this excess payout amounted to R26.2 million, will be paid out to shareholders as a capital reduction distribution of which the details will be announced on SENS in due course.

Dividend

No dividend from normal commercial operations has been declared for the 6 months ended 31 March 2017.

Biannually, the directors consider the payment of a dividend, taking into account prevailing circumstances and future cash and capital requirements of the Group in order to determine the appropriate dividend in respect of a particular financial reporting period.

Directors and secretary

Bianca Pieters is the Company Secretary.
The following changes had been made to the board of directors during the current period:

PJ de Wet	Appointed	17 March 2017
AJ Taylor	Appointed	17 March 2017
CL Dyers	Appointed	17 March 2017
KR Moloko	Resigned	17 March 2017
R van Rooyen	Resigned	17 March 2017
ZK Meyer	Resigned	17 March 2017
AL Winkler	Appointed	17 May 2017

Directors' interest

The directors' direct and indirect beneficial interests in the issued share capital of the Company were:

2017	**Direct beneficial**	**Percentage**	**Indirect beneficial**	**Percentage**
Ordinary shares				
Murray Louw	**1 289 237**	**0.08**	**2 972 113**	**0.18**
Herman Steyn	**1 701 321**	**0.10**	**208 692 782**	**12.50**
Cheree Dyers	**4 784 265**	**0.29**	**10 325 683**	**0.62**
Tony Taylor	**964 797**	**0.06**	**-**	**-**

2016	Direct beneficial	Percentage	Indirect beneficial	Percentage
Ordinary shares				
Murray Louw	-	-	4 261 350	0.26
Herman Steyn	1 702 321	0.10	329 027 231	19.71
Cheree Dyers	4 974 144	0.30	10 325 683	0.62
Tony Taylor	1 064 797	0.06	-	-

Directors' emoluments

The Directors' emoluments are set out on page 46 - 47 of the financial statements.

Major shareholders

The shareholders, other than directors, who are directly or indirectly beneficially interested in 5% or more of the Group's issued share capital at 31 March 2017 are as follows:

Party	**Number of shares**	**%**
Nimeemmi CC	**283 814 784**	**17**
FISC Investment Management	**196 679 887**	**12**
Clearstream Banking S.A. Luxembourg	**167 000 000**	**10**
Prescient Khawuleza (Pty) Ltd	**120 334 449**	**7**
Seena Marina Financial Services	**99 201 824**	**6**

Special resolutions

At the Annual General and Scheme Meeting of the Company held on 28 October 2016 the following special resolutions were passed:

Special Resolution 1 – Approval of the scheme
Special Resolution 2 – Approval of name change

Details of all special resolutions can be found on the PBT Group website at www.pbtgroup.co.za.

Subsequent events

In accordance with the SENS announcement released on 26 May 2017, an excess payout was made post year end to PBT Group by Prescient Holdings Group. The cash portion of this excess payout amounted to R26.2 million and will be paid out to shareholders as a capital reduction distribution, which details will be announced on SENS in due course.

There were no other material events subsequent to the reporting date other than the capital reduction distribution.

Auditor

KPMG Inc.
Address:
MSC House
1 Mediterranean Street
Foreshore
Cape Town
8001

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee comprised Zane Meyer, Keneilwe Moloko and Heather Sonn up to 17 March 2017. The newly appointed members are Arthur Winkler, Cheree Dyers and Tony Taylor. Its composition was consistent with King IV and the Companies Act requirement for at least three Independent Non-Executive Directors.

Committee meetings are also attended by relevant Senior Executives to provide insight into items under review.

The Committee meets at least three times a year and specifically oversees the following functions:

- Nomination for appointment by the shareholders of the external auditors.
- Liaison with the external auditors and determining the external audit fee.
- Assessment of the independence of the auditor.
- Regulation of non-audit work performed by external auditors.
- Assessment of the effectiveness of the auditing processes.
- Recommendation of financial statements for approval by the Board.
- Monitoring of the adequacy and effectiveness of the internal control systems.
- Safeguarding the Group's and clients' assets.
- Assessment of the risk management process.
- Assessment of the governance processes.
- Assessment of the skills, expertise and capability of the finance function.

In terms of the requirements of the Companies Act, individual members of the Audit and Risk Committee are elected by the shareholders at the AGM.

The role of the Audit and Risk Committee is to assist the Board in fulfilling its responsibility regarding financial and auditing oversight, as well as the overall quality and integrity of financial and internal controls.

It also performs prescribed statutory requirements, including those applicable to the external auditor. This includes the annual recommendation of the external auditor to the shareholders at the AGM.

Each year the Committee reviews the extent of non-audit services provided by the external auditors. In terms of the JSE Listings Requirements, the Audit and Risk Committee must perform an annual evaluation of the finance function of the Group. During the current year, the Committee is satisfied that the Financial Director, and the finance function, possess the appropriate expertise and experience to meet their responsibilities.

The Committee also expressed its satisfaction that PBT Group's external auditor for 2017 is independent of the Group. Subsequent to the Stellar transaction the committee has nominated Grant Thornton as the Group's external auditors for the 2018 financial year. Grant Thornton is accredited on the JSE's list of auditors in terms of its Listings Requirements.

The Audit and Risk Committee has recommended the Integrated Report to the Board for approval.

Arthur Winkler
Chairman
2 August 2017

DECLARATION BY COMPANY SECRETARY

In terms of the Companies Act of South Africa, and for the year ended 31 March 2017, I certify that PBT Group Limited has lodged all returns required by the Act with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

B Pieters
Company Secretary
2 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PBT Group Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PBT Group Limited (the Group) set out on pages 12 to 50, which comprise the consolidated statement of financial position at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of PBT Group Limited as at 31 March 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 (Part 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 Matters

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

1. Disposal of the financial services segment

Refer to accounting policy 1.3.18 and notes 18 and 19 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
On 10 February 2017, the final regulatory approval had been received for the Group to sell its entire investment management segment as per the Proposed Transaction with Stellar Capital as previously communicated to shareholders in the Circular posted on 30 September 2016. All assets and liabilities of the disposed segment were eliminated at their carrying values. Our audit focused on the accounting for this transaction in terms of IFRS 5: *Non-current assets held for sale and discontinued operations*, due to its significant impact on the financial statements. Given that the disposal of the investment management segment was a significant transaction during the year the disposal was considered a key audit matter in our audit of the consolidated financial statements.	Our audit procedures performed included the following: • We assessed the accounting treatment applied in respect of the disposal of the investment management segment to ensure compliance with the relevant accounting standards. • We agreed the terms and conditions of the sale and the total distribution to underlying legal agreements and the 2016 Proposed Stellar Transaction Circular issued to the JSE on the 30 September 2016 and the Finalisation Announcement on 21 February 2017 and ensured the profit on disposal was appropriate and in line with the terms of the agreements. • In determining the effect of the disposal on the Group, we assessed whether any impairment of the non-current assets classified as held for sale was required. • We assessed whether the discontinued operations and non-current assets held for sale disclosures in the financial statements were appropriate and that the comparatives in the consolidated statement of profit or loss and other comprehensive income were appropriately restated.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

2. Goodwill impairment assessment - R276.6million

Refer to accounting policy 1.3.5.1 and note 9 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Goodwill is required, in terms of IAS 36: Impairment of Assets, to be tested annually for impairment. The recoverable amount of the cash generating unit was determined based on a value in use calculation using a discounted cash flow model. The impairment assessment performed by management required significant judgements to be made as detailed in note 9 to the financial statements. Given the inherent uncertainty involved in the assessment of goodwill for impairment this was considered a key audit matter in our audit of the consolidated financial statements.	Our audit procedures performed included the following: • Challenging the appropriateness of the valuation methodology and key assumptions applied made by management in the determination of the value in use, which included: o Assessing the reasonableness of the discount rate used with reference to available industry data. o Assessing the appropriateness of the Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") growth rate and the appropriateness of the terminal value growth rate. This was performed through a retrospective review of actual results compared to budgeted resulted to assess the maintainable cash flows and reasonableness of the growth rates applied. o Performing sensitivity analyses around the key assumptions used in the discounted cash flow model. • Assessing whether the disclosures in the financial statements were appropriate.

3. Recognition of revenue

Revenue for information management services – R563.8million

Refer to accounting policies 1.3.10 and note 2.1 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Information management service fee income is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. The revenue is then recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be reliably estimated when all of the conditions in terms of IAS 18: Revenue are satisfied. Stage of completion is determined as follows: • income from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred; • income from fixed price contracts which run for a set period of time and where services are performed by an indeterminate number of acts is recognised on a straight-line basis over the specified period; and • income from large customised projects stage of completion is measured relative to the milestones achieved as specified in the contract. Judgement is required in determining the stage of completion relative to the achievement of contractually determined milestones. Given the judgement required in determining the stage of completion with regard to the recognition of revenue, this was considered a key audit matter in our audit of the consolidated financial statements.	Our audit procedures in respect of the recognition of revenue included: • Testing the appropriateness of the stage of completion applied when the information management service fee income was recognised. Accordingly, we performed the following in respect of a sample of revenue contracts: o We inspected the revenue contracts to determine the basis on which the stage of completion would be determined; o We agreed the contractual rates and contractual period to the contracts; o We evaluated the labour and direct expenses incurred in respect of time and material contracts, by agreeing these expenses to supporting documentation; o We re-performed the straight line calculation, in respect of fixed price contracts, on which revenue was recognised where the contractual services are performed by an indeterminate number of acts; and o We assessed that the revenue recognised in respect of large customised projects was in terms of the milestones achieved as specified in the contract.

Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 directors, we determine those matters that were of most significance in the audit of the consolidated 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 KPMG Inc. has been the auditor of PBT Group Limited for five years.

KPMG Inc.

Registered Auditor

Per GM Pickering

Chartered Accountant (SA)
Registered Auditor
Director
4 August 2017

MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Notes	2017 R´000	2016 R´000 Restated*
Continuing operations			
Total income	2.1	**612 741**	543 136
Services fees		**572 287**	538 913
Interest and dividend income		**17 999**	907
Other investment income		**22 455**	3 316
Cost of information management services		**(447 985)**	(405 573)
Operating expenses	3	**(128 899)**	(94 868)
Impairment of goodwill		**(31 645)**	–
Share-based payment expense		**(462)**	(455)
Profit from operations		**3 750**	42 240
Other income	2.2	**4 819**	2 494
Finance costs	4	**(6 724)**	(4 694)
Profit before tax		**1 845**	40 040
Income tax expense	5	**(25 449)**	(20 387)
(Loss)/profit from continuing operations		**(23 604)**	19 653
Discontinued operations			
Profit from discontinued operations		**1 229 633**	99 439
Profit for the year		**1 206 029**	119 092
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences – foreign operations	16.2	**(8 183)**	17 398
Tax on other comprehensive income		**–**	–
Other comprehensive (loss)/income for the year, net of tax		**(8 183)**	17 398
Total comprehensive income for the year		**1 197 846**	136 490
Profit attributable to:			
Owners of the Company		**1 203 543**	109 004
Non-controlling interests		**2 486**	10 088
Profit for the year		**1 206 029**	119 092
Total comprehensive income attributable to:			
Owners of the Company		**1 195 360**	123 489
Non-controlling interests		**2 486**	13 001
Total comprehensive income for the year		**1 197 846**	136 490
Earnings per share (cents)			
Continuing operations	6	**(1.53)**	0.88
Discontinued operations	6	**76.99**	5.81
Diluted earnings per share (cents)			
Continuing operations	6	**(1.53)**	0.88
Discontinued operations	6	**76.99**	5.81
Headline earnings per share (cents)			
Continuing operations	6	**0.16**	0.98
Discontinued operations	6	**5.77**	5.81
Diluted headline earnings per share (cents)			
Continuing operations	6	**0.16**	0.98
Discontinued operations	6	**5.77**	5.81

* Refer to note 19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2017

	Notes	2017 R´000	2016 R´000
Assets			
Non-current assets		**385 825**	11 667 621
Property and equipment	7	**23 831**	29 241
Investment property	8	**33 430**	35 728
Goodwill and intangible assets	9	**286 215**	397 960
Deferred tax asset	10	**7 353**	14 197
Long-term loans and other receivables		**2 581**	54 186
Investment in equity-accounted investees		**289**	9 658
Financial assets at fair value through profit or loss	11	**32 126**	151 439
Linked investments backing policyholder funds		**–**	10 975 212
Current assets		**291 547**	1 077 824
Inventory	12	**19 787**	35 688
Trade and other receivables	13	**227 668**	214 959
Amounts owing by clearing houses		**–**	192 777
Amounts owing by clients		**–**	429 186
Taxation receivable		**–**	13 623
Cash and cash equivalents	14	**44 092**	191 591
Total assets		**677 372**	12 745 445
Equity			
Stated capital	16	**144 015**	667 660
Reserves		**5 400**	7 066
Retained income		**410 600**	152 451
Total equity attributable to owners of the Company		**560 015**	827 177
Non-controlling interests		**12 434**	24 064
Total equity		**572 449**	851 241
Liabilities			
Non-current liabilities		**13 336**	11 018 427
Deferred tax liability	10	**5 988**	13 548
Policyholder investment contract liabilities		**–**	10 974 330
Loans payable	15	**7 348**	30 549
Current liabilities		**91 587**	875 777
Trade and other payables		**40 108**	106 393
Amounts owing to clearing houses		**–**	16 134
Amounts owing to clients		**–**	604 668
Current tax payable		**7 835**	9 377
Loans payable	15	**35 563**	44 126
Bank overdraft	14	**8 081**	95 079
Total liabilities		**104 923**	11 894 204
Total equity and liabilities		**677 372**	12 745 445

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

R´000	Stated capital	Translation reserve	Treasury shares	Share based payment reserve	Retained income	Total	Non-controlling interest	Total equity
Balance at 1 April 2015	664 702	6 414	(14 502)	801	138 578	795 993	14 139	810 132
Total comprehensive income for the year								
Profit for the year	–	–	–	–	109 004	109 004	10 088	119 092
Foreign currency translation differences	–	14 485	–	–	–	14 485	2 913	17 398
Total comprehensive income for the year	–	14 485	–	–	109 004	123 489	13 001	136 490
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners of the Company								
Treasury shares purchased	–	–	(2 074)	–	–	(2 074)	–	(2 074)
Equity-settled share based-payments	–	–	–	1 942	–	1 942	–	1 942
Dividends declared during the year	–	–	–	–	(95 131)	(95 131)	(2 548)	(97 679)
Issue of ordinary shares	2 958	–	–	–	–	2 958	–	2 958
Total contributions by and distributions to owners of the Company	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(2 548)	(94 853)
Changes in ownership interests in subsidiaries								
Acquisition of NCI without a change in control	–	–	–	–	–	–	5 950	5 950
Disposal of subsidiary	–	–	–	–	–	–	(6 478)	(6 478)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	(528)	(528)
Total transactions with owners of the Company	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(3 076)	(95 381)
Balance at 31 March 2016	667 660	20 899	(16 576)	2 743	152 451	827 177	24 064	851 241

R´000	**Stated capital**	**Translation reserve**	**Treasury shares**	**Share based payment reserve***	**Retained income**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 April 2016	**667 660**	**20 899**	**(16 576)**	**2 743**	**152 451**	**827 177**	**24 064**	**851 241**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**1 203 543**	**1 203 543**	**2 486**	**1 206 029**
Foreign currency translation differences	**–**	**(8 183)**	**–**	**–**	**–**	**(8 183)**	**–**	**(8 183)**
Total comprehensive income for the year	**–**	**(8 183)**	**–**	**–**	**1 203 543**	**1 195 360**	**2 486**	**1 197 846**
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners of the Company								
Treasury shares sold	**–**	**–**	**9 260**	**–**	**11 166**	**20 426**	**–**	**20 426**
Equity-settled share based-payments	**–**	**–**	**–**	**1 680**	**–**	**1 680**	**–**	**1 680**
Termination of forfeitable share plan*	**–**	**–**	**–**	**(4 423)**	**4 423**	**–**	**–**	**–**
Dividends declared during the year	**–**	**–**	**–**	**–**	**(69 276)**	**(69 276)**	**(3 430)**	**(72 706)**
Capital distribution **	**(469 853)**	**–**	**–**	**–**	**(957 969)**	**(1 427 822)**	**–**	**(1 427 822)**
Adjustment to reflect the PBT Group Limited share capital after disposal of Prescient Holdings (Pty) Ltd	**(53 792)**	**–**	**–**	**–**	**53 792**	**–**	**–**	**–**
Total contributions by and distributions to owners of the Company	**(523 645)**	**–**	**9 260**	**(2 743)**	**(957 864)**	**(1 474 992)**	**(3 430)**	**(1 478 422)**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**12 470**	**12 470**	**(12 470)**	**–**
Disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**1 784**	**1 784**
Total changes in ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**12 470**	**12 470**	**(10 686)**	**1 784**
Total transactions with owners of the Company	**(523 645)**	**–**	**9 260**	**(2 743)**	**(945 394)**	**(1 462 522)**	**(14 116)**	**(1 476 638)**
Balance at 31 March 2017	**144 015**	**12 716**	**(7 316)**	**–**	**410 600**	**560 015**	**12 434**	**572 449**

* *During December 2016, the Group's forfeitable share plan had been terminated.*

*** Refer to note 19*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

	Notes	2017 R´000	2016 R´000
Cash flows from operating activities			
Profit for the year		**1 206 029**	119 092
Income tax expense		**25 449**	47 202
Non-cash movements and adjustments to profit before tax	**17.1**	**(1 318 195)**	(970 453)
Cash generated from policyholder activities		**307 697**	981 892
Contributions and investment income		**3 065 617**	3 495 961
Withdrawals by policyholders		**(2 757 920)**	(2 514 069)
Changes in working capital	**17.2**	**(54 288)**	(10 470)
Dividends received		**12 641**	2 946
Dividends paid		**(72 706)**	(97 679)
Interest received		**5 358**	19 358
Interest paid		**(6 724)**	(10 862)
Taxation paid	**17.3**	**(25 454)**	(50 998)
Net cash inflow from operating activities		**79 807**	30 028
Cash flows from investing activities			
Acquisition of equipment		**(2 843)**	(8 040)
Disposals of equipment		**789**	–
Acquisition of intangible assets		**(1 243)**	(8 382)
Proceeds on loss in control of subsidiary, net of cash disposed of		**–**	2 155
Disposal of equity-accounted investee		**–**	3 064
Proceeds on disposal of discontinued operations, net of cash disposed of	**19.3**	**1 317 935**	–
(Acquisition)/disposal of financial assets at fair value through profit or loss		**(53 104)**	6 026
Advancement of long-term loans receivable		**(5 704)**	(2 313)
Cash inflow/(outflow) from investing activities		**1 255 830**	(7 490)
Cash flows from financing activities			
Acquisition of own shares		**(145)**	2 074
Capital distribution		**(1 427 822)**	–
Proceeds from loans/borrowings		**32 899**	4 499
Cash (outflow)/inflow from financing activities		**(1 395 068)**	6 573
Net (decrease)/increase in cash and cash equivalents		**(59 431)**	29 111
Effect of exchange rate fluctuations on cash held		**(1 070)**	18 133
Cash and cash equivalents at beginning of the year		**96 512**	49 268
Cash and cash equivalents at end of the year	**14**	**36 011**	96 512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2017

1.1 Reporting entity

PBT Group Ltd (“PBT” or “the Company”) is a company domiciled in South Africa and listed on the JSE Limited under the Software and Computer Services Sector. The consolidated financial statements of PBT as at 31 March 2017 and for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the Group) and the Group’s investments in associates. The consolidated financial statements include the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of change in equity, consolidated statement of cashflow and the notes to the consolidated financial statements.

1.2 Basis of preparation

1.2.1 Statement of compliance

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

The consolidated financial statements were published for issue by the board of directors on 31 July 2017.

1.2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment property, financial assets at fair value through profit or loss measured at fair value and loans, payables and trade and other payables which is measured at amortised cost.

1.2.3 Functional and presentation currency

These consolidated financial statements are presented in South African rands, which is the Company’s functional currency. All financial information presented in rands has been rounded to the nearest thousand, except where otherwise indicated.

1.2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Group’s business that typically require such estimates and judgements is the determination of the fair value for financial assets and liabilities, impairment of trade receivables and loan receivables, impairment testing of goodwill, intangible assets and investment property, revenue recognition and judgements relating to business combinations. For estimates and judgements on business combinations and revenue recognition, refer to notes 1.3.1 and 1.3.10 respectively.

Measurement of fair values

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

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique (see note 11.1).

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

The fair value of financial assets and liabilities are classified and accounted for in accordance with policies set out in note 1.3.3 below. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. Fair values of certain financial instruments are determined using pricing models that consider, among other factors, contractual and market prices, correlations, yield curves, credit spreads and volatility factors.

Impairment of financial assets

For the impairment of trade receivables and loan receivables refer to note 1.3.8.1.

Impairment testing of non-financial assets and goodwill

Refer to note 1.3.8.2 and 9.1 for impairment testing of non-financial assets and goodwill.

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods.

1.3.1 Basis of consolidation

1.3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 1.3.1.3). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

1.3.1.2 Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests (“NCI”) in the acquiree at fair value.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and recognised in equity. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary acquired or disposed of. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases.

1.3.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

1.3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3.2 Foreign currency

1.3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rand at foreign exchange rates at the dates the fair value was determined.

1.3.2.2 Financial statement of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to rand at rates approximating foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the translation reserve in other comprehensive income and accumulated in equity.

When a foreign operation is disposed of in its entirety, or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1.3.3 Financial instruments

1.3.3.1 Non-derivative financial assets and liabilities

The Group initially recognises loans and receivables on the date that they originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or if it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets and liabilities at fair value through profit or loss

Financial instruments classified as held for trading or designated as at fair value through profit or loss are initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in profit or loss. After initial recognition, financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses recognised in profit or loss. Financial instruments designated as at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in the classification until derecognition.

Financial instruments measured at fair value include linked investments backing policyholder funds and policyholder investment contract liabilities. All investment contract liabilities issued by the Group are designated on initial recognition at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value. Investments backing policyholder funds are held for trading or are designated at fair value through profit of loss since the financial assets are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

The fair value is determined based on the fair value of the associated linked investments backing policyholder funds and is net of the taxation payable on investment gains. Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they arise. Contributions received from policyholders and benefit payments made to policyholders are not recognised in profit or loss but are accounted for as deposits. The taxation payable is separately disclosed as part of taxation of the Group profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, long-term loans and other receivables.

Fair value measurement considerations

The fair values of quoted financial assets are based on quoted prices. If the market for a financial asset is not active, the Group establishes fair value using valuation techniques that refer as far as possible to observable market data. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

To the extent that the fair values of unlisted equity instruments cannot be measured reliably, such instruments are carried at cost less impairments.

Other non-derivative financial liabilities

The Group initially recognises debt securities issued and liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Except for policyholder investment contract liabilities, the Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans payable, trade and other payables and bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

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

1.3.3.2 Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends on ordinary shares are recognised as a deduction from equity in the period in which they are declared to the shareholders.

Repurchase, disposal and reissue of share capital (treasury shares)

Treasury shares are ordinary shares held by subsidiaries of the Group. When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares, if not cancelled, are classified as treasury shares and are presented in the statement of changes in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is included in retained earnings.

1.3.4 Property and equipment

Items of property and equipment is initially measured at cost and subsequently property and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Any gain or loss on disposal of an item of equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Items of property and equipment is derecognised when the item is disposed of or when no further future economic benefits are expected from the items use.

1.3.4.1 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

1.3.4.2 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The residual values, useful lives and depreciation of items of property and equipment are reviewed at each reporting date and any changes thereto are accounted for as a change in accounting estimate with any adjustments reflected in profit or loss.

The estimated useful lives of items of property and equipment remain unchanged from the previous period and are as follows:

Computer software	3 years
Computer equipment	3 years
Furniture and fittings	10 years
Leasehold improvement	5 years
Office equipment	5 years
Property	20 years

1.3.5 Intangible assets and goodwill

1.3.5.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Refer note 9.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

1.3.5.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses.

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

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:

Computer software	3 years
Internally developed software	5 years
Patents and trademarks	10 years
System development costs	3 years

1.3.5.3 Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

1.3.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, in the ordinary course of business, and not used in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

1.3.7 Inventories (Management service contracts)

Work-in-progress on information management service contracts is recognised by reference to the stage of completion of the transaction at the end of each month. Stage of completion is determined by the percentage income recognised to the contract price. Fixed price contracts with deliverables are the only expenditure considered in the work-in-progress calculation.

For each project the total contract price is established. The percentage of the total amount of invoices issued against the total contract price is then applied to the total project cost estimate. The project cost estimate is reviewed and updated on a monthly basis, if necessary. All related costs, such as salaries, flights, accommodation, subsistence and other allowances are included.

At the reporting date, the actual costs incurred relating to the project are calculated. These costs are updated on a regular basis as and when the costs are incurred.

Work-in-progress is then calculated as the lower of the net realisable value and the actual cost.

1.3.8 Impairment

1.3.8.1 Impairment of financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial assets measured at amortised cost

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and directly credited against the carrying amount of the financial asset.

1.3.8.2 Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, excluding investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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

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

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

1.3.9 Employee benefits

1.3.9.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. The accrual for employee entitlements to remuneration and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' services provided by the reporting date. These accruals have been calculated at undiscounted amounts based on current salary rates.

1.3.9.2 Defined contribution plans

Certain of the Group's subsidiaries contribute to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to these funds are recognised in profit or loss in the period during which services are rendered by employees.

1.3.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes

Revenue comprises of information management service fee income, interest income, dividend income and rental income.

Information management service fee income is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. The revenue is then recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be reliably estimated when all of the following conditions are satisfied:

- the amount of revenue can be estimated reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transition and the cost to completion can be measured reliably.

Stage of completion is determined as follows:

- income from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred;
- income from fixed price contracts which run for a set period of time and where services are performed by an indeterminate number of acts is recognised on a straight-line basis over the specified period; and
- income from large customised projects stage of completion is measured relative to the milestones achieved as specified in the contract.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall only be recognised to the extent of the expenses incurred and recognised that are recoverable.

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

Dividend income is recognised as income when the Group's right to receive payments is established.

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Income is measured at the fair value of the consideration received or receivable, net of value added tax.

1.3.11 Other investment income

Other investment income comprises of net fair value gains on financial assets and change in fair value of investment property.

1.3.12 Operating lease expenses

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.3.13 Finance costs

Finance costs comprise interest expense on interest-bearing borrowings and bank overdrafts. Finance costs are recognised using the effective interest rate method.

1.3.14 Income tax expense

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.3.15 Dividend withholding tax

The Company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge but rather as part of the dividend paid recognised directly in equity.

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

1.3.16 Earnings and headline earnings per share

The Group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive instruments.

Headline and diluted headline earnings per share is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

1.3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the board in order to assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee include items directly attributable to the segment. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets.

1.3.18 Discontinued operations

A discontinued operation is a component of the Group's, the operations and cash flows of which has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinted plan to dispose of this separate major line if business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operations had been discontinued from the commencement of the comparative year.

1.4 New standards and amendments

Future amendments not early adopted in the 2017 financial statements

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

Amendments to IAS 7: Disclosure Initiative

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early adoption is permitted. As at 31 March 2017 the Group was still in the process of assessing the impact of IAS 7 on its financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses that are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

for the year ended 31 March 2017

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted. As at 31 March 2017 the Group was still in the process of assessing the impact of IAS 12 on its financial statements.

IFRS 15 Revenue from Contracts with Customers

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

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

IFRS 15 Revenue from Contracts with Customers (continued)

This new standard will most likely have an impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is still in the process of assessing the impact of this standard on the financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. IFRS 15 will only have an impact on the financial results in the 2019 financial year and the Group is still in the process of assessing its impact.

IFRS 9 Financial Instruments

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

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

IFRS 9 retains almost all of the existing requirements from IAS 39 for financial liabilities. However, any gain or loss on a financial liability designated at fair value through profit or loss is attributable to changes in own credit risk is generally presented in OCI with remaining change in fair value presented in profit or loss.

The standard is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted retrospectively. As at 31 March 2017 the Group was still in the process of assessing the impact of IFRS 9 on its financial statements.

IFRS 16 Leases

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

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

for the year ended 31 March 2017

2.1 Total income

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
		Restated*		Restated*		Restated*
	R´000	R´000	**R´000**	R´000	**R´000**	R´000
Total income						
Service fees	**572 287**	538 913	**316 029**	345 964	**888 316**	884 877
Fees for financial services	**8 521**	7 139	**316 029**	345 964	**324 550**	353 103
Fees for information management services	**563 766**	531 774	**–**	–	**563 766**	531 774
Interest and dividend income	**17 999**	907	**26 582**	21 397	**44 581**	22 304
Dividend income from financial assets at fair value through profit or loss	**12 641**	–	**5 984**	2 946	**18 625**	2 946
Interest income	**5 358**	907	**20 598**	18 451	**25 956**	19 358
Other investment income	**22 455**	3 316	**(1 924)**	(97)	**20 531**	3 219
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**18 276**	(87)	**(1 924)**	(97)	**16 352**	(184)
Change in fair value of investment property	**4 179**	3 403	**–**	–	**4 179**	3 403
Net fair value gains on linked investments backing policyholder funds and liabilities	**–**	–	**–**	–	**–**	–
Dividend income from linked investments backing policyholder funds	**–**	–	**73 979**	130 745	**73 991**	130 745
Interest income from linked investments backing policyholder funds	**–**	–	**279 803**	236 861	**277 462**	236 861
Increase in policyholder investment contract liabilities	**–**	–	**(277 060)**	(542 462)	**(277 060)**	(542 462)
Net fair value movements on linked investments backing policyholder funds	**–**	–	**(76 722)**	174 856	**(74 393)**	174 856
	612 741	543 136	**340 687**	367 264	**953 428**	910 400

2.2 Other income

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
		Restated*		Restated*		Restated*
	R´000	R´000	**R´000**	R´000	**R´000**	R´000
Sundry income	**4 819**	2 494	**1 733**	696	**6 552**	2 441

** Refer to note 19*

for the year ended 31 March 2017

	2017	2016
		Restated*
3 Operating expenses	**R´000**	R´000
Included in operating expenses are the following:		
Administrative expenses	**73 279**	35 212
Auditor´s remuneration	**874**	912
Depreciation and amortisation	**7 776**	9 571
Employee benefits	**39 439**	35 965
Loss on sale of subsidiary	**–**	5 818
Regulatory levies	**–**	6
Operating lease charges	**7 531**	7 384
	128 899	94 868
Employee benefits	**39 439**	35 965
Salaries and bonuses	**39 365**	35 965
Provident fund contributions	**74**	–

	2017	2016
		Restated*
4 Finance costs	**R'000**	R'000
Finance costs on bank overdraft	**6 439**	2 960
Finance costs on interest-bearing borrowings	**285**	3 208
	6 724	4 694

** Refer to note 19*

for the year ended 31 March 2017

	2017	2016
		Restated*
5 Income tax expense	**R´000**	R´000
Tax recognised in profit or loss		
Current tax expense		
Current year	**15 781**	9 545
Adjustment to prior years	**(50)**	3 934
	15 731	13 479
Withholding tax - Section 6 quat(1C)	**16 584**	5 272
	32 315	18 751
Deferred tax expense		
Origination and reversal of temporary differences	**(6 866)**	1 636
Income tax expense on continuing operations	**25 449**	20 387

	2017	2016
	%	%
Current year charge as a percentage of profit before taxation	**1 379**	28
Adjustment for prior years	**3**	(2)
Unrecognised deferred tax assets	**–**	(1)
Exempt income	**192**	–
Fair value gain not taxable	**68**	1
Non-deductible expenses	**(720)**	(1)
Income tax at lower rate	**5**	3
Foreign withholding taxes	**(899)**	–
Standard rate of tax	**28**	28

** Refer to note 19*

6 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2017 was based on the profit attributable to ordinary shareholders of R1 184 580 219 (2016: R107 054 988), and a weighted average number of ordinary shares outstanding of 1 619 927 367 (2016: 1 600 156 235), calculated as follows:

Profit attributable to ordinary shareholders (basic)	**31 March 2017**			31 March 2016		
R'000	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations Restated*	Discontinued operations Restated*	Total
Profit/(loss) for the year, attributable to owners of the Company	**(29 858)**	**1 233 401**	**1 203 543**	14 684	94 320	109 004
Earnings attributable to FSP Shareholders	**(5 129)**	**(13 834)**	**(18 963)**	(527)	(1 422)	(1 949)
Profit/(loss) attributable to ordinary shareholders	**(34 987)**	**1 219 567**	**1 184 580**	14 157	92 898	107 055

Weighted average number of ordinary shares (basic)	**2017**	2016
In thousands of shares		
Ordinary shares at 1 April	**1 669 251**	1 648 655
Effect of treasury shares held	**(23 022)**	(29 672)
Effect of FSP shares	**(26 302)**	(29 666)
Effect of shares issued and share capitalisation	**–**	10 839
Weighted average number of ordinary shares at 31 March	**1 619 927**	1 600 156

Headline earnings per share

Headline earnings per share has been calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

Diluted earnings per share is equal to basic earnings per share. Diluted headline earnings per share is equal to headline earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2017

6 Earnings per share (continued)

R'000 2017	Profit/(loss) before tax	Tax	Earnings attributable to non-controlling interests	Earnings attributable to FSP shareholders	Earnings attributable to ordinary shareholders	Cents per share
Continuing operations						
Per the statement of comprehensive income	**1 845**	**(25 449)**	**(6 255)**	**5 129**	**(24 730)**	**(1.53)**
Adjustments						
Impairment loss on goodwill	**31 645**	**–**	**–**	**–**	**31 645**	**1.95**
Change in fair value of investment property	**(4 179)**	**–**	**–**	**–**	**(4 179)**	**(0.26)**
Continuing operations headline earnings	**29 311**	**(25 449)**	**(6 255)**	**5 129**	**2 736**	**0.16**
Discontinued operations						
Per the statement of comprehensive income	**1 259 744**	**(30 111)**	**3 769**	**13 834**	**1 247 236**	**76.99**
Adjustments						
Gain on sale of discontinued operations*	**(1 153 710)**	**–**	**–**	**–**	**(1 153 710)**	**(71.22)**
Discontinued operations headline gain	**106 034**	**(30 111)**	**3 769**	**13 834**	**93 526**	**5.77**
Total						
Per the statement of comprehensive income	**1 261 589**	**(55 560)**	**(2 486)**	**18 963**	**1 222 506**	**75.46**
Total Group headline earnings	**135 345**	**(55 560)**	**(2 486)**	**18 963**	**96 262**	**5.93**

** Including foreign exchange recycled from foreign currency translation reserve.*

R'000 2016	Profit/(loss) before tax	Tax	Earnings attributable to non-controlling interests	Earnings attributable to FSP shareholders	Earnings attributable to ordinary shareholders	Cents per share
Continuing operations						
Per the statement of comprehensive income	40 040	(20 387)	(4 969)	(527)	14 157	0.88
Adjustments						
Change in fair value of investment property	(3 403)	–	–	61	(3 342)	(0.21)
Gain on partial sale of equity accounted investee	(749)	–	–	13	(736)	(0.05)
Loss on loss of control of subsidiary	5 818	–	–	(104)	5 714	0.36
Continuing operations headline earnings	41 706	(20 387)	(4 969)	(557)	15 793	0.98
Discontinued operations						
Per the statement of comprehensive income	126 254	(26 815)	(5 119)	(1 422)	92 898	5.81
Discontinued operations headline earnings	126 254	(26 815)	(5 119)	(1 422)	92 898	5.81
Total						
Per the statement of comprehensive income	166 294	(47 202)	(10 088)	(1 949)	107 055	6.69
Total Group headline earnings	167 960	(47 202)	(10 088)	(1 979)	108 691	6.79

Dividends per share	**2017 Cents**	2016 Cents
- Interim – declared 13 December 2016 (2016: 26 November 2015)	**2.25**	2.85
- Final – declared 30 June 2017 (2016: 29 June 2016)	**–**	1.90

7 Property and equipment

Reconciliation of carrying amount

R´000	Computer software	Computer equipment	Office equipment	Furniture and fittings	Leasehold improvements	Property	Total
Cost							
Balance at 1 April 2015	9 078	12 235	1 488	5 931	3 018	18 341	50 091
Additions	395	5 076	246	1 716	254	353	8 040
Disposals	(9)	(81)	(2)	(141)	(194)	–	(427)
Effect of movements in exchange rates	–	117	–	54	–	–	171
Balance at 31 March 2016	9 464	17 347	1 732	7 560	3 078	18 694	57 875
Balance at 1 April 2016	**9 464**	**17 347**	**1 732**	**7 560**	**3 078**	**18 694**	**57 875**
Additions	**–**	**2 464**	**112**	**152**	**–**	**–**	**2 728**
Disposals	**–**	**(512)**	**(180)**	**(378)**	**–**	**–**	**(1 070)**
Disposal group classified as held for sale	**(9 464)**	**(7 484)**	**(1 288)**	**(2 705)**	**(3 078)**	**–**	**(24 019)**
Transfers	**8**	**109**	**–**	**98**	**–**	**–**	**215**
Balance at 31 March 2017	**8**	**11 924**	**376**	**4 727**	**–**	**18 694**	**35 729**
Accumulated depreciation							
Balance at 1 April 2015	8 410	8 807	1 106	1 476	3 018	917	23 734
Depreciation for the year	131	2 926	148	676	65	925	4 871
Disposals	(3)	(60)	(6)	(47)	(5)	–	(121)
Effect of movements in exchange rates	–	95	–	55	–	–	150
Balance at 31 March 2016	8 538	11 768	1 248	2 160	3 078	1 842	28 634
Balance at 1 April 2016	**8 538**	**11 768**	**1 248**	**2 160**	**3 078**	**1 842**	**28 634**
Depreciation for the year	**8**	**2 308**	**92**	**602**	**–**	**936**	**3 946**
Disposals	**–**	**(473)**	**(180)**	**(389)**	**–**	**–**	**(1 042)**
Disposal group classified as held for sale	**(8 538)**	**(5 776)**	**(923)**	**(1 325)**	**(3 078)**	**–**	**(19 640)**
Balance at 31 March 2017	**8**	**7 827**	**237**	**1 048**	**–**	**2 778**	**11 898**
Carrying amounts							
At 31 March 2016	926	5 579	484	5 400	–	16 852	29 241
At 31 March 2017	**–**	**4 097**	**139**	**3 679**	**–**	**15 916**	**23 831**

8 Investment property

	2017	2016 Restated*
	R´000	R´000
8.1 Reconciliation of carrying amount		
Opening balance at 1 April	**35 728**	24 911
Change in fair value	**4 179**	3 403
Effect of movements in exchange rates	**(6 477)**	7 414
Closing balance at 31 March	**33 430**	35 728
Direct operating expenses arising from investment property that generated rental income during the year	**3 302**	571

Investment property comprises a commercial property, leased for rental amounting to R1.9 million (2016: R1.6 million) for the year ended 31 March. Non-cancellable future operating lease rentals receivables are set out in the table below:

Non-cancellable future operating lease rentals receivable	**2017 R'000**	2016 R'000
Less than one year	**1 864**	1 627

** Refer to note 19*

8 Investment property (continued)

8.2 Measurement of fair value

An external, independent registered valuator, having an appropriate recognised professional qualification and recent experience in the location and category of property valuations, valued the Group's investment property at 31 March 2017. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller.

8.2.1 Fair value hierarchy

The fair value measurement for investment property of R33.4 million (2016: R35.7 million) has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

Valuation technique and significant inputs

The following table shows the valuation used in measuring the fair value of investment property, as well as the significant inputs used:

Valuation technique	Significant inputs
Market comparison technique: The valuation model is based on the market price of properties of similar size and location.	Estimated costs per square meter for similar property in the same location and square meter size of the property.

9. Goodwill and intangible assets

R´000 Cost	Goodwill	Patents and trademarks	Internally developed software	Computer software	System development costs	Total
Opening balance – 1 April 2015	424 253	2 024	35 765	270	–	462 312
Additions	–	–	359	656	7 367	8 382
Disposals	(17 491)	–	–	–	–	(17 491)
Closing balance – 31 March 2016 p	406 762	2 024	36 124	926	7 367	453 203
Opening balance – 1 April 2016	**406 762**	**2 024**	**36 124**	**926**	**7 367**	**453 203**
Additions	**–**	**–**	**485**	**758**	**–**	**1 243**
Disposal group classified as held for sale	**(98 468)**	**(2 024)**	**–**	**–**	**(7 367)**	**(107 859)**
Closing balance – 31 March 2017	**308 294**	**–**	**36 609**	**1 684**	**–**	**346 587**
Accumulated impairment/amortisation						
Opening balance – 1 April 2015	31 143	704	16 161	256	–	48 264
Amortisation for the year	–	200	6 192	37	550	6 979
Closing balance – 31 March 2016	31 143	904	22 353	293	550	55 243
Opening balance – 1 April 2016	**31 143**	**904**	**22 353**	**293**	**550**	**55 243**
Amortisation for the year	**–**	**–**	**5 560**	**521**	**–**	**6 081**
Impairment loss	**31 645**	**–**	**–**	**–**	**–**	**31 645**
Disposal group classified as held for sale	**(31 143)**	**(904)**	**–**	**–**	**(550)**	**(32 597)**
Closing balance – 31 March 2017	**31 645**	**–**	**27 913**	**814**	**–**	**60 372**
Carrying amounts						
At 31 March 2016	375 619	1 120	13 771	633	6 817	397 960
At 31 March 2017	**276 649**	**–**	**8 696**	**870**	**–**	**286 215**

9. Goodwill and intangible assets (continued)

9.1 Impairment test of goodwill

The Group has recognised an impairment loss of R31.6 million in profit or loss relating to goodwill of the PBT Groups' CGU's based on the value in use method to determine the recoverable amount. The value in use was determined by discounting future cash flows of the Group as a single CGU.

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

.	**2017**	2016
Discount rate	**17%**	16%
Terminal value growth rate	**6%**	6%
Budgeted EBITDA growth rate	**8%**	8%

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

A sensitivity was performed to analyses the impact of increasing the forecast risk premium from 2% to 5%. This would result in a discount rate of 20%. Increasing the forecast risk premium by this factor, results in an impairment of approximately R94 million.

10. Deferred tax

	Assets		Liabilities		Net	
R'000	**2017**	2016	**2017**	2016	**2017**	2016
Income received in advance	**405**	142	**–**	–	**405**	142
Trade and other payables	**3 734**	6 366	**–**	–	**3 734**	6 366
Trade and other receivables	**–**	–	**–**	(18)	**–**	(18)
Calculated and assessed loss	**3 042**	7 496	**–**	–	**3 042**	7 496
Capital losses	**–**	–	**–**	–	**–**	–
Financial assets at fair value through profit or loss		9	**(67)**	(2 704)	**(67)**	(2 695)
Work-in-progress		–	**(5 541)**	(9 993)	**(5 541)**	(9 993)
Straight-lining of leases	**172**	135	**–**	–	**172**	135
Accrued income	**–**	–	**(380)**	(833)	**(380)**	(833)
Other	**–**	49	**–**	–	**–**	49
Net deferred tax assets/(liabilities)	**7 353**	14 197	**(5 988)**	(13 548)	**1 365**	649

R'000 2017	**Balance at 31 March 2016**	**Recognised in profit or loss**	**Sale of subsidiary**	**Discontinued operations**	**Balance at 31 March 2017**
Movement in deferred tax balance during the year					
Income received in advance	**142**	**320**	**–**	**(57)**	**405**
Trade and other payables	**6 366**	**490**	**–**	**(3 122)**	**3 734**
Trade and other receivables	**(18)**	**–**	**–**	**18**	**–**
Calculated and assessed loss	**7 496**	**1 222**	**–**	**(5 676)**	**3 042**
Financial assets at fair value through profit or loss	**(2 695)**	**449**	**–**	**2 179**	**(67)**
Work-in-progress	**(9 993)**	**4 452**	**–**	**–**	**(5 541)**
Straight-lining of leases	**135**	**37**	**–**	**–**	**172**
Accrued income	**(833)**	**(104)**	**–**	**557**	**(380)**
Other	**49**	**–**	**–**	**(49)**	**–**
	649	**6 866**	**–**	**(6 150)**	**1 365**

R'000 2016	**Balance at 31 March 2015**	**Recognised in profit or loss**	**Sale of subsidiary**	**Discontinued operations**	**Balance at 31 March 2016**
Movement in deferred tax balance during the year					
Income received in advance	104	38	–	–	142
Trade and other payables	3 205	3 161	–	–	6 366
Trade and other receivables	(159)	141	–	–	(18)
Calculated and assessed loss	2 853	4 647	(4)	–	7 496
Capital losses	568	(568)	–	–	–
Financial assets at fair value through profit or loss	(4 227)	1 532	–	–	(2 695)
Work-in-progress	(6 203)	(3 790)	–	–	(9 993)
Straight-lining of leases	118	17	–	–	135
Accrued income	(46)	(787)	–	–	(833)
Other	33	16	–	–	49
	(3 754)	4 407	(4)	–	649

11. Financial assets at fair value through profit or loss

	2017	2016
SAFEX margins	–	4 516
Bonds and unlisted debt	722	34 207
Collective investment schemes	577	27 936
Equities	30 827	64 028
Deposits at financial institutions	–	7 536
Seed capital	–	11 900
Unit dealing stock	–	1 316
	32 126	151 439

11.1 Fair value hierarchy

R´000	Level 1	Level 2	Level 3	Total
2017				
Assets				
Financial assets at fair value through profit or loss	**31 404**	**722**	**–**	**32 126**
Investment property	**–**	**33 430**	**–**	**33 430**
Total assets measured at fair value	**31 404**	**34 152**	**–**	**65 556**

R´000	Level 1	Level 2	Level 3	Total
2016				
Assets				
Financial assets at fair value through profit or loss	112 716	38 723	–	151 439
Linked investments backing policyholder contract funds	10 244 977	730 235	–	10 975 212
Investment property	–	35 728	–	35 728
Total assets measured at fair value	10 357 693	804 686	–	11 162 379
Financial liabilities				
Policyholder investment contract liabilities	–	10 974 330	–	10 974 330
Total financial liabilities measured at fair value	–	10 974 330	–	10 974 330

Fair values are determined according to the following hierarchy based on the requirements in *IFRS 13 Fair Value Measurement*.

Level 1: Unadjusted quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets that the company can access at the measurement date.

Level 2: Valuation techniques using observable inputs: quoted prices (other than those included in level 1) for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are less than active and financial assets and liabilities valued using models where all significant inputs are observable directly or indirectly from market data.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more inputs are unobservable and have a significant effect on the instrument's valuation.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

11.2 Categories of financial assets and liabilities

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

R´000 2017	Notes	Designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Carrying amount	Fair value
Long-term loans receivable		**–**	**2 581**	**–**	**2 581**	**2 581**
Financial assets at fair value through profit or loss	**11**	**32 126**	**–**	**–**	**32 126**	**32 126**
Trade and other receivables	**13**	**–**	**227 668**	**–**	**227 668**	**227 668**
Cash and cash equivalents	**14**	**–**	**44 092**	**–**	**44 092**	**44 092**
		32 126	**274 341**	**–**	**306 467**	**306 467**
Loans payable	**15**	**–**	**–**	**42 911**	**42 911**	**42 911**
Trade and other payables		**–**	**–**	**40 108**	**40 108**	**40 108**
Bank overdraft	**14**	**–**	**8 081**	**–**	**8 081**	**8 081**
		–	**8 081**	**83 019**	**91 100**	**91 100**
R´000						
2016						
Long-term loans receivable		–	54 186	–	54 186	54 186
Financial assets at fair value through profit or loss	11	151 439	–	–	151 439	151 439
Linked investments backing policyholder funds		10 975 212	–	–	10 975 212	10 975 212
Trade and other receivables	13	–	214 959	–	214 959	214 959
Amounts owing by clearing houses		–	192 777	–	192 777	192 777
Amounts owing by clients		–	429 186	–	429 186	429 186
Cash and cash equivalents	14	–	191 591	–	191 591	191 591
		11 126 651	1 082 699	–	12 209 350	12 209 350
Loans payable	15	–	–	74 675	74 675	74 675
Policyholder investment contract liabilities		10 974 330	–	–	10 974 330	10 974 330
Trade and other payables		–	–	106 393	106 393	106 393
Amounts owing to clearing houses		–	–	16 134	16 134	16 134
Amounts owing to clients		–	–	604 668	604 668	604 668
		10 974 330	–	801 870	11 776 200	11 776 200

The fair value of financial liabilities at amortised cost has been determined based on the discounted cash flow model.

12. Inventory

	2017 **R´000**	2016 R´000
Work-in-progress	**19 787**	35 688
	19 787	35 688

The net realisable value equals the carrying amount reflected.

13. Trade and other receivables

	2017 **R´000**	2016 R´000
Trade and other receivables include the following:		
Trade receivables	**132 415**	208 086
Vat receivable	**72**	833
Deposits	**1 408**	1 177
Prepayments	**720**	3 059
Accrued income	**656**	708
Interest receivable	**–**	1 096
Dividend receivable	**92 397**	–
	227 668	214 959

	2017 R´000	2016 R´000
14. Cash and cash equivalents		
Current accounts	**34 429**	88 515
Foreign currency accounts	**5 060**	99 274
Foreign currency deposits	**4 603**	3 802
	44 092	191 591
Bank overdraft	**(8 081)**	(95 079)
	36 011	96 512

15. Long-term loans payable	2017 R´000	2016 R´000
Standard Bank A number of Group subsidiaries have issued guarantees to Standard Bank in favour of this secured loan. The original loan, which was repayable in December 2016, was renegotiated with the following terms. Contractually agreed capital repayments are due to be made annually with interest payments due bi-annually, with the outstanding capital and interest amounts repayable on 4 December 2019. Interest is charged at a rate of 3 month JIBAR plus 3.45%.	**–**	28 159
Standard Bank This loan relates to owner-occupied property for use by subsidiaries of the Group. The loan is secured by the property. Contractually agreed capital repayments and interest payments are due monthly, with the outstanding capital and interest amounts repayable in April 2019. Interest is charged at a Prime linked rate of 10.5%.	**7 911**	8 328
Loans from minority shareholder This unsecured loan payable represents a minority shareholder loan funding in respect of Prescient Investment Management China Limited. This loan carries interest at 0% and has no fixed terms of repayment.	**–**	29 884
Mettle Debt Fund En Commandite Partnership		–
This loan relates to a draw down facility provided to the Group for general corporate purposes. Contractually agreed interest payments are due monthly, with the outstanding capital and interest amounts repayable in October 2017. Interest is charged at the Prime rate plus 4.5%.	**35 000**	–
Other long-term loans payable	**–**	8 304
	42 911	74 675
Current portion	**35 563**	44 126
Non-current portion	**7 348**	30 549
	42 911	74 675

16. Stated capital and reserves

	Ordinary shares	
	2017 Number	2016 Number
Authorised		
2 000 000 000 no par value shares (2016: 2 000 000 000 no par value shares)	**2 000 000 000**	2 000 000 000
Issued, allotted and fully paid		
Number of ordinary shares		
In issue at 1 April	**1 669 250 950**	1 648 655 093
Issue of FSP shares	**–**	18 806 000
Share issue	**–**	–
Capitalisation distribution	**–**	1 789 857
In issue at 31 March	**1 669 250 950**	1 669 250 950
	R'000	R'000
Stated capital	**144 015**	667 660

Unissued shares
Unissued shares are under the control of the directors until the forthcoming annual general meeting.
Share rights
All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

16.1 Nature and purpose of reserves

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
Treasury shares
The reserve for the Company´s own shares comprises the cost of the Company´s shares held by the Group. At 31 March 2017, the Group held 10 783 002 (2016 30 383 292) of the Company's shares.

Share-based payment reserve
The share-based payment reserve comprises the value of shares payable to employees participating in the forfeitable share plan. During December 2016, the Group's forfeitable share plan had been terminated.

16.2 OCI movement in reserves, net of tax

R'000	**Translation reserve**	**Total OCI**
2017		
Foreign currency translation difference – foreign operations	**(8 183)**	**(8 183)**
	(8 183)	**(8 183)**

R'000		
2016		
Foreign currency translation difference – foreign operations	17 398	17 398
	17 398	17 398

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17.1 Non-cash movements and adjustments to profit before taxation

	2017 R´000	2016 R´000
Non-cash movements and adjustments to profit before taxation	**(1 318 195)**	(970 453)
Dividend income	**(12 641)**	(2 946)
Depreciation and amortisation	**7 775**	11 850
Interest income	**(5 358)**	(19 358)
Net fair value (gains)/ losses on financial assets at fair value through profit or loss	**(18 276)**	184
Interest expense	**6 724**	10 862
Share of losses/ (gains) of equity-accounted investees (net of tax)	**758**	(757)
Change in fair value of investment property	**(4 178)**	(3 403)
Realised foreign exchange loss	**2 967**	8 072
Gain on partial sale of equity-accounted investee	**–**	(749)
Loss on sale of subsidiary	**–**	5 818
Gain on loss of control of subsidiary	**(1 053 731)**	–
Realised and unrealised net fair value gains on linked investments	**(90 742)**	174 856
Increase in policyholder investment contract liabilities	**(216 954)**	(1 156 749)
Share-based payment expense	**462**	1 867
Bad debt expense	**18 405**	–
Impairment of goodwill	**31 645**	–
Withholdings tax asset impairment	**14 949**	–

17.2 Changes in working capital

	2017 R'000	2016 R'000
	(54 288)	(10 470)
Increase in trade and other receivables	**(601 156)**	(67 198)
Decrease/(increase) in inventories	**15 901**	(13 534)
Increase in trade and other payables	**530 967**	70 262

17.3 Taxation paid

	2017 R'000	2016 R'000
Total taxation paid	**(25 454)**	(50 998)
Opening balance - receivable	**4 246**	4 857
Tax charge - excluding deferred tax	**(64 009)**	(51 609)
Closing balance - payable/(receivable)	**7 835**	(4 246)
Impairment of withholding tax	**14 949**	–
Sale of subsidiary	**11 525**	–

for the year ended 31 March 2017

18. Investment in significant subsidiaries

Name of subsidiaries	Country of incorporation	Number of issued ordinary shares	% interest
2017			
PBT Infosight (Pty) Ltd	South Africa	**100**	**100**
PBT Technology Services (Pty) Ltd	South Africa	**100**	**100**
Stricklands Tetra Cape (Pty) Ltd	South Africa	**200**	**100**
PBT Insurance Technologies (Pty) Ltd	South Africa	**5 500 000**	**100**
Cyberpro Consulting (Pty) Ltd	South Africa	**51**	**51**
BI-Blue Consulting (Pty) Ltd	South Africa	**1 000**	**100**
Technique Business Intelligence Software (Pty) Ltd	South Africa	**1 000**	**100**
PBT Technology Services (MEA) (Pty) Ltd	South Africa	**100**	**100**
Prescient Capital (Pty) Ltd	South Africa	**2 394**	**100**
PBT Group (South Africa) (Pty) Ltd	South Africa	**474**	**100**
PBT Group (Australia) (Pty) Ltd	Australia	**11 000**	**100**
Prescient Property Holdings (Pty) Ltd	South Africa	**38 010 000**	**100**
2016			
Prescient Holdings (Pty) Ltd	South Africa	8 840 571	100
PBT Infosight (Pty) Ltd	South Africa	100	100
PBT Technology Services (Pty) Ltd	South Africa	100	100
Stricklands Tetra Cape (Pty) Ltd	South Africa	200	100
PBT Insurance Technologies (Pty) Ltd	South Africa	5 500 000	100
Cyberpro Consulting (Pty) Ltd	South Africa	51	51
BI-Blue Consulting (Pty) Ltd	South Africa	1 000	100
Technique Business Intelligence Software (Pty) Ltd	South Africa	1 000	100
PBT Technology Services (MEA) (Pty) Ltd	South Africa	100	100
PBT Group (South Africa) (Pty) Ltd	South Africa	474	100
PBT Group (Australia) (Pty) Ltd	Australia	11 000	100
Prescient Capital Proprietary (Pty) Ltd	South Africa	2 394	100
Prescient Property Holdings (Pty) Ltd	South Africa	38 010 000	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2017

19. Discontinued operations

On 10 February 2017, the final regulatory approval had been received for the Group to sell its entire investment management segment as per the Proposed Transaction with Stellar Capital as previously communicated to shareholders in the Circular posted on 30 September 2016. The proposed transaction included a subscription of Prescient Holding's "B" shares by Stellar Capital to an amount of R1.428 billion. Following the subscription, Prescient Limited declared a distribution of the same amount to its shareholders. The application of the distribution was implemented by way of a scheme with the Prescient shareholders in terms of the Companies Act. The Prescient distribution was applied on behalf of its shareholders, based on their election, to either receive the distribution in cash, subscribe for Stellar Capital shares or reinvest into Prescient Holdings and its subsidiaries by purchasing "B" ordinary shares. The Proposed Transaction has been completed, and Prescient Holdings no longer forms part of Prescient Limited. Prescient Limited was renamed to PBT Group Limited.

The investment management segment was not previously classified as a held-for-sale or as discontinued operations. The comparative consolidated provisional statement of profit or loss and OCI has been restated to present the discontinued operations separately from continuing operations.

To achieve this presentation, management has eliminated from the results of the discontinued operations the inter segment loans, receivables and interest income and expenses.

	2017 R'000	2016 R'000
19.1 Results of discontinued operations		
Revenue	**340 687**	367 264
Other income	**1 735**	1 453
Expenses	**(236 388)**	(242 463)
Results from operating activities	**106 034**	126 254
Tax	**(30 111)**	(26 815)
Results from operating activities, net of tax	**75 923**	99 439
Gain on sale of discontinued operations	**1 153 710**	–
Profit for the year	**1 229 633**	99 439
Basic earnings per share	**76.99**	5.81
19.2 Cash flow from discontinued operations		
Net cash from operating activities	**88 180**	62 309
Net cash used in investing activities	**(87 036)**	(27 932)
Net cash from financing activities	**3 631**	7 931
Net cash flow for the year	**4 775**	42 308

19.3 Effect of disposal on the financial position of the Group

Property and equipment	**7 705**
Goodwill and intangible assets	**75 262**
Deferred tax asset	**9 261**
Long-term loans receivable	**68 301**
Investment in equity-accounted investee	**2 382**
Financial assets at fair value through profit or loss	**190 692**
Linked investments backing policyholder funds	**11 192 166**
Trade and other receivables	**1 213 416**
Taxation receivable	**568**
Cash and cash equivalents	**168 366**
Deferred tax liability	**(729)**
Policyholder investment contract liabilities	**(11 192 166)**
Long-term loans payable	**(74 216)**
Trade and other payables	**(1 218 056)**
Current tax payable	**(12 093)**
Bank overdraft	**(58 479)**
Net assets and liabilities	**372 380**
Consideration received in cash	**1 427 822**
Cash and cash equivalents disposed of	**(109 887)**
Net cash inflow	**1 317 935**

20. Financial risk management

The Group is exposed to liquidity risk, credit risk and market risk due to its nature and location of operations across the two main segments and the financial instruments to which it is exposed.

This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk and the Group's management of capital. As at year end the Group did not have any capital adequacy requirements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements.

The Group manages its liquidity risk across the two main operating segments through the implementation of a treasury function whereby all Group cash is centralised and managed appropriately to ensure Group capital and cash resources are applied to the relevant entities to ensure that it has sufficient cash on hand to meet liabilities when they are due.

The Group further manages liquidity risk by maintaining adequate reserves, banking facilities and money market investments, by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at year end:

R´000	Carrying	Contractual	6 months or less	6 to 12 months	More than 12 months
2017					
Loans payable	**42 911**	**42 911**	**282**	**35 281**	**7 348**
Trade and other payables	**40 108**	**40 108**	**40 108**	**–**	**–**
Bank overdraft	**8 081**	**8 081**	**8 081**	**–**	**–**
	91 100	**91 100**	**48 471**	**35 281**	**7 348**
2016					
Policyholder investment contract liabilities	10 974 330	10 974 330	10 974 330	–	–
Loans payable	74 675	80 816	34 119	8 944	37 754
Trade and other payables	106 393	106 393	72 446	33 947	–
Amounts owing to clearing houses	16 134	16 134	16 134	–	–
Amounts owing to clients	604 668	604 668	604 668	–	–
Bank overdraft	95 079	95 079	95 079	–	–
	11 871 279	11 877 420	11 796 776	42 891	37 754

20. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Information management services

Trade receivables comprise a widespread geographical base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	Carrying amount	
R'000	**2017**	**2016**
Loans receivable	**2 581**	54 186
Trade and other receivables	**227 668**	214 959
Cash and cash equivalents	**44 092**	191 591
	274 341	460 736
The ageing of loans and trade and other receivables at the reporting date was:		
Neither past due nor impaired	**160 312**	188 046
Past due 1 – 30 days	**31 490**	27 673
Past due 31 – 90 days	**1 391**	32 568
Past due 91 – 365 days	**37 056**	20 858
	230 249	269 145

None of the trade receivables are considered to be impaired. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant. Although there are trade receivables showing as past due, the historical payment trends from these debtors indicate that there is no reason to impair them.

Market risk

Market risk is the potential impact on earnings from unfavourable changes in foreign exchange rates, interest rates and prices.

Market risk associated with policyholder contract liabilities

A subsidiary of the discontinued operations is a linked insurance company and issues linked policies to policyholders, and as such did not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. The market and credit risk associated with the financial assets held to back investment contract liabilities issued by Prescient Life Limited is borne in its entirety by policyholders. The liquidity risk associated with the company being contractually obligated to repay policyholders on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the company and passes this on to policyholders in the ordinary course of business and in the event that substantial withdrawals require large scale disinvestment of the assets in these portfolios. The Group's exposure to financial risk arising from the financial assets and liabilities is negligible and these financial instruments are therefore excluded from any sensitivity analysis as this would not provide useful information in terms of assessing the risk that the Group is exposed to.

The Group is exposed to market risk in the information management services segment in respect of foreign exchange risk and interest rate risk, which is discussed below.

Foreign currency risk

Information management services

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Management has set up a policy to require group entities to manage their foreign currency risk against their functional currency.

The Group may utilise forward contracts in order to reduce the extent of fluctuations in the value of the future commercial transactions or recognised assets or liabilities in currencies other than the Group's functional currency.

The following currency profile analyses the Group's financial assets and liabilities according to the currencies in which they are held at 31 March 2017. These amounts have been converted into rands.

for the year ended 31 March 2017

	2017					
R´000						
Currency	**ZAR**	**EURO**	**GBP**	**USD**	**AUD**	**TOTAL**
Exchange rate	**1.00**	**13.93**	**16.16**	**12.97**	**9.94**	
Assets						
Trade and other receivables	**114 949**	**379**	**–**	**80 550**	**31 790**	**227 668**
Cash and cash equivalents	**35 323**	**538**	**–**	**49**	**8 182**	**44 092**
	150 272	**917**	**–**	**80 599**	**39 972**	**271 760**
Liabilities						
Trade and other payables	**34 897**	**73**	**–**	**–**	**5 138**	**40 108**
	34 897	**73**	**–**	**–**	**5 138**	**40 108**

	2016					
R´000						
Currency	ZAR	EURO	GBP	USD	AUD	TOTAL
Exchange rate	1.00	17.01	21.64	15.04	11.51	
Assets						
Trade and other receivables	100 380	1 385	84	82 730	30 380	214 959
Cash and cash equivalents	84 248	7 253	34	95 282	4 774	191 591
	184 628	8 638	118	178 012	35 154	406 550
Liabilities						
Trade and other payables	89 281	1 943	680	8 680	5 809	106 393
	89 281	1 943	680	8 680	5 809	106 393

Sensitivity analysis

A 5% appreciation/depreciation in the exchange rate at 31 March would have decrease/increased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Equity R'000	**Profit or loss R'000**
2017		
EUR	**49**	**1 373**
USD	**4 030**	**7 785**
AUD	**1 590**	**3 947**
2016		
EUR	559	1 166
GBP	34	42
USD	4 256	10 033
AUD	751	4 150

Interest rate risk

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis. The interest rate profile the Group's financial assets, which earn interest at market related rates, is limited to funds invested in call and current accounts and amour advanced to employees and related parties

The interest rate profile of the Group's long-term financial liabilities is also on a floating rate basis.

The fair value of interest bearing instruments may fluctuate depending primarily on the expectation for inflation, changes in future interest rates ar general economic conditions. The fair value of interest bearing instruments is inversely related to the current market yield, therefore the fair valu will go down when interest rates rise and increase when interest rates fall. The Group is exposed to interest rate risk through direct holdings interest-bearing securities as well as through collective investment schemes with exposure to interest bearing securities. The impact of interest ra changes on the fair values of interest bearing instruments is more significant the longer the term of the instrument.

Interest rate risk is mitigated primarily in two ways:

- holdings are well diversified; and
- the selection process is conservative in nature where capital preservation is a high priority.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2017 R'000	2016 R'000
Variable rate instruments		
Financial liabilities	**51 056**	169 754
Financial assets	**47 395**	292 036
	98 451	461 790

A change of 100 basis points in interest rates would have increased or decreased profit before taxation by R0.474 million (2016: R2.92 million) and equity by R0.510 million (2016: R1.22 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

21. Related parties

Identity of related parties

The Group has related party relationships with subsidiaries, associates and with its key management personnel. The significant subsidiaries of the Company are set out in note 18. The directors of the Group and directors' interests are set out in the Directors' Report.

Transactions with key management personnel

Key management personnel are defined as the board of directors and the executive committee of the major operating entities.

Key management personnel compensation

Key management personnel compensation comprised of the following:

	2017 R'000	2016 R'000
Short-term employee benefits	**34 224**	**57 004**
Share based payment	**1 655**	**1 867**
Total	**35 879**	**58 871**

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other group entities that result in them having control or significant influence over the financial or operating policies of those entities.

Directors emoluments
Emoluments from the Company and its subsidiaries for the year ended 31 March:

	Paid by the company	Paid by subsidiaries						
R´000	**Directors´ fees**	**Directors´ fees**	**Basic salary**	**Value of contributions paid**	**Pension contributions paid**	**Bonus**	**Share based payment**	**Total**
2017 Executive directors								
Herman Steyn*	–	**633**	**–**	**9**	**–**	**1 000**	**–**	**1 642**
Michael Buckham	–	–	**1 687**	**163**	**253**	–	**48**	**2 151**
Pierre de Wet**	–	–	–	–	–	–	–	–
	–	**633**	**1 687**	**172**	**253**	**1 000**	**48**	**3 793**
Non-executive directors								
Murry Louw	–	**258**	–	–	–	–	–	**258**
Zane Meyer	–	**266**	–	–	–	–	–	**266**
Keneilwe Moloko	–	**153**	–	–	–	–	–	**153**
Heather Sonn	–	**50**	–	–	–	–	–	**50**
Ronell van Rooyen	–	**163**	–	–	–	–	–	**163**
Arthur Winkler **	–	–	–	–	–	–	–	–
Tony Taylor **	–	–	–	–	–	–	–	–
Cheree Dyers **	–	–	–	–	–	–	–	–
	–	**890**	–	–	–	–	–	**890**

	Paid by the company	Paid by subsidiaries						
R´000	Directors´ fees	Directors´ fees	Basic salary	Value of contributions paid	Pension contributions paid	Bonus	Share based payment	Total
2016								
Executive directors								
Herman Steyn*	–	678	–	–	–	–	–	678
Michael Buckham	–	–	1 465	170	220	–	37	1 892
	–	678	1 465	170	220	–	37	2 570
Non-executive directors								
Murry Louw	214	–	–	–	–	–	–	214
Zane Meyer	163	27	–	–	–	–	–	190
Keneilwe Moloko	163	–	–	–	–	–	–	163
Heather Sonn	163	–	–	–	–	–	–	163
Ronell van Rooyen	163	–	–	–	–	–	–	163
	866	27	–	–	–	–	–	893

* Herman Steyn earned director's fee of €45 000 (2016: €45 000) in respect of the Prescient Global Funds, QIF funds and Prescient Fund Services Ireland.

** These directors have been appointed on or after 17 March 2017. The benefits reflected in this table are for the period during which they acted as directors.

22. Operating segments

In 2016 the Group had two reportable segments according to strategic divisions. These two segments were Financial Services and Information management services. After the disposal of the financial services group, the Group's core operations consisted of mainly Information management services. The reportable segments for the current financial year are according geographical areas, namely South Africa, Middle-East / Africa and Australia.

- South Africa includes consulting and implementation of data, management information software and healthcare administrations services in the Republic of South Africa.
- Australia includes consulting and implementation of data, management information software and healthcare administrations services in Australia.
- Middle-East/Africa includes consulting and implementation of data, management information software in Middle-East and Africa.

for the year ended 31 March 2017

22. Operating segments (continued)

	South Africa		Australia		Middle East Africa		Other		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
CONTINUING OPERATIONS										
Segment external income	**329 968**	278 013	**79 023**	81 237	**159 673**	173 344	**44 077**	10 542	**612 741**	543 136
Segment other income	**589**	1 334	**715**	1 096	**-**	-	**3 515**	64	**4 819**	2 494
Segment cost of sales	**(248 849)**	(202 521)	**(54 709)**	(60 296)	**(144 427)**	(142 756)	**-**	-	**(447 985)**	(405 573)
Segment operating expenses	**(55 689)**	(49 975)	**(12 959)**	(13 040)	**(50 364)**	(19 696)	**(10 349)**	(12 612)	**(129 361)**	(95 323)
Share of profit/(loss) of equity accounted investments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Segment finance costs	**(273)**	(708)	**(9)**	(258)	**(5 586)**	(2 758)	**(856)**	(970)	**(6 724)**	(4 694)
Income tax expense	**(6 243)**	(7 294)	**(7 845)**	(2 822)	**(11 057)**	(5 272)	**(304)**	(4 999)	**(25 449)**	(20 387)
Profit / (loss) for the year	**19 503**	18 849	**4 216**	5 917	**(51 761)**	2 862	**36 083**	(7 975)	**8 041**	19 653
DISCONTINUED OPERATIONS										
Segment external income	**320 630**	349 773	**–**	–	**–**	–	**20 057**	17 491	**340 687**	367 264
Segment other income	**1 692**	696	**–**	–	**–**	–	**43**	–	**1 735**	696
Segment cost of sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Segment operating expenses	**(220 926)**	(224 525)	**–**	–	**–**	–	**(8 212)**	(11 770)	**(229 138)**	(236 295)
Share of profit/(loss) of equity accounted investments	**(759)**	757	**–**	–	**–**	–	**–**	–	**(759)**	757
Segment finance costs	**(6 491)**	(6 168)	**–**	–	**–**	–	**–**	–	**(6 491)**	(6 168)
Income tax expense	**(28 631)**	(26 204)	**–**	–	**–**	–	**(1 480)**	(611)	**(30 111)**	(26 815)
Profit / (loss) for the year	**65 515**	94 329	**–**	–	**–**	–	**10 408**	5 110	**75 923**	99 439
GROUP										
Segment external income	**650 598**	627 786	**79 023**	81 237	**159 673**	173 344	**64 134**	28 033	**953 428**	910 400
Segment other income	**2 281**	2 030	**715**	1 096	**–**	–	**3 558**	64	**6 554**	3 190
Segment cost of sales	**(248 849)**	(202 521)	**(54 709)**	(60 296)	**(144 427)**	(142 756)	**–**	–	**(447 985)**	(405 573)
Segment operating expenses	**(276 615)**	(274 500)	**(12 959)**	(13 040)	**(50 364)**	(19 696)	**(18 561)**	(24 382)	**(358 499)**	(331 618)
Share of profit/(loss) of equity accounted investments	**(759)**	757	**–**	–	**–**	–	**–**	–	**(759)**	757
Segment finance costs	**(6 764)**	(6 876)	**(9)**	(258)	**(5 586)**	(2 758)	**(856)**	(970)	**(13 215)**	(10 862)
Income tax expense	**(34 874)**	(33 498)	**(7 845)**	(2 822)	**(11 057)**	(5 272)	**(1 784)**	(5 610)	**(55 560)**	(47 202)
Profit / (loss) for the year	**85 018**	113 178	**4 216**	5 917	**(51 761)**	2 862	**46 491**	(2 865)	**83 964**	119 092

for the year ended 31 March 2017

22. Operating segments (continued)

	South Africa		Australia		Middle East Africa		Other		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
CONTINUING OPERATIONS										
Segment assets *	**86 682**	75 448	**28 862**	28 541	**91 149**	135 027	**184 175**	137 541	**390 868**	376 557
Intangible assets	**1 357**	2 310	**–**	2 252	**–**	1 870	**8 209**	7 972	**9 566**	14 404
Investment in equity-accounted investees	**–**	–	**–**	–	**–**	–	**289**	7 647	**289**	7 647
Linked investments backing policyholder funds	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total assets	**88 039**	77 758	**28 862**	30 793	**91 149**	136 897	**192 673**	153 160	**400 723**	398 608
Segment liabilities	**(20 475)**	(102 262)	**(10 135)**	(9 724)	**(62 593)**	(47 766)	**(11 720)**	(13 292)	**(104 923)**	(173 044)
Policyholder investment contract liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total liabilities	**(20 475)**	(102 262)	**(10 135)**	(9 724)	**(62 593)**	(47 766)	**(11 720)**	(13 292)	**(104 923)**	(173 044)
DISCONTINUED OPERATIONS										
Segment assets *	**–**	955 789	**–**	–	–	–	**–**	30 269	**–**	986 058
Intangible assets	**–**	7 937	**–**	–	–	–	**–**	–	**–**	7 937
Investment in equity-accounted investees	**–**	2 011	**–**	–	–	–	**–**	–	**–**	2 011
Linked investments backing policyholder funds	**–**	10 975 212	**–**	–	–	–	**–**	–	**–**	10 975 212
Total assets	**–**	11 940 949	**–**	–	–	–	**–**	30 269	**–**	11 971 218
Segment liabilities	**–**	(744 926)	**–**	–	–	–	**–**	(1 904)	**–**	(746 830)
Policyholder investment contract liabilities	**–**	(10 974 330)	**–**	–	–	–	**–**	–	**–**	(10 974 330)
Total liabilities	**–**	(11 719 256)	**–**	–	–	–	**–**	(1 904)	**–**	(11 721 160)
GROUP										
Segment assets *	**86 682**	1 031 237	**28 862**	28 541	**91 149**	135 027	**184 175**	167 810	**390 868**	1 362 615
Intangible assets	**1 357**	10 247	**–**	2 252	**–**	1 870	**8 209**	7 972	**9 566**	22 341
Investment in equity-accounted investees	**–**	2 011	**–**	–	**–**	–	**289**	7 647	**289**	9 658
Linked investments backing policyholder funds	**–**	10 975 212	**–**	–	**–**	–	**–**	–	**–**	10 975 212
Total assets	**88 039**	12 018 707	**28 862**	30 793	**91 149**	136 897	**192 673**	183 429	**400 723**	12 369 826
Segment liabilities	**(20 475)**	(847 188)	**(10 135)**	(9 724)	**(62 593)**	(47 766)	**(11 720)**	(15 196)	**(104 923)**	(919 874)
Policyholder investment contract liabilities	**–**	(10 974 330)	**–**	–	**–**	–	**–**	–	**–**	(10 974 330)
Total liabilities	**(20 475)**	(11 821 518)	**(10 135)**	(9 724)	**(62 593)**	(47 766)	**(11 720)**	(15 196)	**(104 923)**	(11 894 204)

* Goodwill is not managed as part of segment assets, and has therefore been excluded.

22. Operating segments (continued)

	2017 R´000	2016 R´000
Reconciliation of reportable segment profit or loss		
Total consolidated income for reportable segments	**959 982**	914 347
Elimination of discontinued operations	**(342 422)**	(368 717)
Consolidated total income	**617 560**	545 630
Profit before tax		
Total consolidated profit before tax for reportable segments	**139 524**	166 294
Less impairment of goodwill	**(31 645)**	–
Elimination of discontinued operations	**(106 034)**	(126 254)
Consolidated profit before tax	**1 845**	40 040
Assets		
Total assets for reportable segments	**400 434**	12 360 168
Add goodwill	**276 649**	375 619
Equity accounted investees	**289**	9 658
Elimination of discontinued operations	**–**	(11 971 218)
Consolidated total assets	**677 372**	774 227
Liabilities		
Total liabilities for reportable segments	**(107 538)**	(11 894 204)
Liabilities for other segments	**–**	–
Other unallocated amounts	**–**	–
Elimination of discontinued operations	**2 615**	11 721 160
Consolidated total liabilities	**(104 923)**	(173 044)

23. Subsequent events

In accordance with the SENS announcement released on 26 May 2017, an excess payout was made post year end to PBT Group by Prescient Holdings Group. The cash portion of this excess payout amounted to R26.2 million and will be paid out to shareholders as a capital reduction distribution, which details will be announced on SENS in due course.

There were no other material events subsequent to the reporting date other than the capital reduction distribution.

24. Going concern

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.