CONDUIT CAPITAL

Conduit Capital Limited

Integrated Annual Report 2015

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

Conduit Capital is a holding company owning subsidiaries involved in the insurance industry in South Africa. Conduit's ambition is to develop a high quality, diversified insurance group complemented by a non-insurance value-oriented investment programme. We aim to create an environment where exceptional people can thrive in the building of a quality business over many decades.

2015 was a watershed year for the Company. In April 2015 a new board of directors ("Board") was nominated and approved by shareholders and Sean Riskowitz was appointed as an Executive Director – initially as Chief Investment Officer and subsequently as Chief Executive Officer ("CEO"). Sean knows the Group well, having been a shareholder since 2010. We would like to thank the former Board and management for their hard work and professional integrity over the years, and welcome the new Board and management to what promises to be an exciting journey.

LETTER FROM THE CEO TO THE SHAREHOLDERS OF CONDUIT CAPITAL

It is my pleasure to present our financial results for the 10 months ending 30 June 2015 to Shareholders. In this maiden letter I will explain our new strategic direction and provide comment and context on our financial performance in the 2015 fiscal.

Our objective is to increase the intrinsic value[1] of the Company on an annual basis at an absolute rate in excess of the market generally. Growth in intrinsic value is roughly measured by the change in adjusted net asset value per share over the measurement period. This measure is more appropriate than standard price to earnings ratios because of the nature of the Company as an insurer driven by underwriting profits and investment gains (or losses). This characteristic may result in inconsistent (but by no means undesirable) volatility in net profit after tax in any year-on-year comparison. Growth in net asset value per share is not a perfect proxy for growth in intrinsic value, but it will over long time periods offer a suitable correlation.

To accomplish our goal we will:

1. invest in and sustainably build top quality insurance businesses;
2. pursue non-insurance investment opportunities; and
3. grow our investable assets at no cost by achieving combined ratios[2] well below 100%.

The combined ratio is a measure of an insurance company's ability to generate profits from underwriting activities. Generally, the lower the ratio the better, as it means our insurance book is profitable. If we can grow our insurance book at a below 100% combined ratio, we will generate more investable assets. The cost to us of this increased capital base is measured by the combined ratio. If the combined ratio is below 100%, we would have increased our investable assets at no cost (as our capital available for investment would have increased), which is otherwise only achievable by:

a) borrowing money (which would cost us at least the prime lending rate from banks – as a best case scenario);
b) retained earnings growth; or
c) raising capital from shareholders.

The increase in investable assets at no cost, combined with our ability to invest these assets productively, will allow us to achieve our objective of compounding intrinsic value per share at a high rate over the long term.

Capital allocation and investment strategy

The management teams of companies are not only responsible for operations but also for capital allocation (that is, decisions about where to invest a company's capital). Obvious areas to utilise a company's resources include expanding the business either organically or acquisitively, or paying dividends. At Conduit, we take capital allocation decisions extremely seriously. Fortunately, our subsidiary companies have their own operational management teams and boards, which allow us to focus on capital allocation at the Conduit holding company level. It is important to note that Conduit is not an operating company, but an investment company. Our responsibility at Conduit is to guide the strategy of our subsidiaries and allocate capital across the Group as efficiently as possible.

In terms of capital allocation, our aim is to create more than a rand of value for every rand invested by the Company. We spend time identifying, researching and evaluating different opportunities. We will buy or invest in companies when the right opportunity presents itself and when it makes logical sense from an opportunity cost point of view. We are conservative but opportunistic capital allocators, always concerned with the downside of an investment before we consider the upside. We seek companies with durable competitive advantages managed by motivated, honest and ambitious people. We are building a decentralised system to provide capital and infrastructure where necessary to support long-term sustainable growth primarily in the insurance industry.

Investable capital, by order of preference, will be used first to support internal growth in existing insurance operations. Should no sufficiently attractive opportunities exist, we will seek acquisitions in the realm of insurance or non-insurance businesses generally. If we cannot find a reasonable opportunity, we will look to acquire publicly traded securities for the dual purposes of supporting our insurance operations and earning superior long-term returns on capital (our listed equity investment strategy is explained in more detail below). Finally, we will consider the repurchase of the Company's shares, when it is believed this action creates better returns than any of the above three choices.

[1] *Intrinsic value refers to the actual value of a company or share determined through fundamental analysis without reference to its market value. Intrinsic value can vary significantly from market value.*

[2] *The combined ratio is calculated as the sum of the net loss ratio and the expense ratio, divided by the net earned premium.*

Comment on financial results

The 2015 fiscal results contained in the Annual Financial Statements have been prepared in terms of International Financial Reporting Standards ("IFRS") and represent the 10-month period to 30 June 2015, as opposed to the 2014 fiscal results, which were for the year to 31 August 2014. As previously reported, we changed our year-end from 31 August to 30 June to better align the holding company's reports with the year-end of our major subsidiary, Constantia Insurance Company Limited, which was in turn altered to correspond to the requirements of the insurance regulator. The 2015 year therefore represents approximately three months of operations under present management.

This commentary relates to the results prepared on a "normalised" basis (enclosed at the back of this letter). The normalised results compare the 10 months ended 30 June 2015 to the 10 months ended 30 June 2014. The 2015 results also exclude once-off costs incurred as a result of changes to Conduit's Board and management team described earlier in the letter, while the 2014 results exclude the once-off fair value adjustment of Anthony Richards and Associates ("ARA") on its conversion from subsidiary to associate.

Net asset value per share increased by 5.8% over the year to 30 June 2015 to 177.6 cents. The change in net asset value per share is our approximate but imprecise measure of the change in the intrinsic value of the Group (the actual intrinsic value of the Company is subjective but is very likely to be a significant premium to net asset value). Normalised headline earnings per share over the same period increased by 50.8% to 18.4 cents.

Gross written premium increased by 7.9% to R788.52 million, while net premium income grew 15.0% to R313.97 million. Our net underwriting result grew 11.4% to R21.83 million, resulting in a slight increase in our net underwriting margin. The net claims ratio (also known as the "loss ratio", which is net claims costs as a percentage of net earned premium) also improved, which speaks to our conservative underwriting appetite. Insurance contract acquisition costs (costs incurred to write premium) increased only 6.2%, but agency fees increased by 13.1%, due to a change in the product mix. Constantia also incurred significantly higher actuarial expenses associated with various new regulatory developments. Excluding these costs (which are not directly related to writing premiums) and staff incentives, other expenses increased by approximately 3.3%. The Constantia group produced a combined ratio of 98.1% compared to 98.2% for the 10 months to 30 June 2014. The equity portfolio returned 38.7% for the 10 months to 30 June 2015 (30 June 2014: 18.1%).

Going forward, Constantia is well positioned to pursue new opportunities and we thank Robert Shaw, the CEO of Constantia, and his team for their sterling efforts over the past year.

Investment income increased significantly as the investment portfolio experienced the benefits of having invested in attractively priced listed equities. The majority of the investment income gains were of an unrealised nature (meaning we have not sold these positions despite their gains). Toward the end of the financial year, we substantially reduced our investments in fixed income instruments and increased our cash and equity investments accordingly. The increase in cash and cash equivalents on the balance sheet is therefore mostly the movement from fixed income and money market investments into cash and cash equivalents. The marginally higher yield available in money market instruments was not worth the extra credit risk: we will never sacrifice the certainty of liquidity for an insignificant short-term return.

Now is as good a time as any to caution that in any single year our investment returns and therefore investment income may be very high, very low, or somewhere in between. Over time, our strategy of investing in high quality businesses at reasonable prices will prove to be a significant competitive advantage for our insurance operations.

Public equity investments

Our equity portfolio is comprised of a concentrated selection of high quality South African businesses acquired for prices that ensure an attractive rate of return over the long term. We view equity investments as part ownership in a real business enterprise, just in the same way as we own Constantia as a subsidiary. When we consider buying shares in a company, we always view the transaction as if we were buying the whole company. We are shareholder partners of these companies and support their growth where necessary with guidance and capital (the former free, the latter not). Our equity investment portfolio comprises companies that meet two broad criteria:

1. the investee company's shares can be purchased at a price significantly below the intrinsic value of the company; and
2. the investee company has the capability to compound intrinsic value at a high rate over the long-term due to a confluence of factors centered primarily on the durable competitive advantage of the business model.

The portfolio comprises a meaningful part of our investable assets (R92.78 million as at 30 June 2015) and is likely to continue to be a significant part of our assets in the future. The companies we own have excellent prospects, strong competitive advantages and exceptional management teams. The portfolio creates a stable base of diversified earnings, which support the growth aspirations of our insurance businesses.

Dividends

Paying a dividend is a discretionary decision concerning the use of shareholder funds that could otherwise be used to internally reinvest. Companies without attractive reinvestment opportunities should rightly pay most of their earnings in dividends. However, companies with attractive reinvestment opportunities would do better for their shareholders by pursuing such opportunities. The test to determine if a dividend should be paid is whether or not each retained rand can produce more than one rand in market value. The Company's new strategy has given rise to a number of excellent opportunities and as a result, in our view, shareholders will be better off if we invest our capital internally, which requires capital resources. For this reason, the Board decided not to declare a dividend for the 2015 financial year. For as long as we can identify opportunities that meet our return requirements, it is unlikely that Conduit will pay a dividend.

Appreciation

Conduit as an insurance and investment entity is reliant on its people more than any other asset. I can safely say the calibre and quality of people in this Group is second-to-none. I would like to acknowledge and express my appreciation to all Conduit and Constantia staff, as well as our new Board for their efforts during the year. I would especially like to sincerely thank my fellow Executive Committee members Gavin Toet (Chief Operating Officer), Lourens Louw (Financial Director) and Robert Shaw (CEO of Constantia) for their unwavering support and enthusiasm as we move the Group forward.

CONCLUSION

What we are trying to achieve at Conduit will take time, hard work and a lot of patience. There will inevitably be bumps along the way, especially when the insurance industry hits a down cycle or equity markets are volatile. The intention of the Conduit team is to build a wonderful company over the long-term. We are not interested in flipping to the highest bidder or liquidating – why should we when we have such a fantastic set of assets? I encourage shareholders (who are our partners) to join us on this journey, but only if you share our vision and long-term time horizon. We have a magnificent team of people and all the right ingredients to compound intrinsic value over time. If you share our perspective and recognise the opportunity that lies before us, we do hope you stick around to see what is possible over the coming decade and more.

Sean Riskowitz
Chief Executive Officer

Johannesburg
25 September 2015

NORMALISED RESULTS

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For ease of comparison, we have provided the Normalised (but unaudited) results which compare the two periods as if they were accounted for on a like-for-like basis, i.e. both being 10-month periods and after:

1. reversing certain once-off costs associated with management changes during 2015; and
2. excluding the ARA revaluation from subsidiary to associate for 2014.

	Normalised unaudited 10 months ended 30 June 2015 R'000	Normalised unaudited 10 months ended 30 June 2014 R'000
Gross written premium	**788 517**	730 510
Reinsurance premium	**(474 544)**	(456 974)
Net written premium	**313 973**	273 536
Net change in provision for unearned premium	**(1 190)**	(1 462)
Net premium income	**312 783**	272 074
Reinsurance commission received	**362 663**	342 634
Income from insurance operations	**675 446**	614 708
Net claims and movement in claims reserves	**(129 273)**	(117 037)
Insurance contract acquisition costs	**(167 106)**	(157 428)
Agency fees	**(332 531)**	(293 931)
Gross underwriting surplus	**46 536**	46 312
Administration costs	**(24 702)**	(26 718)
Net underwriting surplus	**21 834**	19 594
Non-insurance revenue	**3 948**	4 666
Other expenses	**(32 188)**	(23 102)
Operating (loss) profit	**(6 406)**	1 158
Equity accounted income	**14 015**	11 283
Investment income	**45 576**	22 509
Other income	**2 935**	3 368
Finance charges	**(212)**	(361)
Profit before taxation	**55 908**	37 957
Taxation	**(9 247)**	(5 872)
Profit for the period	**46 661**	32 085
Other comprehensive income	**–**	–
Total comprehensive income	**46 661**	32 085
Attributable to:		
Equity holders of the parent	**46 618**	31 987
Non-controlling interest	**43**	98
Total comprehensive income	**46 661**	32 085
Headline earnings	**47 171**	31 397
Earnings per share (cents)		
– Basic	**18.2**	12.5
– Diluted	**18.2**	12.5
– Headline	**18.4**	12.2
– Diluted headline	**18.4**	12.2

NORMALISED RESULTS (continued)

SEGMENTAL REPORT

for the 10 months ended 30 June

	Insurance and Risk R'000	Investments R'000	Total R'000
2015			
Net underwriting surplus	21 834	–	21 834
Non-insurance revenue and other expenses	(15 877)	(2 411)	(18 288)
Operating profit (loss)	5 957	(2 411)	3 546
Equity accounted income (loss)	(256)	14 271	14 015
Investment income	11 745	32 998	44 743
Other	2 724	–	2 724
Profit before taxation	20 170	44 858	65 028
Unallocated net head office expenses			(9 120)
Taxation			(9 247)
Profit for the period			46 661
Capital utilised			
Capital employed at end of period	204 806	197 312	455 825
Capital utilised at end of period	204 806	121 759	380 271
Average capital utilised during the period	190 952	111 502	365 002
2014			
Net underwriting surplus	19 594	–	19 594
Non-insurance revenue and other expenses	(4 901)	(2 750)	(7 651)
Operating profit (loss)	14 693	(2 750)	11 943
Equity accounted income	1 015	10 268	11 283
Investment income	11 090	10 508	21 598
Other	3 012	–	3 012
Profit before taxation	29 810	18 026	47 836
Unallocated net head office expenses			(9 879)
Taxation			(5 872)
Profit for the period			32 085
Capital utilised			
Capital employed at end of period	165 487	170 360	421 173
Capital utilised at end of period	165 487	94 806	345 620
Average capital utilised during the period	172 597	79 527	331 228

SUSTAINABILITY REPORT

MANAGEMENT'S APPROACH TO SUSTAINABILITY AND INTEGRATED REPORTING

The Directors and Executive Management are pleased to present the Integrated Annual Report ("the Report") of Conduit Capital Limited ("Conduit", "the Company", or "the Group") for the 10 months ended 30 June 2015, prepared in accordance with the JSE's requirements of Integrated Reporting, the King III Code on Corporate Governance ("King III") and all other legal requirements relevant to Conduit.

The Report provides a holistic representation of Conduit's performance in terms whereof the Group's operational, financial and sustainability (environmental, social and governance) issues are discussed in relation to the key drivers of the business. We believe the Report is a further move towards compliance with best international practice, providing stakeholders with a balanced view of our activities during the period under review.

FORWARD-LOOKING STATEMENTS

The Report may contain forward-looking statements that, unless otherwise indicated, reflect Conduit's expectations as at 30 June 2015. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if assumptions prove inaccurate. Conduit cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. Conduit disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than that which is required by regulation and/or legislation.

REPORTING FRAMEWORK FOR 2015

Conduit's Board of Directors ("the Board") recognises that the Annual Report is the most suitable vehicle to describe our business. The Chief Executive Officer's letter to the Company's shareholders is comprehensive. Where material matters articulated in the letter to shareholders are dealt with or adequately described, we have not repeated same in the report other than in circumstances where context warrants re-enforcement. We shall therefore use this opportunity to elaborate on some of the non-financial aspects within the Group. For the sake of consistency, we have elected to follow a similar reporting framework as in previous reports with the intention of describing the essence of our business and how we see our operations in a practical and understandable way.

THIS IS CONDUIT

Conduit is an investment holding company listed on the Main Board of JSE Limited ("the JSE") with the goal of developing a high quality, diversified insurance group complemented by a non-insurance value-oriented investment programme. Other than driving the strategic direction of the Group, Conduit's main function involves the optimal allocation of capital across the Group. The Group operates through two main segments, namely:

- **Insurance and Risk**, which houses the Group's insurance interests; and
- **Investments**, which houses the Group's investment activities.

OUR OBJECTIVE

Conduit's long-term objective is to compound the intrinsic value of the business at a high rate over time by providing strategic support to subsidiaries and efficiently allocating capital across the Group.

OUR GROUP AT A GLANCE AND ORGANISATIONAL PROFILE

The executive team ("Exco") at Conduit fulfils both strategic and operational roles in the Group:

- Robert Shaw is responsible for the Group's **Insurance and Risk** segment comprising three insurance companies which, together with their supporting entities, are collectively referred to as the **Constantia Insurance Group** or **Constantia**.
- Lourens Louw and Gavin Toet are jointly responsible for Corporate Services, comprising the Group's finance and treasury function, as well as corporate support services.
- The aforementioned Executives are directly accountable to Sean Riskowitz, the Group CEO (whose additional responsibilities include **Investments**), the Board and, ultimately, shareholders.

Conduit operates from a head office in Randburg and shares premises with Constantia. Our staff complement is small (Conduit: 9 employees) and the structure is designed to:

- support innovation and drive growth in our underlying businesses; and
- be flexible, with the depth of skills being developed and maintained in the subsidiaries.

Operationally, with a view to the depth of skills being maintained in Constantia (together with other operating businesses within the Group) and in order to avoid duplication and unnecessary allocation of Group infrastructure and resources, both Conduit and Constantia leverage off one another's infrastructure and shared resource capabilities. Where expertise does not exist to fulfil a particular specialised function (e.g. actuarial resources or the management and maintenance of information systems and related electronic assets), it is outsourced.

SUSTAINABILITY REPORT

Being financial services organisations, the direct activities of Conduit and Constantia do not pose any significant threat to **the environment**. The Group is however mindful of the environment and will endeavour to implement, where appropriate, measures to mitigate any direct and indirect impact on the environment. **Health and safety** issues are of low risk to our operations and none of these issues have been raised as material by any of our stakeholders.

Our **people** are our greatest asset. The Group aims to create a stimulating environment where exceptional people can make a meaningful contribution to building the Group over many decades. Our culture, and a committed group of people who each day live our values, combined with a desire to deliver a personal service, sets us apart from others. The experience and skill of each person is critical to the long-term success and overall sustainability of the Group.

Our **group policies** (which are constantly updated and refined) ensure consistency in the standards of internal governance and management across the companies within the Group. Policies deal with (but are not limited to) matters relating to our:

- code of ethics;
- conditions of employment;
- remuneration and retention;
- health and safety;
- training and development;
- recruitment;
- labour relations;
- levels of authority;
- governance of information technology; and
- general internal operating procedures and internal controls.

After a comprehensive induction, all staff are required to become familiar with and abide by the contents of our group policies.

The Group's long-term sustainability relies on our ability to manage **risk**, supplemented by a system of effective **internal controls**. A comprehensive risk strategy, appropriately managed, ensures that the process of identification, assessment, mitigation and monitoring of risks within approved risk appetite and tolerance levels, will contribute to the achievement of the Group's business objectives.

The Group operates in a highly regulated, very competitive financial services industry. With an external environment that demands ethical leadership, fairness and transparency for the consumer, businesses have had to adapt to offer new alternatives in order to ensure they remain relevant. In our view, the continued pursuit – or refinement, when the need arises – of the Group's strategy to achieve its objective will ensure Conduit remains relevant as an investment case.

CREATING VALUE

Conduit derives revenue from insurance activities and investments. The Group operates on a decentralised basis where subsidiaries have the autonomy to conduct their own business affairs within a framework determined at Group level. Subsidiaries are responsible for implementing their own strategies that collectively contribute to value creation.

Exco has applied its mind in considering all material aspects of value creation while developing the Group's core business during the review period. Our Key value creation goals and drivers include:

- Return on Capital Employed;
- Growth in Intrinsic Value (measured by an increase in Net Asset Value per share);
- Investment returns, with specific reference to investments in equities;
- The combined ratio ((claims + expenses) ÷ premium) achieved by the Insurance and Risk segment; and
- Growth in investable assets (cash + investments) in the Insurance and Risk segment.

To assist shareholders – current and prospective – in understanding our business and the value proposition, important themes covered in previous reports have been progressively introduced. In Table 1 below we detail the main activities of our business and how our sustainability and financial objectives inter-relate:

Table 1:

Business activity within the Group	Management approach	Sustainability and financial objectives	Reporting scope and boundary
Insurance: Holding 100% of the issued share capital in the Constantia Insurance Group which operates as insurers in both the long-term and short-term insurance industry in South Africa, dealing mainly through underwriting managers and administrators ("UMAs") and brokers	▪ Full ownership ▪ Responsibility for strategic direction and involved in support activities of the insurer ▪ Certain Conduit Executives form part of the Constantia Insurance Group Exco ▪ Efficient capital allocation	▪ Ensuring profitability of operating companies, along with sustainable cover to our policyholders ▪ Sales-centred approach, personal service, strict underwriting and claims criteria in an effort to pursue quality business ▪ Attract and retain quality people ▪ Underwriting profit as well as appropriate investment returns governed by the Group investment policy ▪ Maintain credit rating ▪ Continual monitoring of Capital Adequacy Requirement within the Solvency Assessment and Management regime ▪ Excellent governance and compliance procedures provide not only risk mitigation, but also an opportunity for differentiation in the market ▪ Development of new structured opportunities and products ▪ Return on Regulatory Capital ▪ Growth in intrinsic value ▪ Growth in the insurance book at below the combined ratio target to generate more investable assets (at no cost) ▪ Growth in net asset value per share	Return on Capital Employed, underwriting, combined ratio and investable assets, further elaborated on in the Chief Executive Officer's letter to Shareholders, as well as in this report
Investments: Capital allocation and investment strategy; strategic investments in businesses	▪ Capital deployed in terms of Group investment policy and levels of authority ▪ Achieving performance targets and benchmarks ▪ Due diligence investigation and first hand research when assessing any investment opportunity ▪ Ensuring compliance in terms of corporate governance, good business principles and risk management for the benefit of the business and its strategy ▪ Day-to-day management involvement in executing the investment strategy	▪ Enhance Group investment returns ▪ Diversification into pertinent sectors of the economy ▪ Review performance relative to benchmarks and objectives. Diversification of earnings ▪ Investment returns are an important component in growing intrinsic value ▪ Sustainable earnings ▪ Return on capital employed ▪ Growth in net asset value per share	Capital allocation and investment strategy, public equity investments and dividend themes are further elaborated on in the Chief Executive Officer's letter to Shareholders

The scope and boundaries for this Integrated Annual Report were determined by considering:

a. the influence and control available to us in our business activities, having regard to the operational autonomy entrusted to the operating subsidiaries; and
b. the material issues as raised by each stakeholder relevant to the operation (per Table 2 below).

STAKEHOLDER ANALYSIS AND ENGAGEMENT

We recognise the importance of balancing our main objective with long-term social, economic and environmental factors. In doing so, we identify material issues raised during interactions with a variety of stakeholders, which could have an impact on the Group's sustainability.

We are accountable to our staff, investors, shareholders, policyholders, business partners (reinsurers, UMAs and brokers), regulators, service providers and the community. Table 2 details the key stakeholders that are material to the success of the business and explains the important areas, determined by the Conduit Executive's experience (and during the aforementioned interactions with stakeholders), relevant for each stakeholder.

Table 2:

Stakeholder	Relationship	Material issues	Communication forum or method of engagement
Institutional and public investors	Shareholders	▪ Compound growth in intrinsic value over the long-term ▪ The change in and growth of net asset value per share ▪ Share price, dividend policy, return on capital, profitability ▪ Liquidity of stock ▪ Management ▪ Business risk and culture ▪ Compliance, Governance	▪ SENS ▪ Integrated Annual Report ▪ Print media ▪ One-on-one meetings, Skype and/or conference calls ▪ Information available on our website ▪ General meetings of shareholders, including AGM ▪ Internal newsletters
Staff	Employees	▪ Job security – Growth and stability of the business ▪ Recognition and reward ▪ Career development ▪ Corporate policies (conditions of employment) ▪ Culture and environment ▪ Personal growth, empowerment and responsibility	▪ Staff meetings ▪ Workshops and training ▪ Communication through themed events which serves multiple purposes of building culture and teamwork ▪ Regular status meetings between management and staff ▪ Stand up coffees (internal, informal meetings between middle and senior management ▪ Intranet (Website) ▪ Living (practicing) morals and values which drives behaviours and equates to culture ▪ Quarterly (one-on-one) Personal Review for Improvement and Development ("PRIDE") sessions and semi-annual Key Performance Appraisals ("KPAs") ▪ Internal memoranda, mainly distributed via email and/or placed on various notice boards

Stakeholder	Relationship	Material issues	Communication forum or method of engagement
Policyholders (relevant to Constantia only)	Customers	■ Reputation ■ Service and quick turnaround ■ Premium price ■ Payment of claims ■ Treating Customers Fairly (TCF) and formalised complaints handling process	■ New and existing customers receive formal correspondence in writing ■ When required, and only in certain circumstances, do we engage with the customer directly ■ We respect the insurer's model of dealing through UMAs, who in turn deal with brokers, who represent the customer ■ Monthly reports and statistics ■ Dedicated Treating Customers Fairly (TCF) officer appointed to deal with complaints
UMAs (relevant to Constantia only)	Partners	■ UMA fees (binder fees) ■ Service ■ Product development and differentiation ■ Pricing ■ Broker or book loss ratio ■ Due diligence investigations on brokers and/or on blocks of business prior to take-on ■ Solvency and claims paying ability, including Credit rating ■ Binder agreements ■ Claims administration turnaround and efficiency by the insurer if the UMA is not mandated to handle same ■ Compliance ■ Systems and tools ■ Policy updates and endorsements	■ Monthly financial reporting received from UMAs ■ Dedicated relationship management directly from the Constantia Group CEO's office ■ Various departments will meet with UMAs on a regular basis ■ Formal written communication between the parties ■ Distribution of Constantia's credit rating report to partners ■ Personal Service Manager to drive service objectives ■ UMA Conference mainly for strategic alignment and knowledge sharing ■ Workshops detailing risk management expectations ■ Compliance and legislation updates ■ Compliance monitoring audits ■ Internal audits conducted by Constantia
Brokers/Non-Mandated Intermediaries (NMI's) (relevant to Constantia only)	Partners	■ Service ■ Product development and differentiation ■ Pricing ■ Treating customers fairly (TCF) and formalised complaints handling process ■ Data integrity, accurate commission statements and payments. ■ Due diligence investigations on brokers and/or on blocks of business prior to take-on ■ Solvency and claims paying ability, including Credit Rating ■ Claims administration turnaround and efficiency by the insurer if the NMI is not mandated to handle same ■ Compliance ■ Systems and tools ■ Policy updates and endorsements	■ Managed through the UMAs, or in some instances directly by the insurer on the same basis as that of the UMAs ■ Where a Broker has a direct facility with Constantia, Broker visits on a regular basis ■ Personal Service Manager to drive service objectives ■ Dedicated TCF officer appointed to deal with complaints ■ Compliance monitoring audits ■ Internal audits conducted by Constantia

Stakeholder	Relationship	Material issues	Communication forum or method of engagement
Regulators and Industry Bodies applicable to our subsidiaries and associates	Regulators	■ Development of new policies and legislation ■ Implementation and compliance ■ Code of conduct of SAIA for short-term insurers ■ Code of conduct of ASSISA for long-term insurers	■ Representation on specific committees of insurance institutes and associations within South Africa ■ Compliance reports to regulators ■ Regulators engage via correspondence or physical inspections
Reinsurers (relevant to Constantia only)	Reinsurers	■ Management of risks ■ Cash flow control ■ Policy wording and exclusions ■ Loss ratios ■ Profitability	■ Annual reinsurance agreement renewal ■ Ongoing relationship through reinsurance broker ■ Reporting of large losses
Global Credit Rating Co. ("GCR") (relevant to Constantia only)	Credit rating agency	■ International and statutory solvency ■ Liquidity and claims paying ability ■ Credit rating	■ Annual meetings (audit and inspection) ■ Information requests by GCR
Community	Stakeholder and/or beneficiary	■ Effectiveness of CSI spend	■ Ad-hoc meetings and presentations ■ CSI Committee determines which initiatives receive support ■ Staff support and teambuilding outings ■ Quarterly and/or annual review meetings
Lawyers **Recovery agents** **Assessors, Surveyors and Investigators** **Telephony and IT service providers** **External Auditors** **Internal Audit** **Ancillary operational service providers**	Service providers	■ Ability to pay ■ Screening criteria prior to appointments and on-going review ■ Third party audits of assessors, etc. ■ Ongoing stability and functionality of various IT platforms within Constantia ■ Data integrity	■ Mainly outsourced independently, contracting individually with each service provider ■ Quarterly status meetings ■ Building partnerships

In keeping with the continued theme of stakeholder engagement, we will use this opportunity to elaborate on some of the non-financial aspects within Constantia. As it remains our key growth platform and generator of investable assets, the bulk of our reporting will focus on Constantia.

Overview: Constantia Insurance Group

Constantia Risk and Insurance Holdings Proprietary Limited, an indirect wholly-owned subsidiary of Conduit, is the holding company of the Group's insurance interests. Constantia's objective is to grow retained income from net underwriting profit, investment income and profit commissions earned on well-balanced profitable reinsurance arrangements. These elements are essential contributors to Conduit's long-term objective. Furthermore, Constantia's attitude towards insurance has always been to adopt a simplistic approach based on a pure sum insured underwriting and retentions (after reinsurance) model. In essence it is a **quality vs quantity** principle. The Constantia Exco comprising Robert Shaw, Lourens Louw and Gavin Toet (with the latter two executives providing strategic support), is supported and assisted by the Constantia Management Committee (Manco) in executing the aforementioned strategy. With a total staff complement of **107** permanent and temporary employees, Constantia operates through three insurance licences:

Constantia Insurance Company Limited ("CICL")

The licence allows transactions in all classes of short-term insurance business with the focus on select Agricultural (non-crop, commercial lines) products, Legal Expenses, Guarantee, Heavy Commercial Vehicles, Cellular, Auto Body Warranties, Emergency Medical Evacuation, Credit Insurance and certain ancillary Accident and Health products.

CICL – positioned as a niche insurer – deals mainly with UMAs, each of which focuses on its own niche products. UMAs are effectively an extension of the insurer, mandated to carry out a broad range of responsibilities which may include relationship management with brokers, the issuing of policies, underwriting and administration, premium collection, claims administration, recoveries and salvages on behalf of the insurer. The underwriting model has evolved to accommodate the incorporation of select smaller UMAs as divisions within CICL and a direct broker model that allows CICL to selectively procure business through the channel most appropriate to the opportunity.

Constantia Life Limited ("CLL")

The licence allows Assistance (individual funeral) policies. Importantly, CLL sells its product under the name of Goodall & Bourne, a brand synonymous with funeral assurance in the Western Cape Region over the last 80+ years.

Constantia Life and Health Assurance Company Limited ("CLAH")

The long-term licence allows Life, Disability, Health and Assistance products. CLAH caters mainly for Group Scheme business, with the portfolio managed by UMAs.

Resilience within Constantia

Constantia's business growth has been mainly organic (leveraging existing and new UMA arrangements) via distribution channels targeting specific areas and lines within the insurance markets and new business opportunities. The investment policy is designed to enhance returns while still protecting capital.

CICL maintained its GCR credit rating of A–(ZA), with a stable outlook. Ongoing portfolio maintenance implemented in underperforming insurance portfolios will improve underwriting quality and efficiencies.

It will be important for Constantia to continue to enhance its:

- culture;
- risk management;
- pricing accuracy and modelling;
- claims management and service levels;
- insurance IT systems; and
- skills base.

Where the need arises, Constantia makes use of outsourced professionals.

These measures, coupled with ongoing efforts to appropriately manage expenses and the running of disciplined insurance operations, has created a solid platform for future growth and resilience.

Reinsurance

Our reinsurance arrangements for 2015 have been concluded with effect from 1 September 2014 and have been appropriately renewed for the 2016 financial year.

Our Proportional Reinsurance arrangements remain, in the main, with Africa Re, but also include Hannover Re and Munich Re of Africa. The Excess of Loss and Catastrophe Cover treaties have been concluded with Africa Re, Hannover Re and Munich Re, while Africa Re, Hannover Re, Munich Re and SCOR Africa Limited are the four participants in the performance bond treaties (construction type and solvency guarantees).

We enjoy excellent support from our reinsurers in respect of our overall treaty programme and we are confident that our structures meet the requirements of our insurer.

Our business partners

Constantia continues to work with underwriting managers who each specialise in a specific field of insurance, ensuring its products remain bespoke and innovative. The current and future regulatory environment continues to place greater emphasis on Constantia and each UMA working in close association to meet the demands of setting up greater risk management and governance structures and ensuring and maintaining compliance within the new regulatory frameworks.

Enhancing the value chain

Whilst **Insurance made Personal** will always remain at the forefront in defining cultural and service delivery strategies, we shall simultaneously focus our attention on the following initiatives throughout our value chain:

- Diversity and scale;
- Operational efficiencies;
- Capital allocation;
- A personal view on insurance incorporating a personalised approach – to reward and inspire growth; and
- Growing value through committed partnerships.

Identifying new opportunities for the Constantia Group

Numerous opportunities via different distribution channels will be a focus for the Constantia Insurance Group in the short to medium-term. To achieve our long-term objectives, acquisitions may be pursued.

With the introduction of Solvency Assessment and Management ("SAM"), Solvency Capital Requirements ("SCR") and Own Risk Solvency Assessment ("ORSA"), greater emphasis is being placed upon the required rate of return on any new business accepted, taking into consideration the capital, governance and risk management requirements. Any new opportunity is modelled in order to ensure that the appropriate rate of return is achieved with the applicable reinsurance programme that best suits the risk appetite and risk tolerance of the portfolio, whilst allowing the Company to meets its growth target and remain acceptably profitable.

Present compliance and future legal requirements for the insurance sector

We continue to invest in our understanding and implementation of the future regulatory requirements as it applies to the insurance industry in South Africa. Compliance requirements under the new legislation relevant to the insurance sector include, but are not limited to:

- The Companies Act;
- Consumer Protection Act;
- Binder Regulations;
- The Short-term and Long-term Insurance Acts, including the Policyholder Protection Rules;
- Board Notice 158 of 2014;
- The Draft Insurance Bill;
- The Reinsurance Regulatory Review;
- Retail Distribution Review (RDR);
- Outsourcing Directives;
- Treating Customers Fairly (TCF);
- The Financial Advisory and Intermediary Services Act; and
- The Protection of Personal Information Act.

Reporting by our internal compliance officer, together with our in-house legal resources, ensure a greater level of awareness of the changing legal and compliance environment within Constantia.

Regulatory Solvency and Capital Requirements

In our previous integrated reports we reported extensively on the new SAM regime.

Initial overall implementation was set for 2014, then extended to 2015 and then further extended to 2016 – and now possibly 2017. The SAM Committee, with the assistance of internal resources as well as external consulting actuaries, is responsible for oversight and implementation of the various SAM initiatives and milestones.

The capital requirements (Pillar 1) have been integrated into Constantia's business model. The governance policies (Pillar 2) required under SAM were approved by the Board within the required time frame.

In terms of the ORSA implementation, Constantia completed and submitted the draft mock ORSA to the Registrar of Insurance within the required timeframe. There are no untoward issues or aspects insofar as it impacts Constantia. This will ultimately create further clarity on the implications of the capital requirements under SAM for the Group. SAM will help to ensure a sustainable insurance industry that has the resilience to withstand shocks and meet policyholder obligations.

Corporate Social Responsibility (Investment)

Conduit, in association with the Constantia Insurance Group, supported the following organisations in 2015:

- Unsung Heroes – a non-profit organisation which, in line with South African Insurance Association ("SAIA") objectives, provides a financial education and training programme within community based organisations;
- Afrika Tikkun – we adopted a classroom at the Uthando Centre in Braamfontein;
- Certain Rotary Club initiatives;
- SAIA (directly) – financial contribution to their consumer education fund; and
- Letaba Fire Protection – a trailer, required for veld fires and general firefighting, was acquired by Constantia for the organisation.

CONCLUSION

We see opportunity and we remain relevant as insurance will continue to be essential for both business and individuals for decades to come. The Group has embarked on a new journey with exciting growth prospects. Our efforts will be dedicated to sustaining our competitive position and delivering on our long-term objectives.

CORPORATE GOVERNANCE STATEMENT

The directors fully support the principles of good corporate governance established by the Code of Corporate Practices and Conduct of the King III Report on Corporate Governance for South Africa, 2009 ("King III") and are committed to the implementation thereof. During the period under review, there has been compliance with King III in all material aspects.

FINANCIAL STATEMENTS

The financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards, the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act") and the Listings Requirements of JSE Limited ("the JSE"). They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgement and estimates.

The directors of the Company are responsible for the preparation of the financial statements and related financial information that fairly present the state of affairs and the results of the Company and of the Group. The external auditors are responsible for independently auditing and reporting on these financial statements in conformity with International Standards on Auditing.

GOING CONCERN

The Financial Statements have been prepared on the going concern basis since the directors have every reason to believe that the Company and the Group have adequate resources in place to continue operations for the foreseeable future.

STRUCTURE OF THE BOARD

As at the signature date the Board of Directors ("the Board") consisted of ten members. The directors have a wide range of skills and the majority have financial services experience. Any changes to the composition of the Board are approved by the Board as a whole. All executive directors and non-executive directors are subject to re-election in accordance with the provisions of the Company's Memorandum of Incorporation ("MoI").

New directors will be nominated by the Nominations Committee and appointed by the Board, as and when required. All directors so appointed are required to step down at the next General or Annual General Meeting of shareholders ("AGM") in order for them to be re-elected by the shareholders. An abridged CV of the nominated director is sent to shareholders with the notice 21 days before the AGM. At the AGM, shareholders vote by separate resolution to determine whether the director will be re-elected.

The capacity of the directors can be categorised as follows:

- Ronald Napier — Independent non-executive director and Chairman
- Sean Riskowitz — Chief Executive Officer
- David Harpur — Independent non-executive director
- Lourens Louw — Financial director
- Jabulani Mahlangu — Independent non-executive director
- Tyrone Moodley — Non-executive director
- Barry Scott — Independent non-executive director
- Robert Shaw — Executive director
- Gavin Toet — Executive director
- Rosetta Xaba — Independent non-executive director

The following directors resigned from the Board since publication of the previous Integrated Report:

- Reginal Berkowitz — Independent non-executive director and Chairman
- Jason Druian — Chief Executive Officer
- Richard Bruyns — Independent non-executive director
- Scott Campbell — Independent non-executive director
- Günther Steffens — Independent non-executive director

In accordance with the terms of the MoI the following directors will retire at the forthcoming AGM:

- David Harpur — Independent non-executive director
- Jabulani Mahlangu — Independent non-executive director

Both directors, being eligible to do so, have made themselves available for re-election.

The Board is aware that, during most of the period under review, independent non-executive directors did not represent a majority on the Board. The Board's independence was however and will in future continue to be maintained by:

- keeping separate the roles of the Chairman and the Chief Executive Officer;
- ensuring functioning Board committees are comprised mainly of independent non-executive directors;
- all directors, with permission of the Board, being entitled to seek independent professional advice on the Group's affairs at the Group's expense;
- all directors having access to the advice and the services of the Company Secretary; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by one individual director.

The Board does not conduct regular appraisals of its members and committees. Consideration is being given to implement this going forward.

Not all directors are shareholders of the Company. Details of directors' shareholdings are reflected on page 78 of the Integrated Report.

The Board has appointed the following committees to assist in the performance of its duties:

- Audit and Risk Committee;
- Investment Committee;
- Nominations Committee;
- Remuneration Committee; and
- Social and Ethics Committee.

Attendance at Board meetings

Five formal Board meetings were held since publication of the previous Integrated Report. The Chairman and other non-executive directors also meet regularly with the executive management on an informal basis in order to keep abreast of developments within the Group. The attendance of formal Board meetings is set out below:

Name	2 Mar '15	10 Mar '15	23 Mar '15	19 May '15	22 Sep '15
Berkowitz, Reginald	P	P	P	–	–
Bruyns, Richard	P	P	P	P	–
Campbell, Scott	P	P	P	–	–
Druian, Jason	P	P	P	–	–
Harpur, David	–	–	–	P	P
Louw, Lourens	P	P	P	P	P
Mahlangu, Jabulani	–	–	–	P	P
Moodley, Tyrone	–	–	–	P	P
Napier, Ronald	–	–	–	P	P
Riskowitz, Sean	–	–	–	P	P
Scott, Barry	–	–	–	P	P
Shaw, Robert	P	P	A	P	P
Steffens, Günther	P	P	P	–	–
Toet, Gavin	P	P	P	P	P
Xaba, Rosetta	–	–	–	P	P
Number of Board members	8	8	8	11	10
Number present	8	8	7	11	10

Key: P Present/Participated
A Apology/Absent
– Not a director at the time

AUDIT AND RISK COMMITTEE

During the period under review the Audit Committee and the Risk Committee have been merged into a single Audit and Risk Committee.

The Audit and Risk Committee consists of three independent non-executive directors. Since publication of the previous Integrated Report, the committee (and its predecessors) have met twice with executive management and the auditors to review accounting, auditing and financial reporting matters in order to ensure that an effective control environment is maintained in the Group. The committee also monitors proposed changes in accounting policies, reviews the internal audit and risk management functions and reviews the implications of major transactions from an accounting and risk management point of view.

The Audit and Risk Committee receives a high level of co-operation from directors, management and staff and is satisfied that controls and systems within the Group have been adhered to and, where necessary, improved during the period under review.

The committee will continue to monitor and appraise internal operating structures, controls and systems to ensure that these are maintained and continue contributing to the ongoing functioning of the Company.

The Audit and Risk Committee sets the principles and approves the use of the external auditors for non-audit services. A report by the committee has been provided on page 25 of the Integrated Report.

Attendance at Committee meetings

Name	Audit 19 May '15	Risk 18 May '15	Audit and Risk 22 Sep '15
Alberts, Renner	–	P	*
Bruyns, Richard	P	*	–
Harpur, David	P	P	P
Louw, Lourens	*	P	*
Mahlangu, Jabulani *(Chairman)*	P	P	P
Moodley, Tyrone	*	*	*
Napier, Ronald	*	*	*
Riskowitz, Sean	*	*	*
Scott, Barry	*	*	*
Shaw, Robert	*	*	*
Toet, Gavin	*	P	*
Xaba, Rosetta	*	*	P
Number of committee members	3	5	3
Number present	3	5	3

Key: P Present/Participated
A Apology/Absent
** Not a committee member, but attended by invitation*
– Not required to attend

Review of Management and Financial controls

The directors and the Audit and Risk Committee continuously review the management and financial controls of the Group to ensure that:

- an effective system of internal controls and accounting records is maintained for the Group; and
- the assets of the Group are safeguarded and appropriately insured.

Internal Audit

An internal audit function has been established at Group level. The insurance operations are audited by its own internal audit department, while the function for the non-insurance operations has been outsourced to Grant Thornton: Business Risk Services.

The internal audit department reports on the findings of the internal audit function to the chairman of the Audit and Risk Committee.

Internal control

The effectiveness of the internal control system is monitored through management overviews. The Board is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to select and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statements preparation and asset safeguarding.

The controls throughout the Group concentrate on critical risk, and these areas are closely monitored. Continued reviews and reporting structures enhance the control environment. Nothing has come to the attention of the Board to indicate that a material breakdown in the controls within the Group has occurred during the period under review.

NOMINATIONS COMMITTEE

In prior years a single committee, the Nominations and Remuneration Committee, dealt with Board nominations and directors' remuneration. During the period under review the functions were split and a separate Nominations Committee was established.

The Nominations Committee considers and nominates to the directors and shareholders candidates for appointment to the main and subsidiary Boards. The committee members are all independent non-executive directors and it is being chaired by the Group Chairman. The CEO and other directors attend committee meetings by invitation. The committee met once during the past ten months in order to consider the appointment of a new Group CEO.

Attendance at Nominations Committee meetings

Name	26 Jun '15
Napier, Ronald *(Chairman)*	P
Harpur, David	P
Mahlangu, Jabulani	P
Louw, Lourens	*
Moodley, Tyrone	*
Scott, Barry	*
Shaw, Robert	*
Toet, Gavin	*
Xaba, Rosetta	*
Number of committee members	3
Number present	3

Key: P Present/Participated
** Not a committee member, but attended by invitation*

REMUNERATION COMMITTEE

Prior to the establishment of a separate Nominations Committee, the appointment of directors to the main and subsidiary Boards, as well as the Group's remuneration policies and philosophy were determined by the Nominations and Remuneration committee. The reconstituted Remuneration Committee's main responsibilities are to:

- consider, review and make recommendations to the Board concerning the remuneration policies and principles of the Group; and
- review and approve the remuneration and terms of employment of the executive directors and senior employees of the Group.

All the Group's executive directors have service contracts, the salient details of which are disclosed on page 21 of the Integrated Report.

During the period under review the committee comprised only independent non-executive directors. The CEO and other directors attend committee meetings by invitation. The committee met twice during the past ten months. Details of directors' remuneration have been provided on pages 20 – 22 and 40 of the Integrated Report.

Attendance at Nominations and Remuneration Committee meetings

Name	18 May '15	26 Jun '15
Harpur, David *(Chairman)*	P	P
Mahlangu, Jabulani	P	P
Napier, Ronald	P	P
Bruyns, Richard	*	–
Louw, Lourens	*	*
Moodley, Tyrone	*	*
Riskowitz, Sean	*	–
Scott, Barry	*	*
Shaw, Robert	*	*
Toet, Gavin	*	*
Xaba, Rosetta	*	*
Number of committee members	3	3
Number present	3	3

Key: P Present/Participated
** Not a committee member, but attended by invitation*
– Not required to attend

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee assesses the Group's various social and ethics related activities against the five areas of responsibility as outlined in its terms of reference and the Companies Act, identifies developmental areas for each of the areas of responsibility and then enables the formulation of an action plan to address these matters in respect of each of the areas. The committee met once during the past ten months and all members were present.

INVESTMENT COMMITTEE

The Investment Committee's main responsibilities are to:

- consider, review and make recommendations to the Board concerning the capital allocation strategy of the Group as a whole, while being cognisant of any limitations imposed on individual Group companies by statutory bodies; and
- oversee the implementation of the Group's approved capital allocation strategy and ensure that restrictions imposed by statutory bodies are conformed to.

The Committee has executive and non-executive directors as members and met twice during the period under review. All members were present at both meetings.

EMPLOYMENT EQUITY AND PRACTICES

The Group is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender.

The directors are of the view that affirmative action, structured in an economically viable and self-sustaining manner, is an essential and integral part of a sound employment strategy. Where applicable, employment equity policies have been formalised and, where required, plans have been submitted to the Department of Labour.

ENVIRONMENT

The Group is committed to pursuing sound environmental policies in all aspects of its business and seeks to encourage and promote good environmental practice among its employees and within the community in which it operates.

DIRECTORS' REMUNERATION

Conduit's remuneration philosophy and policy support the Group's objective of growing a high quality diversified insurance group complemented by a value-oriented investment programme over the long-term. The Group aims to create an environment where exceptional people can thrive in the building of a quality business over many decades.

REMUNERATION PHILOSOPHY

Quality people should be given the opportunity to perform and should be rewarded for the success they helped create for Conduit's benefit. The general philosophy is one of fixed remuneration, short-term cash compensation linked to performance metrics over which the employee is directly responsible, and long-term cash and equity compensation. Conduit seeks owner managers with a vested interest in the success of the Group over the long-term.

OBJECTIVES

The Group's remuneration policy has the following primary objectives:

1. To provide flexible and competitive remuneration structures that:
   a) are referenced to appropriate market benchmarks;
   b) conform to market best practices; and
   c) are tailored to specific circumstances within the Group in order to attract, motivate and retain highly skilled directors, executives and employees;
2. To be fair and appropriate, having regard to the performance of the Group and the relevant director/s, executive/s and/or employees;
3. To motivate directors, executives and employees to pursue long-term profitable growth and the success of the Group within an appropriate control framework;
4. Ensure that excessive or inappropriate risk taking is avoided and all activity is consistent with the long-term interests of the Group and the interests of all its stakeholders;
5. Addresses the remuneration of directors, managing executives, heads of control functions and other persons whose actions may have a material impact on the risk exposure of the Group (including persons to whom functions are outsourced, as defined in the Group's outsourcing Policy);
6. Is consistent with the Group's business and Risk Management strategy (including risk management practices) and performance;
7. Applies to the Group as a whole in a risk-based manner and contains specific arrangements that take into account the respective roles of all persons within the Group;
8. Provides for a clear, transparent and effective governance structure around remuneration, and the continuous oversight of the policy;
9. Where remuneration includes both fixed and variable components, to ensure that:
   a) the fixed portion shall represent a sufficiently high portion of the total remuneration to avoid over dependence on the variable components;
   b) the variable component is based on a combination of the assessment of the individual and the collective performance, such as the performance of the business area and the overall results of the Group; and
   c) the payment of the major part of an incentive, irrespective of the form in which it is to be paid, contains a flexible, deferred component that considers the nature and time horizon of the Group's business; and
10. Ensures that in defining an individual's performance, that financial and non-financial performance is considered.

REMUNERATION POLICY

The remuneration policy ("the Policy") serves to assist the Remuneration Committee ("Remco") in the determination of remuneration paid to the Group employees. The Remco is required to approve salary increases and annual merit awards based on the achievement of set targets which, depending on job function, comprise at least two of the following:

i. Return on Capital Employed;
ii. Growth in Net Asset Value per share;
iii. Investment returns as it relates to investments in equities;
iv. The combined ratio ((net claims + net expenses) ÷ net premium) as it relates to the Insurance and Risk segment; and
v. Growth in investable assets (cash + investments) as it relates to the Insurance and Risk segment.

The Policy also sets out guidelines within which the Remco, the Board and, in turn, the Group is authorised to enter into agreements concerning performance related remuneration for its executive directors, senior employees and employees with a view to being able to attract, develop and retain competent key individuals who contribute to improving the earnings and value creation of the Group for the benefit of all stakeholders.

The implementation of the Policy shall be managed in terms of the Remco's terms of reference and approved levels of authority as adopted by the Board. Where the levels of authority do not adequately address any particular control or management function contained in the Policy, the approval or implementation thereof shall be signed off by no less than two executive directors.

The Remuneration Committee

The Remco has been established in accordance with the provisions of this guideline and King III. The Remco comprises only independent non-executive directors who bring independent thought and scrutiny to all aspects of the Group's remuneration policy.

The Remco is responsible for adopting remuneration policies and practices in accordance with this guideline and its terms of reference. The policies and practices are approved by the Board, regularly reviewed and aligned with the Group's objectives.

Executive directors' service contracts

The executive directors have service agreements ("the service agreements") in place in order to:

a) ensure continuity and retention;

b) provide the Group and the executive management with protection; and

c) reflect operational and labour law best practice.

The service agreements contain restraint of trade provisions in terms of which the executive directors, at the Group's election, are restrained from competing (either directly or indirectly) with the Group during their employment and for a period of up to two years after the termination of their employment with the Group. If the restraint is enforced the executive will be remunerated for the restraint period after the termination date.

In addition, some service agreements contain minimum employment periods ranging between two and four years, whereafter the service agreements continue indefinitely. In the event of the Group terminating that service contract for any reason other than misconduct, prior to the expiry of the minimum employment period, the Group is liable to pay the executive for the remainder of the minimum employment period. Reciprocally, in the event of the executive resigning prior to the expiry of the minimum employment period, the executive is liable for the penalties contained in the service agreement.

Should the executive resign from the Group after expiry of the minimum employment period, a six months' notice period is applicable. The executive is remunerated in full during the notice period.

Structure

Executive compensation will take the form of a basic salary, a short-term incentive bonus based on a matrix of outcomes, and a long-term cash and equity incentive. Compensation should be as simple as possible but is unique to each executive.

1. Basic salary and benefits

Each Executive receives a basic salary, as determined by Remco from time to time. In addition, Executives receive the following benefits that are not included in the basic salary:

a) Group Life Cover;

b) Permanent Health Insurance/Disability Cover;

c) Funeral Cover;

d) Education Protector Cover;

e) AIDS/HIV Cover; and

f) Long Service awards.

2. Short-term incentive

An annual cash payment based on basic salary upon the achievement of certain targets. The short-term incentive bonus is tailored to the performance of an individual measured by performance criteria over which the Executive has influence. There is a maximum payout in any one year, but no minimum. The Remco retains the authority to pay discretionary bonuses to Executives under special circumstances.

3. Long-term incentive

A 50% cash and 50% equity bonus based on performance metrics that will ultimately be calculated on a three-year rolling basis (the incentives for 2016 and 2017 will be calculated based on an annual and two-year rolling basis, respectively). Shares will be purchased on market by the company to fulfil its obligation. There is a maximum payout in any one year, but no minimum. The Remco retains the authority to pay discretionary bonuses to Executives under special circumstances.

The determination of the Executive's short and long incentive is based on a percentage of the basic annual salary.

DIRECTORS' REMUNERATION (continued)

Non-executive directors' remuneration

The Group's policy on remuneration for non-executive directors is that it should, as a general guideline:

1. be market-related, having regard to the fees paid and number of meetings attended by non-executive directors of groups or companies of similar size and structure and operating in similar sectors;
2. not be linked to Conduit's share price or performance;
3. consider market norms and practices, as well as the additional responsibilities placed on board members by existing and new legislation and corporate governance principles; and
4. be reviewed and recommended by the Remco and approved by shareholders at the AGM.

In addition, non-executive directors' remuneration shall:

1. be subject to an annual increase which is partly determined by the Group's average increases for its employees, and subject to Board and shareholder approval;
2. be limited to a fee;
3. not include any additional benefits; and
4. specifically exclude the participation by non-executive directors in any share scheme.

It is recognised that Board and committee chairpersons undertake additional board work to that undertaken by non-executive directors and, for this reason, may be remunerated at a higher level.

The Group shall furthermore pay for all travel and accommodation expenses incurred by non-executive directors to attend board and committee meetings, as well as *ad hoc* visits to and on behalf of the Group. These related expenses payable on behalf of the non-executive directors are governed by a formal travel and expenses policy approved by the Board.

REMUNERATION SUMMARY

1. Details of the remuneration paid to executive directors and non-executive directors are contained in note 40 on page 63 of the Integrated Annual Report.
2. Details of directors' shareholding in Conduit and their interest in share options are contained in note 48 on page 78 of the Integrated Annual Report.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The board of Conduit Capital Limited ("the Board") accepts responsibility for the integrity, objectivity and reliability of the Group and Company financial statements of Conduit Capital Limited. The directors are required in terms of the Companies Act of South Africa to ensure that adequate accounting records are maintained.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the financial statements based on their audit of Conduit Capital Limited and its subsidiaries.

The Board has confirmed that adequate internal financial control systems are being maintained. There were no material breakdowns in the function of the internal financial control systems during the period. The Board is satisfied that the financial statements fairly present the financial position, the financial performance and cash flows in accordance with relevant accounting policies consistently applied and supported by judgements and estimates that are reasonable in the circumstances based on International Financial Reporting Standards ("IFRS").

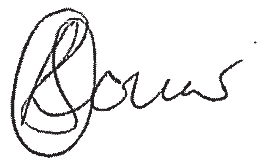
The directors' responsibilities also include maintaining an effective system of risk management.

The directors have made an assessment of the Group and Company's ability to continue as a going concern for the year to 30 June 2016 and there is no reason to believe that the Group and Company will not be a going concern in the year ahead.

The external auditors are responsible for independently auditing and reporting on the Group and Company's Financial Statements. The Financial Statements have been examined by the Group's external auditors and their report is presented on page 26.

"The Financial Statements set out on pages 30 to 80, which have been prepared on the going concern basis, and the directors report as set out on pages 27 to 29, were approved by the Board on 25 September 2015 and were signed on its behalf by:

S Riskowitz
Chief Executive Officer



L E Louw
Financial Director

Johannesburg
25 September 2015

COMPANY SECRETARY'S CERTIFICATE

Pursuant to our duties in term of Section 88 (2) (e) of the Companies Act of South Africa we certify that to the best of our knowledge and belief the company has filed all such returns and notices as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

CIS Company Secretaries Proprietary Limited
Company Secretary

Johannesburg
25 September 2015

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is issued to the shareholders of the Company pursuant to the Audit and Risk Committee's duty to report in terms of s94(7)(f) of the Companies Act of South Africa.

ROLE AND MANDATE OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a statutory committee of the Company and, in addition to having specific statutory responsibilities in terms of the Companies Act, it assists the Board through advising and making submissions on financial reporting, monitoring the risk management function and internal control environment, and overseeing the external and internal audit functions and the statutory and regulatory compliance of the Company. Its duties and terms of reference are set out in a formal charter, approved by the Board of Directors.

COMPOSITION OF THE AUDIT AND RISK COMMITTEE AND ACCESS THERETO

As at 30 June 2015, the Audit and Risk Committee comprised three independent non-executive directors, namely Mr J Mahlangu (Chairman), Mr D Harpur and Ms R Xaba. The qualifications of the Members of the Committee appear on page 82. The Group Financial Director, other directors, senior financial executives and representatives from the external and internal auditors attended the meetings by invitation only.

The external auditors enjoy unrestricted access to the Audit and Risk Committee and its chairman and during the period time was allotted for the committee and the external audit representatives to meet without the management team present.

FREQUENCY OF MEETINGS

Meetings were held in May 2015 and September 2015.

STATUTORY RESPONSIBILITIES

In fulfilment of its statutory duties, the Audit and Risk Committee during the reporting period, amongst other:

1. ensured that the appointment of the external auditors, Grant Thornton, complied with all applicable legislation;
2. satisfied itself of the independence of the external auditors;
3. agreed the fees to be paid to the external auditors and reviewed the other terms of their engagement;
4. determined the nature and extent of non-audit work to be performed by the external auditors and pre-approved any non-audit engagements;
5. made itself available to deal with any complaints relating to the accounting practices or the content or audit of the financial statements of the Company or the internal financial controls of the Company or any related matters (no such matters were, however, referred to the committee); and
6. nominated Grant Thornton for appointment as the Company's external auditors for the 2016 financial year.

OTHER RESPONSIBILITIES

In addition to its statutory responsibilities, the Audit Committee has executed its duties over the past financial period in accordance with its charter. These duties included:

1. considering the going concern status of the companies in the Group and making a recommendation to the Board on such;
2. monitoring the internal control environment;
3. overseeing the development of the internal audit function;
4. monitoring the risk management function;
5. recommending that the Board approve the half-yearly financial results and the Financial Statements of the Company and the Group after reviewing the results and the accounting policies applied, considering the external auditors' comments and reviewing any significant estimates or assumptions included in the results;
6. satisfying itself that the Financial Director is adequately experienced and qualified; and
7. satisfying itself of the experience and the independence of the Company Secretary.

J Mahlangu
Audit and Risk Committee Chairman

Johannesburg
25 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CONDUIT CAPITAL LIMITED

We have audited the consolidated and separate financial statements of Conduit Capital Limited set out on pages 30 to 80, which comprise the statements of financial position as at 30 June 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Chartered Accountants (SA)
Registered Auditors

D S Reuben
Partner
Chartered Accountant (SA)
Registered Auditor

25 September 2015

DIRECTORS' REPORT

Due to the introduction of the Solvency Assessment and Management Framework (SAM) in January 2016 and the resultant increase in reporting requirements, the Board has resolved to change Conduit Capital Limited's year-end to 30 June so as to align the company's financial reporting periods with that of the Financial Services Board and to alleviate any undue strain on staff resources over December.

The directors now have pleasure in presenting their report for the ten months ended 30 June 2015.

NATURE OF THE BUSINESS

Conduit Capital is an investment holding company that, through its subsidiaries and associates, carries on business in the financial services industry with the main focus currently being on insurance.

SHARE CAPITAL

The authorised share capital of the Company is 500 million ordinary shares of one cent each (2014: 500 million).

There were no changes to the issued share capital or treasury shares during the reporting period.

Please refer to notes 29 and 44.3 of the Financial Statements for further details.

SHARE PREMIUM

The Group's share premium account amounted to R174.14 million (2014: R174.14 million).

Please refer to note 30 of the Financial Statements for further details.

ACQUISITIONS, DISPOSALS AND IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT, SOFTWARE, INVESTMENTS AND FINANCIAL ASSETS

The Group made the following cash acquisitions and investments during the period:

1. property, plant and equipment, software and other intangible assets to the value of approximately R1.25 million (2014: R0.62 million); and
2. investments held at fair value through profit and loss to the value of approximately R67.85 million (2014: R225.64 million).

No joint ventures or associates were acquired (2014: R1.08 million).

The Group disposed of and impaired the following material assets and investments during the period:

1. property, plant and equipment, software and other intangible assets to the value of approximately R0.04 million were disposed of (2014: Nil);
2. investments held at fair value through profit and loss to the value of approximately R241.18 million were disposed of (2014: R61.50 million); and
3. trade debtors and loans of R0.05 million were impaired and written off through profit and loss (2014: R0.15 million). No previous period impairments were reversed through profit and loss (2014: Nil).

No joint ventures or associates were disposed of (2014: R3.9 million).

SUBSEQUENT EVENTS

There were no events that resulted in a material impact on the Group between the reporting date and the date of publication of this report.

DIRECTORS AND OFFICERS

The following persons acted as directors:

Name			Appointed	Resigned
Berkowitz, Reginald	*(Chairman)*	* R	24 May 2005	31 March 2015
Bruyns, Richard		# * R	4 October 2012	3 August 2015
Campbell, Scott ++		# * R	9 April 2000	31 March 2015
Druian, Jason	*(Chief Executive Officer)*		24 May 2005	23 March 2015
Harpur, David		# * R	31 March 2015	
Louw, Lourens	*(Financial Director)*		25 August 2004	
	(Acting CEO 01.04.2015 – 15.07.2015)			
Mahlangu, Jabulani		# * R	31 March 2015	
Moodley, Tyrone		**	19 May 2015	
Napier, Ronald	*(Chairman)*	* R	31 March 2015	
Riskowitz, Sean	*(Chief Executive Officer w.e.f. 15.07.2015)*		31 March 2015	
Scott, Barry		*	19 May 2015	
Shaw, Robert			2 July 2012	
Steffens, Günter +		# * R	26 April 2007	31 March 2015
Toet, Gavin			8 September 2009	
Xaba, Rosetta		# *	19 May 2015	

Key: * *Non-executive (Independent)*
** *Non-executive (Non-independent)*
# *Audit Committee*
R *Remuneration Committee*
+ *German*
++ *New Zealander*

Changes that were made to the Board during the period under review are disclosed above, as well as in various announcements published on the JSE's SENS service in the period between 23 March and 4 August 2015.

The company secretary is CIS Company Secretaries Proprietary Limited. Its business address is 70 Marshall Street, Johannesburg, 2001. Its postal address is PO Box 61763, Marshalltown, 2107.

DIRECTORS' SHAREHOLDING

As at 30 June 2015 certain directors beneficially owned 6.2 million (2014: 36.6 million) ordinary shares in Conduit Capital. The directors held no rights to share options (2014: Nil). Full details of these holdings are disclosed in note 48 to the Financial Statements.

DIRECTORS' INTEREST IN CONTRACTS

Other than their letters of employment with the Company and what is disclosed in notes 48 and 49, no director of the Company has an interest in any contract that a company within the Group has entered into.

BORROWING LIMITATIONS OF DIRECTORS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. At 30 June 2015 and 31 August 2014 the Company's borrowings totalled as follows:

	2015 R'000	2014 R'000
Borrowings from other Group companies	**5 228**	4 838

DIVIDENDS

In line with the Group's new strategy, the details of which appear in the Chief Executive Officer's Letter, the Board has not recommended any further dividend payment to ordinary shareholders. The dividend of 5 cents per share (R12.82 million in aggregate) announced in the previous Directors' Report was paid on 22 December 2014 (2014: Nil).

AUDIT COMMITTEE

The Audit Committee's report appears on page 25.

SPECIAL RESOLUTIONS

- A special resolution in terms whereof the annual remuneration payable to the non-executive directors for their services as directors for the financial year ending 31 August 2015, together with an annual increase not exceeding 10% for two years from the date of passing the resolution, was approved by shareholders at the company's annual general meeting that was held on 2 March 2015.
- A special resolution that extended the mandate given to the company (or one of its wholly-owned subsidiaries), by way of a general approval, to acquire the company's own securities upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act and the Listings Requirements of JSE Limited and subject to certain terms and conditions, was approved by shareholders at the company's annual general meeting that was held on 2 March 2015.
- A special resolution that authorised the company to provide any direct and indirect financial assistance as contemplated in Section 45 of the Companies Act to any present or future subsidiaries and any other related or inter-related company or corporation, but subject to the provisions of the Companies Act and subject to certain terms and conditions, was approved by shareholders at the company's annual general meeting that was held on 2 March 2015.
- A special resolution in terms whereof the remuneration payable to the non-executive directors for their services as directors for the period ending 30 June 2015 and for the financial year ending 30 June 2016, together with an annual increase not exceeding 10% for two years from the date of passing the resolution, was approved by shareholders at the company's general meeting that was held on 19 May 2015.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	GROUP 30 June 2015 R'000	GROUP 31 August 2014 R'000	COMPANY 30 June 2015 R'000	COMPANY 31 August 2014 R'000
ASSETS					
Non-current assets		**304 563**	444 553	**170 354**	166 417
Property, plant and equipment	17	**9 067**	9 985	**146**	80
Intangible assets	18	**35 246**	35 113	**13**	15
Loans receivable	19	**16 004**	17 721	**–**	–
Deferred taxation	20	**9 334**	9 364	**–**	–
Investment properties	21	**5 928**	4 173	**–**	–
Investment in associates	22	**124 411**	124 931	**11 568**	11 568
Investment in joint ventures	23	**225**	93	**–**	–
Investment in subsidiaries	24	**–**	–	**158 627**	154 754
Investments held at fair value	25	**104 348**	243 173	**–**	–
Current assets		**781 817**	572 787	**6 868**	9 486
Insurance assets	26	**326 833**	345 605	**–**	–
Loans receivable	19	**1 180**	376	**–**	–
Investments held at fair value	25	**–**	4 683	**–**	–
Trade and other receivables	27	**130 723**	128 743	**398**	1 393
Taxation		**10 149**	4 418	**–**	–
Cash and cash equivalents	28	**312 932**	88 962	**6 470**	8 093
Total assets		**1 086 380**	1 017 340	**177 222**	175 903
EQUITY AND LIABILITIES					
Capital and reserves		**455 825**	431 053	**171 150**	170 727
Ordinary share capital	29	**2 564**	2 564	**2 564**	2 564
Share premium	30	**174 140**	174 140	**198 426**	198 426
Retained earnings (accumulated losses)		**278 544**	253 737	**(29 840)**	(30 263)
Equity attributable to owners of the parent		**455 248**	430 441	**171 150**	170 727
Non-controlling interest		**577**	612	**–**	–
Non-current liabilities		**61 281**	48 468	**–**	–
Policyholder liabilities under insurance contracts	32	**32 606**	20 522	**–**	–
Deferred taxation	20	**28 675**	27 946	**–**	–
Current liabilities		**569 274**	537 819	**6 072**	5 176
Insurance liabilities	26	**369 104**	400 049	**–**	–
Loans payable	46.6	**–**	–	**5 228**	4 838
Trade and other payables	33	**191 970**	137 081	**844**	338
Taxation		**8 200**	689	**–**	–
Total equity and liabilities		**1 086 380**	1 017 340	**177 222**	175 903
Net asset value per share (cents)		**177.6**	167.9		
Tangible net asset value per share (cents)		**130.3**	120.6		

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	GROUP 10 months ended 30 June 2015 R'000	GROUP 12 months ended 31 August 2014 R'000	COMPANY 10 months ended 30 June 2015 R'000	COMPANY 12 months ended 31 August 2014 R'000
Insurance revenue	34.1	**788 517**	882 998	**–**	–
Reinsurance		**(474 544)**	(550 080)	**–**	–
Net written premium		**313 973**	332 918	**–**	–
Net change in provision for unearned premiums		**(1 190)**	(2 622)	**–**	–
Net insurance revenue		**312 783**	330 296	**–**	–
Reinsurance commissions received		**362 663**	413 076	**–**	–
Income from insurance operations		**675 446**	743 372	**–**	–
Net claims and movement in claims reserves		**(129 273)**	(142 097)	**–**	–
Insurance contract acquisition costs		**(167 106)**	(189 206)	**–**	–
Agency fees		**(332 531)**	(353 453)	**–**	–
Underwriting management fees		**(132 374)**	(138 689)	**–**	–
Profit commissions		**(200 157)**	(214 764)	**–**	–
Gross underwriting surplus		**46 536**	58 616	**–**	–
Administration costs		**(24 702)**	(32 293)	**–**	–
Net underwriting surplus		**21 834**	26 323	**–**	–
Non-insurance revenue	34.2	**3 948**	5 775	**2 083**	2 400
Other expenses		**(41 180)**	(30 145)	**(3 040)**	(2 521)
Operating (loss) profit		**(15 398)**	1 953	**(957)**	(121)
Equity accounted income	22 & 23	**14 015**	16 162	**–**	–
Investment income	35	**45 576**	25 889	**14 394**	6 267
Other income (expenses)	36	**2 935**	97 375	**–**	(4)
Finance charges	38	**(212)**	(387)	**(195)**	(105)
Profit before taxation	39	**46 916**	140 992	**13 242**	6 037
Taxation	42	**(9 247)**	(24 508)	**–**	–
Profit for the period		**37 669**	116 484	**13 242**	6 037
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income		**37 669**	116 484	**13 242**	6 037
Attributable to:					
Equity holders of the parent		**37 626**	116 383		
Non-controlling interest		**43**	101		
Total comprehensive income		**37 669**	116 484		
EARNINGS PER SHARE (CENTS)					
– Basic	44.4.1	**14.7**	45.4		
– Diluted	44.4.2	**14.7**	45.4		

STATEMENTS OF CHANGES IN EQUITY

GROUP	Ordinary share capital R'000	Share premium R'000	Retained earnings R'000	Non-controlling interest R'000	Total R'000
Balance at 1 September 2013	2 564	174 140	137 354	13 567	327 625
Total comprehensive income for the year	–	–	116 383	101	116 484
Reclassification of subsidiary to associate	–	–	–	(12 997)	(12 997)
Dividends paid	–	–	–	(59)	(59)
Balance at 31 August 2014	2 564	174 140	253 737	612	431 053
Total comprehensive income for the period	–	–	37 626	43	37 669
Dividends paid	–	–	(12 819)	(78)	(12 897)
Balance at 30 June 2015	2 564	174 140	278 544	577	455 825

COMPANY	Ordinary share capital R'000	Share premium R'000	Accumulated losses R'000	Total R'000
Balance at 1 September 2013	2 564	198 426	(36 300)	164 690
Total comprehensive income for the year	–	–	6 037	6 037
Balance at 31 August 2014	2 564	198 426	(30 263)	170 727
Total comprehensive income for the period	–	–	13 242	13 242
Dividends paid	–	–	(12 819)	(12 819)
Balance at 30 June 2015	2 564	198 426	(29 840)	171 150

STATEMENTS OF CASH FLOWS

	Notes	GROUP 10 months ended 30 June 2015 R'000	GROUP 12 months ended 31 August 2014 R'000	COMPANY 10 months ended 30 June 2015 R'000	COMPANY 12 months ended 31 August 2014 R'000
Cash flows from operating activities		**50 522**	(11 916)	**14 791**	4 807
Cash generated (utilised) by operations	45.2	**42 919**	(18 368)	**592**	(1 355)
Interest received	35	**12 600**	13 121	**1 194**	1 467
Finance charges	38	**(212)**	(387)	**(195)**	(105)
Dividends received from investments	35	**1 923**	608	**13 200**	4 800
Taxation paid	45.3	**(6 708)**	(6 890)	**–**	–
Cash flows from investing activities		**185 418**	(156 534)	**(112)**	(61)
Disposal of joint ventures	23	**–**	3 935	**–**	–
Dividends received from joint ventures	23	**118**	90	**–**	–
Acquisition of associates	22 & 45.4	**–**	(1 081)	**–**	–
Dividends received from associates	22	**13 200**	5 285	**–**	–
Acquisition of property, plant and equipment	17	**(805)**	(520)	**(113)**	(61)
Disposal of property, plant and equipment		**36**	1	**1**	–
Acquisition of other intangible assets	18	**(449)**	(104)	**–**	–
Disposal of other intangible assets	18	**1**	–	**–**	–
Acquisition of financial investments	25	**(67 846)**	(225 639)	**–**	–
Disposal of financial investments	25	**241 180**	61 499	**–**	–
Cash flows from financing activities		**(11 970)**	(2 626)	**(16 302)**	(10 237)
Movement in interest bearing borrowings		**–**	(2 695)	**–**	–
Loans advanced by third parties	46.6	**–**	–	**390**	157
Loans repaid by (advanced to) third parties	19	**913**	(589)	**–**	–
Dividends paid		**(12 897)**	(59)	**(12 819)**	–
Loans advanced or repaid by joint ventures	23	**14**	717	**–**	–
Loans advanced to subsidiaries		**–**	–	**(3 873)**	(10 394)
Net increase (decrease) in cash and cash equivalents		**223 970**	(171 076)	**(1 623)**	(5 491)
Cash and cash equivalents at the beginning of the period		**88 962**	276 449	**8 093**	13 584
Cash disposed of		**–**	(16 411)	**–**	–
Cash and cash equivalents at the end of the period	28	**312 932**	88 962	**6 470**	8 093

SEGMENTAL ANALYSIS OF EARNINGS

SEGMENT REPORTING

The Group operates two main business segments: **Insurance and Risk** and **Investments**. In identifying its operating segments, management generally follows the Group's product lines, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each one requires different technologies and other resources, as well as marketing approaches (if any). All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The report has been reformatted to more accurately reflect the performance of the different segments under the Group's enhanced strategy, as well as the capital utilised by each segment. The prior year segmental report has been presented in a manner similar to that of the current period in order to simplify comparative analysis.

	Insurance and Risk R'000	Investments R'000	Total R'000
10 MONTHS ENDED 30 JUNE 2015			
Net underwriting surplus	21 834	–	21 834
Non-insurance revenue and other expenses	(15 877)	(2 411)	(18 288)
Operating profit (loss)	5 957	(2 411)	3 546
Equity accounted income (loss)	(256)	14 271	14 015
Investment income	11 745	32 998	44 743
Other	2 724	–	2 724
Profit before taxation	20 170	44 858	65 028
Unallocated net head office expenses			(18 112)
Taxation			(9 247)
Profit for the period			37 669
Capital utilised			
Capital employed at end of period	204 806	197 312	455 825
Capital utilised at end of period	204 806	121 759	380 271
Average capital utilised during the period	190 952	111 502	365 002
YEAR ENDED 31 AUGUST 2014			
Net underwriting surplus	26 323	–	26 323
Non-insurance revenue and other expenses	(10 903)	(3 575)	(14 478)
Operating profit (loss)	15 420	(3 575)	11 845
Equity accounted income	2 570	13 592	16 162
Investment income	13 506	10 684	24 190
Other	3 104	–	3 104
Profit before taxation	34 600	20 701	55 301
Unallocated net head office expenses			85 691
Taxation			(24 508)
Profit for the year			116 484
Capital utilised			
Capital employed at end of period	179 244	171 612	431 053
Capital utilised at end of period	179 244	96 059	355 501
Average capital utilised during the period	172 724	81 441	334 264

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, No. 71 of 2008 and and the Listings Requirements of JSE Limited. The Group's Financial Statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, the application of the equity method in accounting for investments in associated companies and joint ventures and the valuation of long-term policyholder liabilities on a financial soundness valuation basis. The Financial Statements incorporate the principal accounting policies set out below, which are consistently applied to all the years presented, unless otherwise stated.

It should be noted that, as IFRS is implemented internationally, evolving practices with regard to the interpretation and application of standards under IFRS could impact future reported results and disclosure.

The significant accounting policies have been included in the relevant notes in the Financial Statements. Those accounting policies considered to be of a general nature and not relating to a specific note have been disclosed below.

2. SIGNIFICANT JUDGEMENTS

In preparing the Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Financial Statements and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Financial Statements. Where relevant, significant judgements have been disclosed in the applicable note. Those significant judgements not relating to a specific note include:

Impairment testing

The recoverable amounts of cash generating units and individual assets, including goodwill, have been determined based on either the higher of value-in-use calculations or fair values. These calculations require the use of estimates and assumptions.

To determine the recoverable amount, management estimate expected future cash flows from each cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (refer note 18.4.1). In the process of measuring expected future cash flows, management makes assumptions about future profits, which are dependent on future events and circumstances.

Investment in subsidiaries, associates, joint ventures and unlisted equities

Estimates and judgements are exercised in the valuation of unlisted shares (notes 22, 23, 24 and 25.1.2). Fair values are determined either by way of discounting expected future cash flows where reliable information is available or by using the net asset value of the investment, as appropriate to the circumstances of each individual investment.

Insurance liabilities

Insurance contract accounting and the determination of policyholder liabilities require that estimates and judgements be made, refer to notes 26 and 32 respectively.

Investment properties

Refer to note 21 for further information.

Trade and other receivables

Refer to note 27 for further information.

Management believes that the estimates and assumptions that were used in order to make these judgements at the end of the reporting period were reasonable.

3. BASIS OF CONSOLIDATION

The consolidated Financial Statements include the financial position, results and cash flow information of the Company and its subsidiaries, including its share trust. The results of subsidiaries acquired and disposed of during the reporting period are included in the consolidated Financial Statements from the date that effective control was acquired and up to the date that effective control ceased. Control exists when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its ability to direct the relevant activities over the entity.

On acquisition, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less cost to sell. The excess of cost of shares acquired over the fair value of subsidiaries' identifiable net assets at dates of acquisition is expressed as goodwill. Goodwill is carried at cost and is assessed annually for impairment.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Unrealised deficits are not eliminated to the extent that they provide evidence of impairment.

4. FINANCIAL INSTRUMENTS

4.1 Initial recognition

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the statement of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognised at fair value. Where financial assets or liabilities are not subsequently recognised at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

4.2 Subsequent measurement

After initial recognition, these instruments are measured as follows:

Derivative financial instruments

Investments in derivatives may give rise to financial assets and in some cases also to financial liabilities due to the nature of these financial instruments and the entering into either long or short positions. Derivatives are initially measured at the cost of the contract, but are marked to market on each reporting date based on the current price of the contract where a regulated market exists, failing which the fair value of investments is estimated using appropriate pricing models. Gains and losses are included in profit or loss in the period in which they arise.

Loans, trade and other receivables

Loans, trade and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, provided that the Group's objective in holding the assets is to realise the contractual cashflows and that cashflows associated with the assets comprise only payments of principal and interest amounts thereon, on specified dates. If these conditions are not met, they are measured subsequently at fair value.

Financial liabilities

Financial liabilities, including trade and other payables, loans payable and other liabilities, are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

4.3 Gains and losses

A gain or loss arising from a change in a financial asset or liability is recognised as follows:

- a gain or loss on a financial asset or liability classified as at fair value through profit or loss is recognised in profit or loss; and
- where financial assets and liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process, or when the financial asset or liability is derecognised or impaired.

4.4 Loans to/from group companies

These include loans to/from subsidiaries, associates, joint ventures and fellow subsidiaries and are carried at amortised cost, as is the case for other loans and receivables.

5. INSURANCE CONTRACTS

5.1 Classification of insurance contracts

A contract is classified as an insurance contract if it is a contract under which the Group's insurance entities accept significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event, the insured event, adversely affects the policyholder. Such contracts are accounted for in terms of IFRS 4 – Insurance Contracts.

Insurance risk is risk other than financial risk, transferred from the holder of a contract to the issuer. Financial risk is defined as the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

An insurance risk is significant if the benefits to be paid under the contract, if the insured event occurs, are materially higher than any benefit to be paid under the contract should the insured event not occur.

The Group classifies financial guarantee contracts as insurance contracts.

5.2 Recognition and measurement of insurance contracts

5.2.1 Premiums

Premium income relates to premiums received on insurance contract business entered into during the reporting period, irrespective of whether the risk cover in terms of that contract relates in whole or in part to later accounting periods, together with any adjustments to premiums recognised in prior accounting periods and changes to the unearned premium liability. Premiums are shown gross of commission payable to intermediaries and management fees payable to underwriting managers and exclude value added taxation levied on premiums, where applicable.

Premiums are recognised as revenue (earned premiums) proportionally over the period of cover provided by the insurance contract. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. The liability is generally calculated on a time proportionate basis.

5.2.2 Acquisition costs and deferred acquisition costs

Acquisition costs, which include commissions paid to intermediaries, are recognised over the period in which the related premiums are earned. A deferred acquisition cost asset is recognised in respect of costs paid relating to premium income which remains unearned as at the reporting date.

5.2.3 Claims

Claims paid are recognised in profit or loss and consists of claims and related expenses paid during the reporting period and changes in the provision for outstanding claims, together with any other adjustments to claims estimates from previous years. Where applicable, adjustments are made for salvage and subrogation recoveries received.

The provision for outstanding claims comprises the Group's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not, and related internal and external claims handling expenses. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of the claims outstanding. Outstanding claims are stated net of expected subrogation and salvage recoveries.

Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses, including an implicit risk margin to allow for the ultimate cost of claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court rulings. The methods used to value these provisions, and the estimates made, are reviewed regularly.

5.2.4 Profit commission

In terms of agreements entered into with the underwriting managers, whereby a profit commission will become due and payable if a loss ratio below a stipulated level is achieved, a provision is made to cover estimated profit commissions payable. The provision is based on the performance of the affected underwriting managers as at the reporting date. However, this provision may change should the results be affected by any claims developments after this date. Final payment of profit commissions is only made after these subsequent claims developments.

5.2.5 Reinsurance

Reinsurance contracts are contracts entered into by the Group with reinsurers under which the Group is compensated for the entire or a portion of losses arising on one or more of the insurance contracts issued by the Group.

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss exposure. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance services received.

Amounts recoverable under reinsurance contracts are assessed for impairment at the reporting date. Such assets are considered impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that there is a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Impairment losses are recognised in profit or loss.

5.2.6 Reinsurance commission

Commission on reinsurance contracts placed with reinsurers is received to cover the administration costs of the Group and is earned over the period over which the premium is earned. The commission is earned consistent with the pattern of risk of the underlying direct insurance policies.

5.2.7 Policyholder liabilities under long-term insurance contracts

The Group's liabilities under unmatured policies of long-term insurance contracts are calculated at the reporting date by the Independent Statutory Actuary in accordance with prevailing legislation, on the 'Financial Soundness Valuation' basis using a discounted cash flow methodology as prescribed by PGN 104 issued by the Actuarial Association of South Africa. The transfer to or from the policyholder liabilities under insurance contracts reflected in profit or loss represents the increase or decrease in actuarial liabilities. The reports of the Statutory Actuary are included in the Financial Statements of the relevant subsidiary companies and are available to shareholders on request.

6. OFFSETTING

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

7. OPERATING LEASES

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rights and obligations incurred under operating leases are accrued in profit or loss over the period of the lease on a straight-line basis.

8. EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render the service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

9. IMPAIRMENT OF ASSETS

Goodwill

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged *pro rata* to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

On the disposal of a subsidiary, the attributable amount of unimpaired goodwill is included in the determination of the profit or loss on disposal.

Reinsurance assets

The Group assesses at each reporting date whether there is objective evidence that reinsurance assets are impaired. The reinsurance assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the reinsurance asset that can be reliably estimated.

Objective evidence that a reinsurance asset is impaired includes observable data that come to the attention of the Group about the following events:

- significant financial difficulty of the reinsurer;
- a breach of contract, such as default; or
- it becoming probable that the reinsurer will enter bankruptcy or other financial reorganisation.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

Receivables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for reinsurance assets. The impairment loss is also calculated under the same method used for reinsurance assets.

Other assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss, which is immediately recognised in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

10. TAXATION

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

11. FOREIGN CURRENCIES

A foreign currency transaction is recorded on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated in initial recognition during the period or in previous Annual Financial Statements, are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

12. STANDARDS AND INTERPRETATIONS

12.1 Standards and interpretations effective and adopted in the current year

Amendments to IFRS 2: Share-based Payments

Annual improvements 2010 – 2012 Cycle:

Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions of vesting conditions and market conditions.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IFRS 3: Business Combinations

Annual improvements 2010 – 2012 Cycle:

Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.

Annual improvements 2011 – 2013 Cycle:

Amendments to the scope paragraph for the formation of a joint arrangement.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IFRS 8: Operating Segments

Annual improvements 2010 – 2012 Cycle:

Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IFRS 10, 12 and IAS 27: Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The effective date for the amendments was for years beginning on or after 1 January 2014. As the Group is not an investment entity, the application of the amendments did not have an impact on the Group.

Amendments to IFRS 13: Fair Value Measurement

Annual improvements 2010 – 2012 Cycle:

Amendments clarify the measurement of requirements for those short-term receivables and payables.

Annual improvements 2011 – 2013 Cycle:
Amendments clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IAS 16: Property, Plant and Equipment
Annual improvements 2010 – 2012 Cycle:
Amendments to the revaluation method – proportionate restatement of accumulated depreciation.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendment to IAS 24: Related Parties
This amendment clarifies the definition of a related party.

The effective date for the amendment was for years beginning on or after 1 July 2014. The amendment did not have a significant impact on the Group.

Amendments to IAS 36: Impairment of Assets
These amendments clarify the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The effective date for the amendment was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IAS 38: Intangible Assets
Annual improvements 2010 – 2012 Cycle:
Amendments to the revaluation method – proportionate restatement of accumulated depreciation.

The effective date for the amendments was for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

Amendments to IAS 40: Investment Properties
These amendments clarify the inter-relationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The effective date for the amendments is for years beginning on or after 1 July 2014. These amendments did not have a significant impact on the Group.

12.2 Standards and interpretations not yet effective, but early adopted

Amendments to IAS 1: Presentation of Financial Statements – Disclosure initiative
The amendments clarify:

- the disaggregation of specific line items in the statements of profit or loss and other comprehensive income and the statement of financial position;
- additional requirements of how entities should present subtotals in the statement of profit or loss and other comprehensive income and the statement of financial position; and
- that entities have flexibility as to the order in which they present the notes to the consolidated financial statements.

The effective date for the amendments is for years beginning on or after 1 January 2016. These amendments did not have a significant impact on the Group.

IFRS 9: Financial Instruments
The Financial Instruments standard to replace IAS 39 is being introduced in a phased approach. The first phase, issued in 2009 and effective for the 2016 financial year, deals with the categorisation and measurement of financial assets. It categorises financial assets as either being carried at amortised cost or fair value, depending on the business model and contractual cash flows of the Group. This first phase was adopted by the Group in the 2010 financial year. The second phase, issued in 2010, is also effective for the 2016 financial year and has been early adopted by the Group. This phase extends the scope of IFRS 9 to address the classification and measurement of liabilities and derecognition criteria, amongst other. The classification categories for financial liabilities remain unchanged and financial liabilities shall not be reclassified. In summary to date, the chapters dealing with recognition, classification, measurement, de-recognition of financial assets and liabilities and hedge accounting have been issued. Furthermore, chapters dealing with impairment methodology have been developed.These amendments did not have a significant impact on the Group.

The final standard is expected to be effective for annual periods beginning on or after 1 January 2018.

13. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group has chosen not to early adopt the following standards and interpretations which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2015 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments apply retrospectively for years beginning on or after 1 January 2016. These amendments are not expected to have an impact on the Group.

Amendments to IFRS 10, 12 and IAS 28: Investment Entities – Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments apply retrospectively for years beginning on or after 1 January 2016. These amendments are not expected to have an impact on the Group.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined on IFRS 3 Business Combinations. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. These amendments are not expected to have a significant impact on the Group.

IFRS 15: Revenue from Contracts with Customers

This new standard provides guidance on the recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The effective date for the standard is for years beginning on or after 1 January 2018. This standard is not expected to have a significant impact on the Group.

Amendments to IAS 16: Property, Plant and Equipment

The amendments prohibit the use of a revenue-based depreciation method for property, plant and equipment, and provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date for the amendments was for years beginning on or after 1 January 2016. These amendments are not expected to have an impact on the Group.

Amendments to IAS 27: Consolidated and Separate Financial Statements

These amendments introduce a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.

The effective date for the amendments was for years beginning on or after 1 January 2016. These amendments are not expected to have an impact on the Group.

Amendments to IAS 38: Intangible Assets

These amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances and provide guidance in the application of the diminishing balance method for intangible assets.

The effective date for the amendments was for years beginning on or after 1 January 2016. These amendments are not expected to have an impact on the Group.

14. GROUP FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

14.1 Assets

GROUP	2015 Financial assets at amortised cost R'000	2015 Fair value through profit and loss R'000	2014 Financial assets at amortised cost R'000	2014 Fair value through profit and loss R'000
NON-CURRENT				
Loans receivable	16 004	–	17 721	–
Investments	–	104 348	–	243 173
Listed investments	–	99 133	–	238 359
Unlisted investments	–	5 215	–	4 814
CURRENT				
Loans receivable	1 180	–	376	–
Listed investments	–	–	–	4 683
Trade and other receivables	130 723	–	128 743	–
Cash and cash equivalents	312 932	–	88 962	–
	460 839	104 348	235 802	247 856

14.2 Liabilities

GROUP	2015 Financial liabilities at amortised cost R'000	2015 Fair value through profit and loss R'000	2014 Financial liabilities at amortised cost R'000	2014 Fair value through profit and loss R'000
CURRENT				
Trade and other payables	191 970	–	137 081	–
	191 970	–	137 081	–

The carrying value of assets and liabilities approximates the fair value.

14.3 Fair value hierarchy

The assets valued at fair value through profit and loss in the statement of financial position are grouped into the fair value hierarchy as follows:

GROUP	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2015				
Assets				
– Listed investments	99 133	–	–	99 133
– Investment properties	–	5 928	–	5 928
– Unlisted investments	–	5 215	–	5 215
	99 133	11 143	–	110 276
2014				
Assets				
– Listed investments	243 042	–	–	243 042
– Investment properties	–	4 173	–	4 173
– Unlisted investments	–	4 814	–	4 814
	243 042	8 987	–	252 029

There have been no transfers between levels 1, 2 and 3 during the reporting period.

14. GROUP FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (continued)

14.3 Fair value hierarchy (continued)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period:

- Financial assets classified in Level 1 have been valued with reference to quoted prices and market rates (unadjusted) in active markets for identical assets or liabilities; and
- Financial assets classified in Level 2 have been valued by an independent third party according to a formula (using the fair market values of the underlying assets in the investment) in terms of which the investment could have been liquidated as at the reporting date.

	2015 R'000	2014 R'000
CURRENT		
Financial liabilities at fair value through profit and loss		
Opening balance	–	(2 695)
Profits (losses) recognised in profit and loss	–	(55)
Loan redemption	–	2 750
Closing balance	–	–

Changing inputs to the Level 3 valuations to reasonable alternative assumptions would not significantly change amounts recognised in profit and loss, total assets, total liabilities or total equity.

15. COMPANY FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

15.1 Assets

COMPANY	2015 Financial assets at amortised cost R'000	2014 Financial assets at amortised cost R'000
NON-CURRENT		
Amounts due from subsidiaries	12 146	30 595
CURRENT		
Trade and other receivables	398	1 393
Cash and cash equivalents	6 470	8 093
	19 014	40 081

15.2 Liabilities

COMPANY	2015 Financial liabilities at amortised cost R'000	2014 Financial liabilities at amortised cost R'000
CURRENT		
Loans payable	5 228	4 838
Trade and other payables	844	338
	6 072	5 176

The carrying value of assets and liabilities approximates the fair value.

16. GAINS AND LOSSES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CATEGORY

The following table presents the total net gains or losses for each category of financial assets and financial liabilities:

	Financial assets at amortised cost	Fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
16.1 Group				
16.1.1 2015				
Interest received	12 600	–	–	12 600
Finance charges	–	–	(212)	(212)
Dividend income	–	1 923	–	1 923
Realised fair value adjustment of financial assets	–	6 412	–	6 412
Unrealised fair value adjustment of financial assets	–	23 826	–	23 826
Amounts written off	(48)	–	–	(48)
	12 552	32 161	(212)	44 501
16.1.2 2014				
Interest received	13 121	–	–	13 121
Finance charges	–	–	(387)	(387)
Dividend income	–	608	–	608
Realised fair value adjustment of financial assets	–	10 241	–	10 241
Unrealised fair value adjustment of financial assets	–	1 333	–	1 333
Amounts written off	(149)	–	–	(149)
	12 972	12 182	(387)	24 767
16.2 Company				
16.2.1 2015				
Interest received	1 194	–	–	1 194
Finance charges	–	–	(195)	(195)
	1 194	–	(195)	999
16.2.2 2014				
Interest received	1 467	–	–	1 467
Finance charges	–	–	(105)	(105)
	1 467	–	(105)	1 362

17. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

The cost of property, plant and equipment is recognised as an asset only when:

– it is probable that future economic benefits associated with the item will flow to the Group; and
– the cost of the item can be measured reliably.

Cost includes costs initially incurred to acquire or construct an item of property, plant and equipment, as well as costs subsequently incurred to add to, replace part of, or service such item. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost, less accumulated depreciation and impairment losses. Each item's useful life and residual value is reassessed on an annual basis and its carrying value is restated by applying an appropriate depreciation charge against profit or loss, unless the depreciation charge is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss from the derecognition of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal, if any, and the carrying amount of the item.

Depreciation is provided on all property, plant and equipment (other than land) to write down the cost, less expected residual value, by equal instalments over their useful lives. The current estimated useful lives are as follows:

Category	Expected useful life
Motor vehicles	5 years
Computer hardware	3 – 6 years
Furniture and fittings	6 – 10 years
Office equipment	5 – 10 years
Leasehold improvements	1 – 5 years
Owner occupied property	20 years

17.1 Group

	2015			2014		
	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Owner occupied properties (Land)	**1 692**	**–**	**1 692**	1 951	–	1 951
Owner occupied properties (Buildings)	**3 736**	**–**	**3 736**	4 400	–	4 400
Leasehold improvements	**476**	**(476)**	**–**	495	(491)	4
Computer hardware	**2 946**	**(2 434)**	**512**	3 284	(2 537)	747
Office equipment	**1 758**	**(948)**	**810**	1 258	(836)	422
Furniture and fittings	**5 356**	**(3 417)**	**1 939**	5 495	(3 374)	2 121
Motor vehicles	**592**	**(214)**	**378**	533	(193)	340
	16 556	**(7 489)**	**9 067**	17 416	(7 431)	9 985

17. PROPERTY, PLANT AND EQUIPMENT (continued)

17.1 Group (continued)

	Owner occupied properties (Land) R'000	Owner occupied properties (Buildings) R'000	Leasehold improvements R'000	Computer hardware R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
2015								
Movement for the period								
– Opening carrying value	**1 951**	**4 400**	**4**	**747**	**422**	**2 121**	**340**	**9 985**
– Reclassification to investment properties	**(259)**	**(664)**	**–**	**–**	**–**	**–**	**–**	**(923)**
– Additions	**–**	**–**	**–**	**50**	**557**	**58**	**140**	**805**
– Disposals	**–**	**–**	**–**	**(11)**	**–**	**–**	**(18)**	**(29)**
– Depreciation	**–**	**–**	**(4)**	**(274)**	**(169)**	**(240)**	**(84)**	**(771)**
	1 692	**3 736**	**–**	**512**	**810**	**1 939**	**378**	**9 067**

No depreciation is raised on owner occupied buildings as the market value of the buildings (R6.2 million) is in excess of the book value. Details of the independent valuer, as well as the valuation method is disclosed in note 21.2

	Owner occupied properties (Land) R'000	Owner occupied properties (Buildings) R'000	Leasehold improvements R'000	Computer hardware R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
2014								
Movement for the period								
– Opening carrying value	1 951	4 400	83	2 075	2 081	3 019	493	14 102
– Reclassification	–	–	–	13	(13)	–	–	–
– Additions	–	–	–	271	81	168	–	520
– Disposals	–	–	–	–	(4)	(2)	–	(6)
– Disposed of as part of sale of business	–	–	(75)	(1 223)	(1 552)	(693)	(64)	(3 607)
– Depreciation	–	–	(4)	(389)	(171)	(371)	(89)	(1 024)
	1 951	4 400	4	747	422	2 121	340	9 985

17.2 Company

	2015			2014		
	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
– Computer hardware	**–**	**–**	**–**	225	(215)	10
– Office equipment	**117**	**(7)**	**110**	55	(53)	2
– Furniture and fittings	**115**	**(79)**	**36**	307	(239)	68
	232	**(86)**	**146**	587	(507)	80

17. PROPERTY, PLANT AND EQUIPMENT (continued)

17.2 Company (continued)

	Computer hardware R'000	Office equipment R'000	Furniture and fittings R'000	Total R'000
2015				
Movement for the period				
– Opening carrying value	**10**	**2**	**68**	**80**
– Additions	**–**	**113**	**–**	**113**
– Disposals	**(1)**	**–**	**–**	**(1)**
– Depreciation	**(9)**	**(5)**	**(32)**	**(46)**
	–	**110**	**36**	**146**
2014				
Movement for the period				
– Opening carrying value	30	24	30	84
– Reclassification	13	(13)	–	–
– Additions	–	–	61	61
– Disposals	–	(4)	–	(4)
– Depreciation	(33)	(5)	(23)	(61)
	10	2	68	80

18. INTANGIBLE ASSETS

Accounting policy

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interests in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets, while goodwill on the acquisition of associates or joint ventures is included in investments in associates or joint ventures. Internally generated goodwill is not recognised as an asset.

Intangible assets are recognised only when the cost can be measured reliably and if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are initially recognised at cost.

The useful life of intangible assets is assessed at the individual asset level as having either a finite or indefinite life. Where an intangible asset has a finite life, it is amortised over its useful life through profit or loss. Amortisation periods and methods of amortisation for intangible assets with a finite useful life are reviewed annually, or earlier where an indicator of impairment exists. Intangibles assessed as having indefinite useful lives are not amortised, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangibles with indefinite useful lives are reviewed annually to ensure that the carrying value does not exceed the recoverable amount, regardless of whether an indicator of impairment is present and whether or not the intangible asset continues to have an indefinite life.

The expected useful lives of the different categories of intangible assets are estimated to be as follows:

Category	**Expected useful life**
Computer software	2 – 5 years
Other	Indefinite

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Goodwill (note 18.1)	**34 371**	34 371	**–**	–
Computer software (note 18.2)	**833**	705	**13**	15
Broker relationships and other (note 18.3)	**42**	37	**–**	–
	35 246	35 113	**13**	15

18. INTANGIBLE ASSETS (continued)

	GROUP 30 June 2015 R'000	GROUP 31 August 2014 R'000	COMPANY 30 June 2015 R'000	COMPANY 31 August 2014 R'000
18.1 Goodwill				
18.1.1 Net carrying value				
– Cost	**52 943**	52 943	**–**	–
– Impairment	**(18 572)**	(18 572)	**–**	–
– Net carrying value	**34 371**	34 371	**–**	–
18.1.2 Goodwill per cash generating unit				
Black Ginger 92 Proprietary Limited				
– Cost	**1 992**	1 992	**–**	–
Constantia Risk and Insurance Holdings Proprietary Limited				
– Cost	**32 379**	32 379	**–**	–
Marble Gold 213 (Proprietary) Limited				
– Cost	**18 573**	18 573	**–**	–
– Impairment	**(18 572)**	(18 572)	**–**	–
	34 372	34 372	**–**	–
18.1.3 Movement for the period				
At beginning of the period	**34 371**	44 887	**–**	–
Disposal as part of sale of business/subsidiary	**–**	(10 516)	**–**	–
	34 371	34 371	**–**	–
18.2 Computer software				
18.2.1 Net carrying value				
Cost	**5 908**	5 589	**64**	160
Amortisation	**(5 075)**	(4 884)	**(51)**	(145)
Net carrying value	**833**	705	**13**	15
18.2.2 Movement for the period				
At beginning of the period	**705**	1 945	**15**	28
Additions	**444**	100	**–**	–
Disposals	**(1)**	–	**–**	–
Disposal as part of sale of business/subsidiary	**–**	(1 021)	**–**	–
Amortisation	**(315)**	(319)	**(2)**	(13)
	833	705	**13**	15
The remaining expected useful life of computer software is 2 – 5 years.				
18.3 Broker relationships and other				
18.3.1 Net carrying value				
Cost	**37**	33	**–**	–
Additions	**5**	4	**–**	–
Net carrying value	**42**	37	**–**	–

18. INTANGIBLE ASSETS (continued)

18.4 Impairment testing of intangible assets

18.4.1 Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following individual cash generating units, which are reportable segments for impairment testing:

- Black Ginger 92 Proprietary Limited; and
- Constantia Risk and Insurance Holdings Proprietary Limited ("CRIH").

The recoverable amount of each unit has been determined based on a "value in use calculation" that:

- uses cash flow projections based on actual and budgeted results covering a three year period;
- adjusts such projections with variable growth rates that reduces from between 17.5% and 20% in year 1 to between 6% and 7.5% in year 5 in order to take account of future prospects in each unit over a five-year period;
- extrapolates cash flows beyond the fifth year by using a growth rate of 6%; and
- discounts cash flows at an after tax cost of equity rate of 20.5%.

These calculations indicate that there is no need for impairment of the carrying value of goodwill in the current financial period.

The directors believe that any reasonable change in the key assumptions would not cause the carrying amounts of the cash generating units to exceed the recoverable amounts that remain.

18.4.2 Impairment testing of other intangible assets

The useful life and residual value of each asset is assessed twice annually and its carrying value is restated by applying the appropriate impairment or amortisiation charge against the profit or loss.

These calculations indicate that there is no need for impairment of the carrying value of other intangible assets in the current financial period.

19. LOANS RECEIVABLE

Accounting policy

Loans receivable are financial assets measured at amortised cost. Refer to the financial instruments accounting policy, note 4.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Non-current: Unsecured	16 004	17 721	–	–
Current: Unsecured	1 180	376	–	–
	17 184	18 097	–	–
NON-CURRENT				
Unsecured loans	16 004	19 532	–	–
Less: Allowance for impairment	–	(1 811)	–	–
	16 004	17 721	–	–
Allowance for impairment				
– At beginning of the period	(1 811)	(3 311)	–	–
– Impairment utilised	1 811	1 500	–	–
	–	(1 811)	–	–
CURRENT				
Unsecured loans	1 180	376	–	–

Unsecured loans' repayment and interest terms are as follows:

- R0.61 million carries interest at the prime bank overdraft rate plus 1% and is repayable by no later than 1 November 2018; and
- R16.57 million carries interest at call rates and is repaid through profit commissions earned by the borrower from business that it generates for the Group.

20. DEFERRED TAX

Accounting policy

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax base (or tax value) used in the computation of current taxable profits.

A deferred tax asset or liability is recognised for all taxable temporary differences, except to the extent that the deferred tax asset or liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/tax loss.

No deferred tax asset or liability is recognised for any taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the parent, investor or venturer is able to control the timing reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

In respect of temporary differences arising out of the fair value adjustment on investment properties, deferred taxation is provided at the income tax rate to the extent that the carrying value is expected to be recovered through sale of the property.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	**30 June 2015 R'000**	31 August 2014 R'000
Balance at beginning of period	**(18 582)**	3 169	**–**	–
Reduction in liability due to sale of business/subsidiary	**–**	199	**–**	–
Charge against the statement of profit or loss and other comprehensive income	**(759)**	(21 950)	**–**	–
Balance at end of period	**(19 341)**	(18 582)	**–**	–
Relating to:	**(19 341)**	(18 582)	**–**	–
Provisions and accruals	**(3 918)**	(6 036)	**–**	–
Accelerated capital allowances	**(7)**	(2)	**–**	–
Unrealised gains on investment properties	**(750)**	(528)	**–**	–
Unrealised gains on investments	**(24 912)**	(20,697)	**–**	–
Estimated tax losses	**10 246**	8,681	**–**	–
Comprising:	**(19 341)**	(18,582)	**–**	–
Deferred tax assets	**9 334**	9,364	**–**	–
Deferred tax liabilities	**(28 675)**	(27,946)	**–**	–

21. INVESTMENT PROPERTIES

Accounting policy

Investment properties are classified as properties that are held to earn rental income and/or for capital appreciation and that are not occupied by companies in the Group. Owner-occupied properties are held for the supply of services and administration purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are initially recognised at cost. At the reporting date, investment properties are measured at fair value as determined by professional property valuators using open market values. When investment properties become owner occupied, the Group reclassifies them to property, plant and equipment, using the fair value at the date of reclassification as the cost. A gain or loss arising from a change in fair value is included in net profit for the period in which it arises.

21. INVESTMENT PROPERTIES (continued)

Significant judgement

The fair value of investment properties has been determined with the use of open market values by professional property valuators.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
21.1 Net carrying value				
Cost	**2 949**	2 009	**–**	–
Fair value adjustment	**2 979**	2 164	**–**	–
Net carrying value	**5 928**	4 173	**–**	–
21.2 Movement for the period				
At beginning of period	**4 173**	3 978	**–**	–
Additions	**17**	–	**–**	–
Reclassification from owner occupied properties	**923**	–	**–**	–
Fair value adjustment (note 35)	**815**	195	**–**	–
	5 928	4 173	**–**	–

The fair value of each investment property was determined on the income/investment approach (using the capitalisation of net income) by R.A. Gibbons (AEI (ZIM), FIV (SA)) from Mills Fitchet Magnus Penny Proprietary Limited, an independent valuer, after taking the following factors into consideration:

- Location, size and nature of the building;
- Supply, demand and lettability of similar properties in the area;
- Market rentals in the general vicinity; and
- The capitalisation rate used in the market for similar type properties.

22. INVESTMENT IN ASSOCIATES

Accounting policy

Group

An associate is an enterprise in which the investor has a long-term interest and over which it exercises significant influence, but no control, and which is neither a subsidiary nor a jointly controlled interest of the investor.

Interests in associates are accounted for under the equity method, except when the investment is acquired and held exclusively with a view to its disposal in the near future, in which case the investment in associate is accounted for under the cost method. The equity method of accounting is the method whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. The use of the equity method is discontinued from the date that the Group ceases to have significant influence over an associate.

Impairment losses reduce the carrying amount of investments in associates.

Distributions received from the associate reduce the carrying amount of the investment.

Company

Interests in associates are stated at cost, less any impairment losses.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
At beginning of period	**124 931**	323	**11 568**	–
Additions	**–**	20 201	**–**	11 568
Attributable portion of earnings	**13 751**	15 830	**–**	–
Dividend received	**(13 200)**	(5 285)	**–**	–
(Impairment) fair valuation	**(1 071)**	93 862	**–**	–
Balance at end of period	**124 411**	124 931	**11 568**	11 568

Details of the fair value calculation are set out in note 37 and further details of the investments are set out in notes 46.1 and 46.2

22. INVESTMENT IN ASSOCIATES (continued)

Associates' summary information

The aggregate assets, liabilities, revenue and profits of the associates, all of which are unlisted, were as follows:

	Anthony Richards and Associates Proprietary Limited R'000	Various other listed in note 46.1 R'000	Total R'000
30 June 2015			
Non-current assets	**7 330**	**696**	**8 026**
Current assets	**63 687**	**6 849**	**70 536**
Non-current liabilities	**–**	**(306)**	**(306)**
Current liabilities	**(24 757)**	**(3 453)**	**(28 210)**
Revenue	**107 998**	**11 774**	**119 772**
After-tax profit for the period	**35 678**	**(1 226)**	**34 452**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**35 678**	**(1 226)**	**34 452**
31 August 2014			
Non-current assets	7 113	614	7 727
Current assets	60 112	9 429	69 541
Non-current liabilities	(543)	(276)	(819)
Current liabilities	(23 101)	(3 550)	(26 651)
Revenue	116 700	12 666	129 366
After-tax profit for the period	33 980	5 595	39 575
Other comprehensive income	–	–	–
Total comprehensive income	33 980	5 595	39 575

23. INVESTMENT IN JOINT VENTURES

Accounting policy

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for under the equity method, except when the investment is acquired and held exclusively with a view to its disposal in the near future, in which case the investment is accounted for under the cost method. The equity method of accounting is the method whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture, less any impairment losses. The use of the equity method is discontinued from the date that the Group ceases to have joint control over the entity.

Distributions received from the joint venture reduce the carrying amount of the investment.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
At beginning of period	**93**	3 566	**–**	–
Loans	**(14)**	(717)	**–**	–
Disposals	**–**	(3 935)	**–**	–
Dividend received	**(118)**	(90)	**–**	–
Attributable portion of earnings	**264**	332	**–**	–
Profit on sale	**–**	937	**–**	–
Balance at end of period	**225**	93	**–**	–

Details of the investments are set out in notes 46.3 and 46.4

23. INVESTMENT IN JOINT VENTURES (continued)

Joint ventures' summary information

The aggregate assets, liabilities, revenue and profits of the joint ventures, all of which are unlisted, were as follows:

	Catalyst Insurance Consultants Proprietary Limited R'000	Riverstone Insurance Brokers Proprietary Limited R'000	Total R'000
30 June 2015			
Non-current assets	–	82	82
Current assets	–	1 020	1 020
Non-current liabilities	–	–	–
Current liabilities	–	(282)	(282)
Revenue	–	3 148	3 148
After-tax profit for the period	–	528	528
Other comprehensive income	–	–	–
Total comprehensive income	–	528	528
31 August 2014			
Non-current assets	–	–	–
Current assets	–	815	815
Non-current liabilities	–	–	–
Current liabilities	–	(259)	(259)
Revenue	4 548	2 301	6 849
After-tax profit for the period	193	472	665
Other comprehensive income	–	–	–
Total comprehensive income	193	472	665

24. INVESTMENT IN SUBSIDIARIES

Accounting policy

Company

Investments in subsidiaries are stated at cost, less any impairment losses.

The cost of an investment in a subsidiary is calculated as the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination is reported in equity and will no longer result in goodwill adjustments or gains and losses.

	COMPANY	
	30 June 2015 R'000	31 August 2014 R'000
Unlisted shares at cost, less amounts written off	1 517	1 517
Equity loans	144 964	122 642
Other amounts due by subsidiaries	12 146	30 595
Net carrying value (refer notes 46.5 and 46.6)	158 627	154 754
Directors' valuation	450 538	466 222

The directors' valuation of the underlying shares for trading entities is based on cash flow projections using the principles described in section 18.4.1, while the valuation of non-trading entities is based on the entities' Net Asset Value, adjusted for the recoverability or forgiveness of inter-group loans receivable or payable. These assets would fit into Level 3 of the fair value hierarchy.

25. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Accounting policy

Investments in equity and debt securities are recognised on a trade-date basis and are initially measured at fair value. Investments are classified as "at fair value through profit or loss" and at subsequent reporting dates investments in equity and debt securities are valued at fair value, with changes in fair value being recognised in profit or loss.

Fair value represents the current market value based on the quoted market price where a regulated market exists, failing which it is determined by the directors on the basis of the more appropriate of either return, or the value of the most recent offer to purchase the shares in an investment in instances where such an offer is a valid offer, or net asset value.

Refer to the financial instruments accounting policy, note 4 for further details.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	**30 June 2015 R'000**	31 August 2014 R'000
25.1 Long term investments				
Listed investments (note 25.1.1)	**99 133**	238 359	**–**	–
Listed equities	**87 561**	58 649	**–**	–
Bonds	**11 572**	179 710	**–**	–
Unlisted investments (note 25.1.2)	**5 215**	4 814	**–**	–
	104 348	243 173	**–**	–
25.1.1 Listed equities and bonds at valuation				
Opening net book value	**238 359**	68 059	**–**	–
Additions	**54 863**	217 587	**–**	–
Disposals	**(225 795)**	(58 200)	**–**	–
Fair value adjustment (note 35)	**31 706**	10 913	**–**	–
Closing net book value	**99 133**	238 359	**–**	–
25.1.2 Unlisted investments at valuation				
Opening net book value	**4 814**	4 280	**–**	–
Additions	**5 000**	–	**–**	–
Disposals	**(4 394)**	–	**–**	–
Fair value adjustment (note 35)	**(205)**	534	**–**	–
Closing net book value	**5 215**	4 814	**–**	–
Directors' valuation at net book value	**5 215**	4 814	**–**	–
25.2 Short term investments				
Listed investments (note 25.2.1)	**–**	4 683	**–**	–
	–	4 683	**–**	–
25.2.1 Listed equities at valuation				
Opening net book value	**4 683**	–	**–**	–
Additions	**7 983**	8 052	**–**	–
Disposals	**(10 991)**	(3 299)	**–**	–
Fair value adjustment (note 35)	**(1 675)**	(70)	**–**	–
Closing net book value	**–**	4 683	**–**	–

26. INSURANCE ASSETS AND LIABILITIES

Accounting policy

Refer to the insurance contracts accounting policy, note 5 for further details.

Significant judgement

Judgement is required in estimating reserves in respect of reported claims which have not yet been settled, in the determination of the Incurred But Not Reported ("IBNR") provision and in estimating future cash flows in respect of salvages and claims recoveries.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	**30 June 2015 R'000**	31 August 2014 R'000
26.1 Gross insurance liabilities				
Claims reported but not paid	**(80 496)**	(122 683)	**–**	–
Claims incurred but not reported	**(35 066)**	(38 675)	**–**	–
Unearned premiums, net of deferred acquisition costs	**(253 542)**	(238 691)	**–**	–
Unearned premiums	**(378 279)**	(357 324)	**–**	–
Deferred acquisition costs	**124 737**	118 633	**–**	–
Total insurance liabilities	**(369 104)**	(400 049)	**–**	–
26.2 Recoverable from reinsurers				
Claims reported but not paid	**67 945**	99 774	**–**	–
Claims incurred but not reported	**19 808**	19 609	**–**	–
Unearned premiums, net of deferred reinsurance commission revenue	**239 080**	226 222	**–**	–
Unearned premiums	**362 549**	344 127	**–**	–
Deferred reinsurance commission revenue	**(123 469)**	(117 905)	**–**	–
Reinsurers' share of insurance liabilities	**326 833**	345 605	**–**	–
26.3 Net insurance liabilities				
Claims reported but not paid	**(12 551)**	(22 909)	**–**	–
Claims incurred but not reported	**(15 258)**	(19 066)	**–**	–
Unearned premiums	**(14 462)**	(12 469)	**–**	–
Total net insurance liabilities	**(42 271)**	(54 444)	**–**	–

26.4 Incurred But Not Reported ("IBNR") provision

The directors have estimated that the statutory IBNR provision calculated in terms of the provisions of the Short Term Insurance Act is excessive in terms of the portfolio of business underwritten by the Group. In light of this, the net provision has been revised and calculated at an average rate of 5.3% of net insurance premium for the 2015 financial period (2014: 6.2%).

Had the IBNR provision been calculated at statutory rates, the net provision would have been R6.01 million (2014: R2.38 million) greater than the net R15.26 million currently provided for (2014: R19.07 million).

At the reporting date the Group performed a detailed exercise (that included the use of cumulative chainladder calculations in the largest underwriting managers) in order to assess the required provisions and run-off assets in the insurance segment. Although showing quite significant variances between the IBNR and asset levels in the various books, it was determined that overall levels of current provisioning is sufficient when compared to the best estimate of what these provisions should be. IBNR on the remaining schemes continue to be raised on 4% as it has been found that sensitivity to IBNR is very low in many of these schemes – a move in provisioning merely translates into a corresponding move in the commission payable. The average value across the segment, determined as a result of this exercise, approximates 5.3% of the net insurance premium for the period.

It is important to note that for the purpose of calculating the solvency margin in terms of the Financial Services Board requirements the IBNR provision has been calculated at statutory rates.

27. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables are financial assets measured at amortised cost using the effective interest method. Refer to the financial instruments accounting policy, note 4.

Significant judgement

The Group assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Deposits and prepaid expenses	**1 399**	1 597	**131**	168
Insurance receivables	**122 082**	118 562	**–**	–
Trade receivables	**3 076**	5 637	**267**	1 225
Loans – Secured	**–**	–	**–**	–
Loans – Unsecured	**768**	368	**–**	–
Other receivables – Unsecured	**3 623**	2 804	**–**	–
Less: Allowance for impairment	**(225)**	(225)	**–**	–
	130 723	128 743	**398**	1 393

Unsecured loans attract no interest and have no fixed repayment dates.

The directors are of the opinion that the value of the above receivables approximates their fair value.

28. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value. These include cash on hand and deposits held on call with banks, where these amounts are held for the benefit of the Group. Cash and cash equivalents are measured at initial recognition at fair value, and thereafter at amortised cost provided that the Group's objective in holding the assets is to realise the contractual cashflows and that cashflows associated with the assets comprise only payments of principal and interest amounts thereon, on specified dates. If these conditions are not met, they are measured subsequently at fair value.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Comprising:				
Cash	**69**	88	**–**	–
Call accounts	**229 849**	65 090	**6 345**	8 093
Derivative margin deposits	**10 800**	5 640	**–**	–
Current accounts – Local	**67 172**	16 160	**125**	–
Current accounts – Foreign	**5 042**	1 984	**–**	–
Net cash and cash equivalents	**312 932**	88 962	**6 470**	8 093

Balances on call include amounts held on call at banks and at stockbrokers.

29. ORDINARY SHARE CAPITAL

Accounting policy

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company reacquires its own equity instruments, those are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity. The same principles are applied in the consolidated Financial Statements to the Company's shares that are held by subsidiaries.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	**30 June 2015 R'000**	31 August 2014 R'000
Authorised				
500 000 000 ordinary shares of 1c each (2014: 500 000 000)	**5 000**	5 000	**5 000**	5 000
Issued				
256 379 818 ordinary shares of 1c each (2014: 256 379 818)	**2 564**	2 564	**2 564**	2 564
Treasury shares:				
– 3 221 ordinary shares of 1c each held by Conduit Management Services Proprietary Limited (2014: 3 221)	**–***	–*	**–**	–
	2 564	2 564	**2 564**	2 564
In terms of the Company's Memorandum of Incorporation, all authorised and unissued shares are placed under the control of the Company's directors.				
* *Amounts less than R1 000*				
Number of shares (net of treasury shares held):	**256 376 597**	256 376 597	**256 379 818**	256 379 818
Shares under option				
As at the reporting date, no shares in the Company were under option (2014: Nil). There were no contracts in place for the sale of shares (2014: Nil).				

30. SHARE PREMIUM

Share premium balance	**174 140**	174 140	**198 426**	198 426

31. SHARE-BASED PAYMENTS

No new share options were awarded to executive directors and staff during 2014/15. No share options remained outstanding as at the reporting date (2014: Nil).

32. POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS

Accounting policy

Refer to the insurance contracts accounting policy, note 5 for further details.

Significant judgement

The policyholder liabilities arising from long-term insurance contracts are determined by the statutory actuaries based on appropriate estimates and assumptions.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	**30 June 2015 R'000**	31 August 2014 R'000
Opening balance	**20 522**	19 214	**–**	–
Transfer to profit or loss	**12 084**	1 308	**–**	–
	32 606	20 522	**–**	–

Policyholder liabilities are determined by the statutory actuaries of the underlying long-term insurance companies. The reports of the statutory actuaries are set out in the Financial Statements of these subsidiary companies and are available to shareholders on request.

32. POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS (continued)

32.1 Analysis of policyholder liabilities

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Individual funeral cover	**30 272**	19 098	**–**	–
Group funeral cover	**2 334**	1 424	**–**	–
	32 606	20 522	**–**	–

32.2 Maturity analysis of policyholder liabilities

	GROUP		COMPANY	
Policyholder liabilities are expected to become payable as follows:				
Up to one year	**14 497**	3 585	**–**	–
One year to five years	**3 655**	3 056	**–**	–
More than five years	**14 454**	13 881	**–**	–
	32 606	20 522	**–**	–

32.3 Key assumptions

There were no changes to the valuation basis from the prior year.

In the calculation of liabilities, provision was made for the best estimate of the future experience plus the compulsory margins prescribed by the Actuarial Society of South Africa's Standard of Actuarial Practice ("SAP") 104. SAP 104 is intended to provide for a minimum level of financial resilience in the liabilities to ensure that profits are not recognised prematurely.

For the group funeral business an IBNR reserve was established based on the most recent claims run-off numbers. These claims run-off numbers were based on the results of "experience investigations" and current and expected future market conditions. In certain instances a deficiency reserve was established to allow for any expected losses on the group funeral policies.

For individual business units, a prospective valuation is carried out with the following principal assumptions:

- Inflation rate 6.10% (2014: 5.38%)
- Interest rate 7.60% (2014: 6.88%)
- Withdrawal assumptions were based on experience in the portfolio and in the market
- Mortality rates were based on SA85/90 Heavy (2014: SA85/90 Heavy) and the relevant AIDS tables, adjusted to reflect the most recent claims experience

All business is non-participating business and policyholders would have a reasonable expectation that contractual benefits would be met and that there would be no undue delay in the processing of claims and queries.

32.4 Matching of assets and liabilities

The Group only underwrites assistance insurance business and, to that extent, the matching of assets and liabilities is reasonably simple. In the settlement of policyholder liabilities, cash resources and (where required) the equity investments are utilised. Cash resources and the equity investments provide sufficiently liquid funds for the settlement of liabilities and are therefore suitable for the matching of assets and liabilities and in providing for the settlement patterns of the funeral business.

32.5 Sensitivities

Policyholder liabilities have been calculated at R32.61 million by the statutory actuary as at 30 June 2015 (2014: R20.52 million). The following scenarios indicate the value of the liabilities if the factors influencing the valuation had to change by the percentages given:

Factor	Level of change	Resulting liability R'000	Change %
Main basis	None	32 606	–
Mortality (and other claims)	10% increase	33 947	4.11
Expenses	10% increase	34 588	6.08
Investment returns	1% reduction	34 788	6.69
Withdrawals	10% increase	32 091	(1.58)
Inflation	1% increase	34 548	5.96

33. TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables financial instruments measured at amortised cost. Refer to the financial instruments accounting policy, note 4.

	GROUP		COMPANY	
	30 June 2015 R'000	31 August 2014 R'000	30 June 2015 R'000	31 August 2014 R'000
Accruals	8 833	19 122	732	255
Insurance payables	40 072	23 308	–	–
Trade payables	143 020	94 651	67	83
Dividends payable	45	–	45	–
	191 970	137 081	844	338

34. REVENUE

Accounting policy

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised on an accrual basis in accordance with the substance of the relevant transaction and by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be measured reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of completion is determined with reference to the amount of work performed in relation to the total transaction.

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

Service fees are recognised as revenue over the period during which the service is performed.

Rental income is recognised on a straight line basis over the lease term.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

For insurance contract accounting, refer to note 5 for further details.

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
34.1 Insurance revenue				
Gross insurance premiums	788 517	882 998	–	–
Local	674 301	777 960	–	–
Foreign	114 216	105 038	–	–
34.2 Non-insurance revenue (local)	3 948	5 775	2 083	2 400
Advisory, consulting and management fees received from group companies	–	–	2 000	2 400
Advisory, consulting, management and other fees, fees received from third parties	3 540	5 364	83	–
Rental income	408	411	–	–
	792 465	888 773	2 083	2 400

35. INVESTMENT INCOME

Accounting policy

Dividends are recognised when the right to receive payment, which is registered ownership on the last day to register, is established.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity of the financial instrument.

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
Interest income	12 600	13 121	1 194	1 467
Investment income (listed shares and bonds)	31 954	11 451	–	–
Dividend income	1 923	608	–	–
Fair value adjustment (unrealised)	23 425	3 549	–	–
Fair value adjustment (realised)	6 606	7 294	–	–
Investment income (unlisted shares and bonds)	(205)	534	13 200	4 800
Dividend income (subsidiaries and associates)	–	–	13 200	4 800
Fair value adjustment (unrealised)	401	534	–	–
Fair value adjustment (realised)	(606)	–	–	–
Investment income – other	1 227	783	–	–
Derivatives profits	412	197	–	–
Fair value adjustment (Investment properties)	815	195	–	–
Management and other fees	–	391	–	–
	45 576	25 889	14 394	6 267

36. OTHER INCOME (EXPENSES)

Foreign exchange profits	3 999	2 555	–	–
Profit (loss) on disposal of property, plant and equipment	7	(5)	–	(4)
(Loss) profit on (impairment) revaluation of associates	(1 071)	93 862	–	–
Profit on disposal of joint ventures	–	937	–	–
Other	–	26	–	–
	2 935	97 375	–	(4)

37. REVALUATION OF ASSOCIATES

As previously reported, with effect from 1 September 2013 the Group's interest in credit recovery and debt management specialist, Anthony Richards and Associates ("ARA"), was accounted for as an associate – doing away with the Direct segment entirely. The change in accounting treatment required that the Group's 40% interest in the company be fair valued, resulting in a once-off net R75.6 million in earnings and net asset value being brought to book in the previous financial year.

ARA's fair value was determined based on a "value in use calculation" that:
- used cash flow projections based on actual and budgeted results covering a three year period;
- adjusted such projections with a variable growth rate of between 6% and 15% in order to take account of future prospects in the company over a five-year period;
- extrapolated cash flows beyond the fifth year by using growth rates in line with current inflation; and
- discounted cash flows at an after-tax rate of 19.5%.

After year-end it was agreed to sell Auto Trade Underwriting Managers Proprietary Limited to a third party for R325 000. The company was revalued to that amount as at the period end.

Administration Plus Proprietary Limited's fair value was determined based on the higher of net asset value and a "value in use calculation" that:
- used cash flow projections based on actual and budgeted results covering a three year period;
- assumed no growth in earnings in the foreseeable future; and
- discounted cash flows at an after-tax rate of 30%.

37. REVALUATION OF ASSOCIATES (continued)

The result of the exercise is detailed below:

		2015 R'000	2014 R'000
Fair value determined in terms of calculation detailed above		1 565	112 982
Book value prior to valuation		(2 636)	(19 120)
Revaluation (loss) profit	(notes 22 & 36)	(1 071)	93 862
Capital gains tax (deferred)		–	(18 308)
Fair value of investment		–	112 982
Original cost price of investment		–	(14 805)
Capital gain		–	98 177
x Capital gains tax rate		0.00%	18.65%
Reported (reduction) increase in net assets due to revaluation		(1 071)	75 554

No tax credit was raised against the revaluation loss in 2015.

Investments are tested for impairment twice a year. These tests indicate that, other than what was disclosed above, there is no further need for impairment of the carrying value of the investments in the current financial period. The directors further believe that any reasonable change in the key assumptions would not cause the carrying amount of the investments to exceed the recoverable amount that remains.

38. FINANCE CHARGES

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
Interest paid	(212)	(289)	(195)	(105)
Preference dividends paid	–	(43)	–	–
Fair value adjustment (low interest loans and preference shares)	–	(55)	–	–
	(212)	(387)	(195)	(105)

39. PROFIT BEFORE TAXATION

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
The profit before taxation includes:				
Auditors' remuneration (external)	(2 876)	(2 268)	(566)	(245)
Current year	(2 462)	(1 827)	(543)	(245)
Prior year underprovision	(234)	(4)	(23)	–
Other services	(180)	(437)	–	–
Consulting fees paid	(2 020)	(2 385)	(22)	(17)
Depreciation and amortisation	(1 086)	(1 343)	(48)	(74)
Direct operating expenses in respect of investment properties	(92)	(252)	–	–
Financial assets impaired and written off	(48)	(149)	–	–
Legal fees	(673)	(470)	(98)	(50)
Management fees paid to third parties	(1 806)	(1 638)	–	–
Operating lease charges	(2 767)	(3 234)	–	–
Equipment	(63)	(43)	–	–
Premises	(2 704)	(3 191)	–	–
Secretarial fees	(215)	(172)	(128)	(84)
Staff costs	(30 670)	(23 214)	–	1
Salaries and wages (excluding directors' remuneration)	(29 357)	(21 611)	–	1
Provident fund (defined contribution plan)	(1 313)	(1 603)	–	–

40. DIRECTORS' REMUNERATION

	Directors' fees R'000	Basic salary R'000	Bonuses[c] R'000	Other benefits R'000	Total R'000
40.1 2015					
Paid for by Company:					
NON-EXECUTIVE					
Berkowitz, R S	288	–	–	–	288
Bruyns, S R	225	–	–	–	225
Campbell, S M	158	–	–	–	158
Harpur, D	67	–	–	–	67
Mahlangu, J	85	–	–	–	85
Moodley, T	45	–	–	–	45
Napier, R	123	–	–	–	123
Scott, B	45	–	–	–	45
Steffens, G Z	240	–	–	–	240
Xaba, R	56	–	–	–	56
	1 332	–	–	–	1 332
Paid for by subsidiaries:					
EXECUTIVE					
Druian, J D	–	1 979	275	24	2 278
Louw, L E	–	1 696	698	86	2 480
Riskowitz, S	–	250	125	–	375
Shaw, R L	–	2 158	872	–	3 030
Toet, G	–	1 689	698	93	2 480
	–	7 772	2 668	203	10 643
	1 332	7 772	2 668	203	11 975

(c) Bonuses include provided for in 2014 on a non-specific basis and subsequently allocated and paid to specific individuals in 2015, as well as bonuses provided for and allocated in 2015.

	Directors' fees R'000	Basic salary R'000	Bonuses R'000	Other benefits R'000	Total R'000
40.2 2014					
Paid for by Company:					
NON-EXECUTIVE					
Berkowitz, R S	458	–	–	–	458
Bruyns, S R	251	–	–	–	251
Campbell, S M	251	–	–	–	251
Steffens, G Z	382	–	–	–	382
	1 342	–	–	–	1 342
Paid for by subsidiaries:					
EXECUTIVE					
Druian, J D	–	3 263	883	37	4 183
Louw, L E	–	1 869	525	93	2 487
Shaw, R L	–	2 700	591	–	3 291
Toet, G	–	1 860	525	102	2 487
	–	9 692	2 524	232	12 448
	1 342	9 692	2 524	232	13 790

41. RETIREMENT BENEFITS

77.9% of the Group's employees, all employed by the Insurance and Risk segment, contribute to the GTC Umbrella Provident Fund of which the Constantia Insurance Group is a participant and which is a defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and as such are included in staff costs.

Contributions for the period under consideration amounted to R1.31 million (2014: R1.60 million). The umbrella fund and its participants are registered in terms of and regulated by the Pension Funds Act.

The rest of the Group has no formal or informal retirement benefit arrangements for employees or directors.

42. TAXATION

Accounting policy

Current tax and deferred tax are charged against profit or loss and are based on the expected taxable income for the period, as adjusted for items which are non-taxable or disallowed, as well as any adjustment of tax payable for previous years, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	**10 months ended 30 June 2015 R'000**	12 months ended 31 August 2014 R'000
42.1 Taxation				
South African normal taxation	**(8 488)**	(2 558)	**–**	–
Current period	**(7 216)**	(2 525)	**–**	–
Prior period underprovision	**(1 272)**	(33)	**–**	–
Deferred tax	**(759)**	(21 950)	**–**	–
Taxation per statement of profit or loss and other comprehensive income	**(9 247)**	(24 508)	**–**	–
42.2 Taxation reconciliation				
Profit before tax	**46 916**	140 992	**13 242**	6 037
Standard South African normal taxation	**(13 136)**	(39 478)	**(3 708)**	(1 690)
Non-taxable income	**5 970**	6 666	**3 696**	1 344
Non-deductible expenses	**(647)**	(2 008)	**(31)**	(26)
Prior period underprovision – Normal tax	**(1 272)**	(33)	**–**	–
Prior period underprovision – Deferred tax	**(367)**	–	**–**	–
Deferred tax asset not raised in companies with losses	**(3 014)**	(72)	**–**	–
Utilisation of previously unrecognised tax losses	**151**	573	**43**	372
Capital gains tax rate differential	**3 068**	9 844	**–**	–
Taxation per statement of profit or loss and other comprehensive income	**(9 247)**	(24 508)	**–**	–

Deferred tax assets have not been recognised in group companies that do not anticipate generating sufficient taxable income to utilise these assets in the foreseeable future. The tax assets not so recognised as at the reporting date amounted to R10.92 million (2014: R8.54 million).

43. COMMITMENTS AND CONTINGENT LIABILITIES

43.1 Commitments: Operating leases

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
At the reporting date the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:				
Property leases	**2 528**	2 339	**–**	–
Within one year	**2 195**	1 400	**–**	–
In second to fifth years	**333**	939	**–**	–

Operating lease payments largely represent rentals payable for office properties.

43.2 Contingent liabilities

The Group is not aware of any current or pending legal cases that would have a material adverse effect on the Group's results.

44. EARNINGS PER SHARE

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares in issue. Adjustments are made in calculating diluted earnings and headline earnings per share.

Diluted earnings per share reflects the potential dilution that could occur if all of the Group's outstanding share options were exercised. There were no outstanding share options at the end of the reporting period.

No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

	GROUP	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
44.1 Calculation of basic earnings		
The earnings used in the calculation of basic earnings per share is as follows:		
Profit for the period	**37 669**	116 484
Less: Non-controlling interest	**(43)**	(101)
Profit attributable to ordinary shareholders	**37 626**	116 383
44.2 Reconciliation between basic earnings and headline earnings		
Headline earnings is determined as follows:		
Profit attributable to ordinary equity holders of the parent	**37 626**	116 383
Net profit on revaluation of investment properties	**(657)**	(65)
Net revaluation profit on reclassification from subsidiary to associate	**–**	(93 862)
(Profit) loss on disposal of intangibles, property, plant and equipment	**(7)**	5
Impairment of associates and joint ventures	**1 071**	–
Net profit on disposal of joint ventures	**–**	(937)
Tax on the items above	**146**	18 638
Headline earnings	**38 179**	40 162

44. EARNINGS PER SHARE (continued)

44.3 Shares in issue

	GROUP 10 months ended 30 June 2015 R'000	GROUP 12 months ended 31 August 2014 R'000
44.3.1 Number of shares ('000)		
– Shares in issue	**256 380**	256 380
– Shares held as treasury shares	**(3)**	(3)
	256 377	256 377
44.3.2 Weighted average number of shares ('000)		
– Shares in issue	**256 380**	256 380
– Shares held as treasury shares	**(3)**	(3)
	256 377	256 377
44.3.3 Diluted weighted average number of shares ('000)		
– Shares in issue	**256 380**	256 380
– Shares held as treasury shares	**(3)**	(3)
	256 377	256 377
44.4 Earnings per share (cents)		
44.4.1 Basic earnings per share	**14.7**	45.4
44.4.2 Diluted earnings per share	**14.7**	45.4
44.4.3 Headline earnings per share	**14.9**	15.7
44.4.4 Diluted headline earnings per share	**14.9**	15.7

45. NOTES TO THE CASH FLOW STATEMENTS

45.1 The following convention applies to figures other than adjustments:

Outflows of cash are represented by amounts in brackets, while inflows are represented by amounts without brackets.

45.2 Reconciliation of profit before taxation to cash generated (utilised) by operations

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
Profit before taxation	**46 916**	140 992	**13 242**	6 037
Adjustments for:				
Depreciation and amortisation	**1 086**	1 343	**48**	74
Dividend income	**(1 923)**	(608)	**(13 200)**	(4 800)
Financial assets: Impairment and write-off	**48**	149	**–**	–
Impairment (revaluation) of associates	**1 071**	(93 862)	**–**	–
Profit on sale of joint ventures	**–**	(937)	**–**	–
Finance charges	**212**	387	**195**	105
Interest income	**(12 600)**	(13 121)	**(1 194)**	(1 467)
(Profit) loss on disposal of property, plant and equipment	**(7)**	5	**–**	4
Revaluation of property	**(815)**	(195)	**–**	–
Investment profits	**(29 826)**	(11 377)	**–**	–
Equity accounted income	**(14 015)**	(16 162)	**–**	–
Operating cash flows before working capital changes	**(9 853)**	6 614	**(909)**	(47)
Working capital changes	**52 772**	(24 982)	**1 501**	(1 308)
(Increase) decrease in trade and other receivables	**(2 028)**	41 277	**995**	(1 230)
Increase (Decrease) in trade and other payables	**54 889**	(57 759)	**506**	(78)
Increase in policyholder liabilities	**12 084**	1 308	**–**	–
Decrease in insurance assets	**18 772**	44 290	**–**	–
Decrease in insurance liabilities	**(30 945)**	(54 098)	**–**	–
Cash generated (utilised) by operations	**42 919**	(18 368)	**592**	(1 355)

45.3 Taxation paid

Opening balance	**3 729**	(221)	**–**	–
Disposal of subsidiaries	**–**	(382)	**–**	–
Statement of comprehensive income movement	**(8 488)**	(2 558)	**–**	–
Closing balance	**(1 949)**	(3 729)	**–**	–
	(6 708)	(6 890)	**–**	–

45.4 Reconciliation of assets sold in subsidiaries to cash received

Property, plant and equipment	**–**	3 607	**–**	–
Other intangible assets	**–**	1 021	**–**	–
Investment in subsidiaries	**–**	–	**–**	11 568
Trade and other receivables	**–**	12 951	**–**	–
Funds at call, bank balances and cash	**–**	16 411	**–**	–
Deferred taxation	**–**	(199)	**–**	–
Trade and other payables	**–**	(12 572)	**–**	–
Net tax	**–**	382	**–**	–
Minority interest	**–**	(12 997)	**–**	–
Net asset value sold	**–**	8 604	**–**	11 568
Goodwill disposed of	**–**	10 516	**–**	–
Sale price	**–**	19 120	**–**	11 568
Transferred to associates	**–**	(19 120)	**–**	(11 568)
Net cash flow	**–**	–	**–**	–

46. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

46.1 The following information relates to the Group's investment in associate companies:

	Nature of business	Country of incorporation	Number of shares held 2015	Number of shares held 2014	Interest 2015 %	Interest 2014 %	Book value of investment 2015 R'000	Book value of investment 2014 R'000	Indebtedness to (by) Group 2015 R'000	Indebtedness to (by) Group 2014 R'000
Directly owned										
Anthony Richards & Associates Proprietary Limited	Credit recovery and call centre services	RSA	**100**	100	**40**	40	**122 846**	121 774	**–**	–
Held through a subsidiary										
Administration Plus Proprietary Limited	Underwriting manager	RSA	**4 000**	4 000	**40**	40	**1 240**	2 834	**–**	–
Auto Trade Underwriting Managers Proprietary Limited	Underwriting manager	RSA	**30**	30	**30**	30	**325**	323	**–**	–
Wheels Underwriting Managers Proprietary Limited (in liquidation)	Underwriting manager	RSA	**20**	20	**20**	20	**–**	–	**–**	–
							124 411	124 931	**–**	–

Note:
All associates of the Group are unlisted companies.

	GROUP 30 June 2015 R'000	GROUP 31 August 2014 R'000	COMPANY 30 June 2015 R'000	COMPANY 31 August 2014 R'000
46.2 Allocated as follows:				
Book value of investment (note 22)	**124 411**	124 931	**11 568**	11 568

46.3 The following information relates to the Group's investment in joint ventures:

	Nature of business	Country of incorporation	Number of shares held 2015	Number of shares held 2014	Interest 2015 %	Interest 2014 %	Book value of investment 2015 R'000	Book value of investment 2014 R'000	Indebtedness by Group 2015 R'000	Indebtedness by Group 2014 R'000
Held through a subsidiary										
Riverstone Insurance Brokers Proprietary Limited	Insurance broker	RSA	**50**	50	**50**	50	**542**	396	**(317)**	(303)
							542	396	**(317)**	(303)

Note:
The Group's joint ventures are all unlisted companies.

	GROUP 30 June 2015 R'000	GROUP 31 August 2014 R'000	COMPANY 30 June 2015 R'000	COMPANY 31 August 2014 R'000
46.4 Allocated as follows:				
Book value of investment	**542**	396	**–**	–
Indebtedness by the Group	**(317)**	(303)	**–**	–
Investment in joint ventures (note 23)	**225**	93	**–**	–

46. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

46.5 The following information relates to the Company's investment in subsidiary companies:

	Nature of business	Country of incorporation	Issued ordinary share capital		Interest		Shares at cost less amounts written off		Indebtedness to (by) Conduit Capital	
			2015	2014	2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Directly owned										
Conduit Fund Managers Proprietary Limited	Asset manager	RSA	**1**	1	100	100	**–**	–	**(315)**	179
Conduit Management Services Proprietary Limited	Management services; equities and derivatives trading	RSA	**140 000**	140 000	100	100	**140**	140	**42 278**	39 224
Copper Sunset Trading 186 Proprietary Limited	Holding company	RSA	**100**	100	100	100	**2**	2	**102 686**	102 642
Marble Gold 213 Proprietary Limited	Holding company	RSA	**100**	100	100	100	**790**	790	**(174)**	(188)
On Line Lottery Services Proprietary Limited	E-commerce agent	RSA	**150**	150	80	80	**585**	585	**25**	–
Held through a subsidiary										
Black Ginger 92 Proprietary Limited	Investment company	RSA	**100**	100	100	100	**–**	–	**12 121**	11 192
Cherry Creek Trading 88 Proprietary Limited	Dormant	RSA	**100**	100	100	100	**–**	–	**–**	–
Constantia Insurance Holdings Proprietary Limited	Investment company	RSA	**120**	120	100	100	**–**	–	**–**	–
Constantia Risk and Insurance Holdings Proprietary Limited	Holding company	RSA	**200**	200	100	100	**–**	–	**–**	–
Constantia Insurance Company Limited	Short-term insurer	RSA	**2 244 500**	2 244 500	100	100	**–**	–	**–**	–
Constantia Life and Health Assurance Company Limited	Long-term insurer	RSA	**13 772 380**	13 772 380	100	100	**–**	–	**–**	–
Constantia Life Limited	Long-term insurer	RSA	**696 000**	696 000	100	100	**–**	–	**–**	–
General Legal and Administration Services Limited	Administration services provider	RSA	**1 002**	1 002	100	100	**–**	–	**–**	–
Goodall and Bourne Properties Proprietary Limited	Property company	RSA	**2 000**	2 000	100	100	**–**	–	**–**	–
Goodall and Bourne Trust Company Proprietary Limited	Holding company	RSA	**200**	200	100	100	**–**	–	**–**	–
Goodall and Co Undertakers Proprietary Limited	Holding company	RSA	**2 000**	2 000	100	100	**–**	–	**–**	–
Hurriclaim Proprietary Limited	Claims administrator	RSA	**352 000**	352 000	100	100	**–**	–	**–**	–

46. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

46.5 The following information relates to the Company's investment in subsidiary companies (continued):

	Nature of business	Country of incorporation	Issued ordinary share capital		Interest		Shares at cost less amounts written off		Indebtedness to (by) Conduit Capital	
			2015	2014	2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
IMR 11 Proprietary Limited	In deregistration	RSA	**100**	100	100	100	**–**	–	**(1 834)**	(1 834)
IMR Share Trust	Share trust	RSA	**–**	–	–	–	**–**	–	**(2 905)**	(2 816)
Internetwork Property Services Proprietary Limited	Administrative company	RSA	**100**	100	100	100	**–**	–	**–**	–
Inventory and Risk Surveys Holdings Proprietary Limited	Risk surveyor	RSA	**100**	100	61	61	**–**	–	**–**	–
TGI Investment Holding Proprietary Limited	Investment company	RSA	**9 680 036**	9 680 036	60	60	**–**	–	**–**	–
The Goodall and Company Funeral Assurance Society Limited	Dormant	RSA	**5 000 000**	5 000 000	100	100	**–**	–	**–**	–
Transqua Administrative Services Proprietary Limited	Underwriting manager	RSA	**500 000**	500 000	100	100	**–**	–	**–**	–
							1 517	1 517	**151 882**	148 399

Notes:
- *All subsidiaries in the Group are unlisted companies.*
- *The loan to Black Ginger 92 Proprietary Limited is unsecured, attracts interest at prime and no specific repayment date has been set.*
- *The loan to Conduit Management Services Proprietary Limited is designated an equity loan, is unsecured, attracts no interest and is repayable at the election of the borrower.*
- *The loan to Copper Sunset Trading 186 Proprietary Limited is designated an equity loan, is unsecured, attracts no interest and is repayable at the election of the borrower.*
- *The loan to On Line Lottery Services Proprietary Limited is unsecured, attracts no interest and no specific repayment date has been set.*
- *The loan payable to Conduit Fund Managers Proprietary Limited is unsecured, attracts no interest and no specific repayment date has been set.*
- *The loan payable to Marble Gold 213 Proprietary Limited is unsecured, attracts no interest and is repayable by mutual consent.*
- *The loan payable to IMR 11 Proprietary Limited is unsecured, attracts no interest and is repayable before 31 August 2017.*
- *The loan payable to the IMR Share Trust is unsecured, attracts interest at rates linked to prime and is repayable before 31 August 2017.*

46.6 Allocated as follows:

	COMPANY	
	30 June 2015 R'000	31 August 2014 R'000
Shares at cost	**1 517**	1 517
Equity loans	**144 964**	122 642
Other amounts due by subsidiaries	**12 146**	30 595
Investment in subsidiaries (note 24)	**158 627**	154 754
Loans payable	**(5 228)**	(4 838)
	153 399	149 916

47. RISK MANAGEMENT

47.1 Currency risk

Currency risk is the risk that the value of a financial instrument denominated in a foreign currency will fluctuate against the Rand ("ZAR") as a result of changes in foreign exchange rates.

The Group is exposed to currency risk with regards to its reinsurance operations in Africa. Premium income from these operations, which contributed approximately 14.5% to the Group's gross premium income for the 2015 financial period, was earned in US Dollar ("USD") and fluctuations in the ZAR/USD exchange rate may influence underwriting results and asset values (as it relates to USD denominated assets) to a material extent.

As at the reporting date the Group had the following USD exposure:

	Exposure in USD '000	Converted to ZAR '000	Rand weakens 10%	Rand strengthens 10%
30 June 2015				
Assets	**9 765**	**118 618**	**130 480**	**107 834**
Liabilities	**(11 744)**	**(142 650)**	**(156 915)**	**(129 682)**
Net	**(1 979)**	**(24 032)**	**(26 435)**	**(21 848)**
31 August 2014				
Assets	8 765	93 350	102 685	84 864
Liabilities	(7 948)	(84 650)	(93 115)	(76 955)
Net	817	8 700	9 570	7 909

The Company had no foreign currency exposure.

The Group has mitigated its currency exposure by entering into forward exchange contracts in terms whereof USD are sold on the South African Futures Exchange ("SAFEX") at a fixed rate at a future date. The forward cover position is marked-to-market by SAFEX on a daily basis with the movement in the ZAR/USD exchange rate used as a reference. Profits and losses resulting from the daily mark-to-market movements are settled in cash. Assets exposed to currency risks are assessed regularly and adjustments are made to forward cover positions in order to ensure that adequate cover is maintained at all times.

47.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group has some investments and borrowings that are subject to interest rate risk. Details of these investments and borrowings are set out in notes 25. Additional exposure to interest rate risk is in the form of cash balances held at call with banks (see note 28), which earn interest at rates that vary on a daily basis, loans receivable that earn interest at rates that are linked to the prime lending rate (note 19), as well as the effect that interest rate fluctuations have on the value of debt securities and listed property units held by the Group (note 25).

47.2.1 An increase or decrease of 2% in the respective interest rates would result in the following changes in the fair values of these financial instruments of the Group:

	2015 2% increase R'000	2014 2% increase R'000	2015 2% decrease R'000	2014 2% decrease R'000
Financial assets				
Investments in debt securities	**(120)**	(117)	**123**	119
Cash and interest bearing loans	**4 528**	4 926	**(4 528)**	(4 926)
	4 408	4 809	**(4 405)**	(4 807)
Financial liabilities				
Interest bearing borrowings	**(78)**	(132)	**78**	132

47. RISK MANAGEMENT (continued)

47.2 Interest rate risk (continued)

47.2.2 An increase or decrease of 2% in the respective interest rates would result in the following changes in the fair values of these financial instruments of the Company:

	2015	2014	2015	2014
	2% increase R'000	2% increase R'000	2% decrease R'000	2% decrease R'000
Financial assets				
Cash and interest bearing loans	438	584	(438)	(584)
Financial liabilities				
Loans payable	(92)	(55)	92	55

The Group and the Company monitor and manage this risk through its Investment Committee and the Board's oversight.

47.3 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices, property prices and foreign currency exchange rates, besides those disclosed more specifically under currency and interest rate risks.

Key areas where the Group is exposed to market risk are:

- listed investments in equity and debt securities;
- unlisted investments in equity; and
- investment properties and property holding subsidiaries.

The Group regularly reviews and actively manages these risks through its Investment Committee.

47.4 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the Group is exposed to credit risk are:

- cash and cash equivalents;
- investments in debt securities;
- unlisted investments;
- amounts due from insurance policyholders and intermediaries;
- amounts due from reinsurers and reinsurers' share of insurance liabilities;
- loans receivable; and
- trade and other receivables.

The Group determines counterparty credit quality by reference to ratings from independent ratings agencies or, where such ratings are not available, by internal analysis. The Group seeks to avoid concentration of credit risk by counterparty, business sector, product type and geographical segment.

47. RISK MANAGEMENT (continued)

47.4 Credit risk (continued)

The following tables provide information regarding the aggregated credit risk exposure for financial assets with external credit ratings as at:

47.4.1 Group

	Credit rating					
	A R'000	BBB R'000	BB R'000	B R'000	Not rated R'000	Carrying value R'000
30 June 2015						
Investments in debt securities held at fair value	**2 505**	**9 067**	**–**	**–**	**–**	**11 572**
Unlisted investments held at fair value	**–**	**–**	**–**	**–**	**5 215**	**5 215**
Loans receivable	**–**	**–**	**–**	**–**	**17 184**	**17 184**
Trade and other receivables	**–**	**–**	**–**	**–**	**130 723**	**130 723**
Cash and cash equivalents	**162**	**297 348**	**–**	**–**	**15 422**	**312 932**
	2 667	**306 415**	**–**	**–**	**168 544**	**477 626**
31 August 2014						
Investments in debt securities held at fair value	45 703	76 062	50 318	7 627	–	179 710
Unlisted investments held at fair value	–	–	–	–	4 814	4 814
Loans receivable	–	–	–	–	18 097	18 097
Trade and other receivables	–	–	–	–	128 743	128 743
Cash and cash equivalents	9 651	52 793	–	–	26 518	88 962
	55 354	128 855	50 318	7 627	178 172	420 326

47.4.2 Company

	A R'000	BBB R'000	BB R'000	B R'000	Not rated R'000	Carrying value R'000
30 June 2015						
Trade and other receivables	**–**	**–**	**–**	**–**	**398**	**398**
Cash and cash equivalents	**–**	**6 470**	**–**	**–**	**–**	**6 470**
	–	**6 470**	**–**	**–**	**398**	**6 868**
31 August 2014						
Trade and other receivables	–	–	–	–	1 393	1 393
Cash and cash equivalents	7 458	635	–	–	–	8 093
	7 458	635	–	–	1 393	9 486

Loans and other receivables consist mainly of accounts receivable from the Group's customer base. Group companies and contracted underwriting managers monitor the financial position of their customers, which include insurance clients, on an ongoing basis. Credit, other than in the insurance segment, is extended in terms of an agreement and provisions are made for both specific and general bad debts.

The carrying amount of assets included on the statement of financial position represents the maximum credit exposure. At the reporting date management did not consider there to be any material credit risk exposure that was not already covered by a doubtful debt allowance.

47. RISK MANAGEMENT (continued)

47.4 Credit risk (continued)

Impairment history

The following tables provide information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that have not been impaired:

47.4.3 Group

	Neither past due nor impaired R'000	Financial assets that are past due but not impaired 2 to 3 months R'000	3 to 6 months R'000	6 months to 1 year R'000	Greater than 1 year R'000	Financial assets that have been impaired R'000	Provision for impairment R'000	Carrying value R'000
30 June 2015								
Investments in debt securities held at fair value	11 572	–	–	–	–	–	–	11 572
Unlisted investments held at fair value	5 215	–	–	–	–	–	–	5 215
Loans receivable	17 184	–	–	–	–	–	–	17 184
Trade and other receivables	59 882	8 758	17 184	27 227	17 672	225	(225)	130 723
Cash and cash equivalents	312 932	–	–	–	–	–	–	312 932
	406 785	8 758	17 184	27 227	17 672	225	(225)	477 626
31 August 2014								
Investments in debt securities held at fair value	179 710	–	–	–	–	–	–	179 710
Unlisted investments held at fair value	4 814	–	–	–	–	–	–	4 814
Loans receivable	18 097	–	–	–	–	1 811	(1 811)	18 097
Trade and other receivables	83 749	15 911	3 179	21 985	3 919	225	(225)	128 743
Cash and cash equivalents	88 962	–	–	–	–	–	–	88 962
	375 332	15 911	3 179	21 985	3 919	2 036	(2 036)	420 326

47.4.4 Company

	Neither past due nor impaired R'000	2 to 3 months R'000	3 to 6 months R'000	6 months to 1 year R'000	Greater than 1 year R'000	Financial assets that have been impaired R'000	Provision for impairment R'000	Carrying value R'000
30 June 2015								
Trade and other receivables	398	–	–	–	–	–	–	398
Cash and cash equivalents	6 470	–	–	–	–	–	–	6 470
	6 868	–	–	–	–	–	–	6 868
31 August 2014								
Trade and other receivables	1 393	–	–	–	–	–	–	1 393
Cash and cash equivalents	8 093	–	–	–	–	–	–	8 093
	9 486	–	–	–	–	–	–	9 486

47.5 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors this risk on a daily basis through a review of available cash resources and expected and possible future commitments.

47. RISK MANAGEMENT (continued)

47.5 Liquidity risk (continued)

The following maturity analysis provides details on expected settlement of financial liabilities recognised at reporting date:

47.5.1 Group

	Within 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
2015				
Trade and other payables	**191 970**	**–**	**–**	**191 970**
	191 970	**–**	**–**	**191 970**
2014				
Trade and other payables	137 081	–	–	137 081
	137 081	–	–	137 081

47.5.2 Company

	Within 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
2015				
Loans payable	**5 228**	**–**	**–**	**5 228**
Trade and other payables	**844**	**–**	**–**	**844**
	6 072	**–**	**–**	**6 072**
2014				
Loans payable	4 838	–	–	4 838
Trade and other payables	338	–	–	338
	5 176	–	–	5 176

47.6 Insurance risk

The insurance segment has a risk management function and a portfolio management function that manage and continuously monitor and report the risks relating to the Group's insurance operations to the segment's Risk and Compliance Committee and to management.

47.6.1 Types of insurance policies

The Group writes both short-term and long-term insurance business. The long-term business consists mainly of funeral cover, comprising both individual business and group schemes. Several lines of short-term business are written, providing cover to individuals and insuring business risks. The main short-term lines of business are as follows:

Guarantee

The insurer assumes obligations in the event that a specified party fails to discharge certain specified obligations, financial or otherwise.

Liability

The insurer assumes obligations for liabilities incurred by the insured which are not more specifically defined in the contract.

Motor

The insurer assumes obligations for damage to or theft of the insured vehicle and for damage caused by the vehicle to third party property or other legal liability arising from the use or ownership of the vehicle. This class of business encompasses light vehicles used for both personal and commercial purposes as well as heavy commercial vehicles.

Accident and Health

The insurer assumes obligations linked to the occurrence of certain health events and on death or disability of the insured resulting from the occurrence of certain personal accidents.

Property

The insurer assumes obligations arising from damage to or loss of property of the insured or other liability arising from the ownership of the property.

47. RISK MANAGEMENT (continued)

47.6 Insurance risk (continued)

47.6.2 Concentration of insurance risk

The Group limits its exposure to any one risk through a reinsurance strategy combining both proportional and non-proportional elements.

The insurance segment has no specific concentration of insurance risk by policy type or geographic area, except for liabilities that would arise in the event of a natural disaster. The Group mitigates such risk through reinsurance catastrophe cover.

Using gross earned premium as an indicator, the table below illustrates the segment's distribution of risks underwritten across the classes of business:

Gross premium earned per class of business	2015 R'000	2014 R'000
Short term		
Property	**155 344**	202 448
Motor	**45 163**	84 915
Accident/Health	**392 729**	393 989
Guarantee	**21 124**	20 591
Miscellaneous (including legal expenses, retrenchment cover)	**93 513**	156 224
Long term	**80 644**	24 831
	788 517	882 998

47.6.3 Management of insurance risk

The acceptance of insurance risk is the core activity of the insurance segment. As a result the risk management approach is to ensure that risks are within acceptable limits rather than totally nullified. The principal risk is that the frequency or severity of claims are greater than expected or that premiums have not been correctly rated for the level of risk adopted.

The underwriting results of each underwriting manager or scheme and of each risk class are monitored on a regular basis by the portfolio management function and management and corrective measures are actioned where applicable. This can include the review of underwriting manager procedures for the acceptance of new business, rating procedures and claims administration, the re-rating of existing business, where applicable, or the cancellation of contracts with underwriting managers or policyholders when justified. There are clearly defined limits within which business may be written.

The Group has a programme for the regular internal audit of underwriting activities to identify potential risk areas proactively.

Underwriting risk is further mitigated by a clear reinsurance policy that incorporates both proportional and non-proportional reinsurance programs which are reviewed and monitored by management by individual lines of business. As part of the Group's risk management regime, it annually reviews its reinsurance program to ensure that an appropriate level of risk is retained in the Group.

The Group's short-term insurance risks are spread across various geographical areas and amongst various lines of business, both personal and commercial, including guarantee, liability, motor, accident and health, and property cover. In respect of long-term policies, a reputable actuary is utilised to ensure that adequate premiums are being levied and that the Capital Adequacy Reserve is well covered by assets.

47.6.4 Key insurance risks

Reinsurance credit risk

There is a risk that a reinsurer does not perform in accordance with the reinsurance contract. The risk is limited as risk premiums are paid quarterly to reinsurers and claims can be offset against risk premiums.

The risk is mitigated by the choice of reinsurers. The Group currently deals with the following reputable reinsurers:

- African Reinsurance Corporation (SA) Limited;
- Guardrisk Insurance Company Limited;
- Hannover Reinsurance Africa Limited;
- Munich Reinsurance Company of Africa Limited;
- SCOR Africa Limited; and
- Infinity Re: A division of Infinity Insurance Limited.

47. RISK MANAGEMENT (continued)

47.6 Insurance risk (continued)

47.6.4 Key insurance risks (continued)

Claims risk

Claims risk is the risk that the Group may pay claims not legitimately incurred. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims, including reviews of individual claims by the claims centre and claims forum, where required. Claims costs are further mitigated by the activities of salvages and recoveries and claims procurement department.

Lapse risk

Lapse risk relates to the risk of financial loss due to negative lapse experience, particularly as it impacts the actuarially assessed policyholder liabilities. Lapse experience is monitored to ensure that negative experience is timeously identified and corrective action taken.

Expense risk

Expense risk is the risk of loss due to actual expense experience being worse than that assumed in premium rates and actuarially calculated policy liabilities. Expenses are continuously monitored and managed through the Group's budgeting and financial reporting processes.

Pricing and Underwriting risk

Pricing and Underwriting risks are the risks that inappropriate business is accepted or that business is not correctly priced relative to the level of risk assumed. These risks are mitigated by an ongoing review of underwriting activities, claims experience and financial performance, as well as periodic reviews of product rating by the Group's actuarial resource.

47.7 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure that balances the required returns on shareholders' capital with the risks associated with the entity's business.

The capital structure of the Group consists of invested share capital, retained earnings and non-controlling shareholders' interest as disclosed on the Group's statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, raise additional capital from shareholders, sell assets to reduce debt or review the quantum of risk carried by the Group by passing on risk to reinsurers through proportional reinsurance structures.

Consistent with others in the industry, the Group monitors capital in its insurance businesses on the basis of solvency and the capital adequacy ratio ("CAR"). Over the medium to long term the Group targets:

- an international solvency ratio of in excess of 45% and a CAR in excess of 1.25 for its short-term insurance business; and
- a CAR of 1.5 for its long-term insurance businesses.

The solvency ratio is calculated as the short-term insurer's net assets divided by net written premium, while the CAR is calculated as the insurer's statutory net assets divided by its capital adequacy requirement as calculated:

- on the Financial Soundness Valuation basis disclosed in the Actuary's Report for the long-term insurance business; and
- in terms of the SAM Interim Requirements for the short-term insurance business.

Constantia Insurance Company Limited's solvency on the international basis at the reporting date was 69.3% (2014: 56.0%), while its CAR at the reporting date was 1.74 overall and 1.89 on its domestic business. Constantia Life and Health Assurance Company Limited and Constantia Life Limited's CARs were 1.17 and 2.94 respectively (2014: 2.44 and 2.84).

The Group's insurance businesses are required by law to maintain a minimum level of solvency and a prescribed spread of assets in terms of the Long- and Short term Insurance Acts, respectively, and submits returns on a quarterly and annual basis to the Financial Services Board. Solvency for this purpose is calculated in terms of the Act.

The current regulatory framework is presently under review and a new risk-based approach to determining the capital to be held by the Group is expected to be implemented by 2016.

48. DIRECTORS' INTEREST IN SHARES AND SHARE OPTIONS

48.1 Beneficial interest in shares

	Direct	Indirect	Total
30 June 2015			
Bruyns, S R	–	–	–
Harpur, D	–	–	–
Louw, L E	3 800 000	–	3 800 000
Mahlangu, J	–	–	–
Moodley, T *	–	–	–
Napier, R	–	–	–
Riskowitz, S *	–	–	–
Scott, B	–	–	–
Shaw, R L	516 688	–	516 688
Toet, G	1 841 236	–	1 841 236
Xaba, R	–	–	–
	6 157 924	–	6 157 924

* *Although Messrs Moodley and Riskowitz have no direct or indirect beneficial interest in Conduit shares, they are shareholders in a number of entities that they manage and that between them own an aggregate of 38 431 333 Conduit shares.*

There were no movements in any of the above shareholdings between the period-end and the date of this report.

	Direct	Indirect	Total
31 August 2014			
Berkowitz, R S	350 000	–	350 000
Bruyns, S R	–	–	–
Campbell, S M	48 000	2 523 000	2 571 000
Druian, J D	24 934 041	2 587 734	27 521 775
Louw, L E	3 800 000	–	3 800 000
Shaw, R L	516 688	–	516 688
Steffens, G Z	–	–	–
Toet, G	1 841 236	–	1 841 236
	31 489 965	5 110 734	36 600 699

48.2 Interest in share options

No director had an interest in any share options at any stage during the period under review (2014: Nil).

49. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries, in the ordinary course of business, entered into various transactions with related parties, as detailed below:

49.1 Shareholders

The principal shareholders of the Company are detailed in the section dealing with shareholder information. There were no dealings with the Company's principal shareholders, other than those who are also directors of the Company. These dealings are disclosed in note 50.3.

49.2 Companies within the group

49.2.1 Subsidiaries

Details of investments in and loans to/from subsidiary companies are disclosed in notes 46.5 and 46.6. Additional information about the impact that these balances have on the Group and the Company's Financial Statements are disclosed in note 24. Details of trading transactions with subsidiary companies and outstanding balances are reflected in note 49.4.1.

49.2.2 Joint ventures

Details of investments in joint ventures are disclosed in notes 46.3 and 46.4.

Details of trading transactions with joint ventures are reflected in notes 23 and 49.4.2.

49. RELATED PARTY TRANSACTIONS (continued)

49.2 Companies within the group (continued)

49.2.3 Associates

Details of investments in associate companies are disclosed in notes 46.1 and 46.2.

Details of trading transactions with associate companies are reflected in note 22.

49.2.4 Investments

Details of investments other than investments in subsidiary and associate companies and joint ventures are disclosed in note 25.

49.3 Directors and key management

49.3.1 Dealings in capacity as a director of the company

The directors' report and the notes to the Financial Statements disclose details relating to directors' emoluments (note 40), shareholdings (note 48) and share options in the Company (notes 31 and 48).

49.3.2 Companies transacted with and controlled by a director

- Anslow Management Consultants Proprietary Limited;
- Freshfields Insurance Brokers Proprietary Limited;
- Newbridge Reinsurance Brokers Proprietary Limited;
- Shavian Investment Holdings Proprietary Limited; and
- Unison Guarantee Acceptances Proprietary Limited

are all controlled by Mr Robert L Shaw.

49.3.3 Dealings in capacities other than as a director of the company

During the period ended 30 June 2015 the Group has had no dealings with directors other than in their capacity as directors or as disclosed below.

Further details of transactions with directors' companies and key management are disclosed in note 49.4.3.

49.4 Trading transactions and outstanding balances other than loan balances

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000
49.4.1 Subsidiaries				
Black Ginger 92 Proprietary Limited				
– Interest received			891	941
Conduit Fund Managers Proprietary Limited				
– Interest paid			(94)	–
– Balance due by			–	19
Conduit Management Services Proprietary Limited				
– Management and administration fees received			2 000	2 400
– Balance due by			209	1 143
Constantia Insurance Group				
– Balance due by			4	17
IMR Share Trust				
– Interest paid			(100)	(105)

49. RELATED PARTY TRANSACTIONS (continued)

49.4 Trading transactions and outstanding balances other than loan balances (continued)

	GROUP		COMPANY	
	10 months ended 30 June 2015 R'000	12 months ended 31 August 2014 R'000	**10 months ended 30 June 2015 R'000**	12 months ended 31 August 2014 R'000
49.4.2 Associates				
Anthony Richards and Associates Proprietary Limited				
– Dividend received	**13 200**	4 800	**13 200**	4 800
Administration Plus Proprietary Limited				
– Dividend received	**–**	485		
– Management fees paid	**(2 474)**	(2 514)		
– Profit commission paid	**(1 103)**	(2 421)		
– Balance due by	**42**	–		
Autotrade Underwriters Proprietary Limited				
– Management fees paid	**(2 167)**	(4 993)		
– Profit commission paid	**–**	(785)		
– Balance due by	**14**	–		
49.4.3 Joint ventures				
Catalyst Insurance Consultants Proprietary Limited				
– Interest received	**–**	9		
– Directors fees received	**–**	32		
Riverstone Insurance Brokers Proprietary Limited				
– Directors fees received	**100**	80		
– Interest paid	**(13)**	(3)		
– Balance of interest-bearing borrowings	**(316)**	(303)		
49.4.4 Directors, directors' companies and key management				
Anslow Management Consultants Proprietary Limited				
– Management fees paid	**(300)**	(360)		
– Rental paid	**(607)**	(510)		
– Salary recovery	**(72)**	–		
– Balance due to	**(34)**	–		
Shavian Investment Holdings Proprietary Limited				
– Rental paid	**(646)**	(540)		
Unison Guarantee Acceptances Proprietary Limited				
– Management fees	**(3 420)**	(3 825)		

SHAREHOLDER INFORMATION

as at 30 June 2015

SHAREHOLDER SPREAD

	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	522	30.58	192 890	0.08
1 001 – 10 000 shares	763	44.71	3 584 152	1.40
10 001 – 100 000 shares	334	19.57	10 199 500	3.98
100 001 – 1 000 000 shares	60	3.51	17 360 087	6.77
1 000 001 shares and over	28	1.63	225 043 189	87.77
	1 707	**100.00**	**256 379 818**	**100.00**

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Close corporations	16	0.94	3 745 123	1.46
Individuals	1 478	86.58	40 493 972	15.79
Nominees and trusts	104	6.09	9 391 456	3.66
Other persons and corporations	56	3.28	23 639 324	9.22
Private companies	40	2.34	73 076 548	28.50
Public companies	11	0.65	105 988 504	41.34
Share trusts	2	0.12	44 891	0.03
	1 707	**100.00**	**256 379 818**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of shareholdings	%	Number of shares	%
Non-public shareholders	5	0.30	6 205 036	2.42
Directors and associates' holdings	3	0.18	6 157 924	2.40
Own holdings	1	0.06	3 221	–
Share trust	1	0.06	43 891	0.02
Public shareholders	1 702	99.70	250 174 782	97.58
	1 707	**100.00**	**256 379 818**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE

	Number of shares	%
LLC Pershing	98 236 138	38.32
Snowball Wealth Proprietary Limited	32 159 465	12.54
RAC Investment Holdings Proprietary Limited	17 836 527	6.96
	148 232 130	**57.82**

DIRECTORATE, ADMINISTRATION AND CORPORATE INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE
Republic of South Africa

NATURE OF BUSINESS
Listed investment holding company

DIRECTORS
Ronald Napier – BA LLB, MA (Oxford)
Independent chairman and non-executive director
Sean Riskowitz* – B Com
Chief executive officer
David Harpur – FCII, FIISA, FSRMSA, C.I.P.
Independent non-executive director
Lourens Louw – B Com
Financial Director
Jabulani Mahlangu – B.Compt (Hons), CTA, CA (SA)
Independent non-executive director
Tyrone Moodley – B Com
Non-executive director
Barry Scott – B.Sc. (Eng), F.Inst.D
Independent non-executive director
Robert Shaw
Executive director
Gavin Toet
Executive director
Rosetta Xaba – B.Compt (Hons), CA (SA)
Independent non-executive director
** American*

ADMINISTRATION
Registered address
Unit 7 Tulbagh
360 Oak Avenue
Randburg, 2194

Postal address
PO Box 97, Melrose Arch, 2076
Tel: (+27 11) 686 4200
Fax: (+27 11) 886 0206

Registration number

1998/017351/06

Level of assurance
These Annual Financial Statements have been audited

Preparer
The Financial Statements were internally compiled by:
Lourens Louw
Financial director

CORPORATE INFORMATION
Bankers
FirstRand Bank
Investec Bank
Mercantile Bank
Nedbank
Standard Bank

Company Secretary
CIS Company Secretaries
Proprietary Limited
(Registration number: 2006/024994/07)
70 Marshall Street
Johannesburg, 2001
PO Box 61763, Marshalltown, 2107

Transfer Secretaries
Computershare Investor Services
Proprietary Limited
(Registration number: 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Sponsors
Merchantec Proprietary Limited t/a Merchantec Capital
(Registration number: 2008/027362/07)
2nd Floor, North Block, Hyde Park Office Tower
Cnr 6th Road & Jan Smuts Avenue, Hyde Park, 2196
PO Box 41480, Craighall, 2024

Independent auditors
Grant Thornton
Chartered Accountants (SA)
52 Corlett Drive, Wanderers Office Park
Illovo, 2196
Private Bag X28, Benmore, 2010

Corporate advisor and legal advisors
Cliffe Dekker Hofmeyr Incorporated
(Registration number: 2008/018923/21)
11 Buitengracht Street, Cape Town, 8001

Java Capital Proprietary Limited
(Registration number: 2002/031862/07)
2 Arnold Road, Rosebank, 2196

Alpha code
CND

ISIN
ZAE000073128

NOTICE OF ANNUAL GENERAL MEETING

CONDUIT CAPITAL LIMITED
Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit Capital" or "the Company" or "the Group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting ("Annual General Meeting") of shareholders of Conduit Capital will be held at 08:00 on Friday, 20 November 2015 at Tulbagh, 360 Oak Avenue, Randburg, 2194, for the purpose of considering, and, if deemed fit, passing with or without modification the resolutions set out hereafter.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 13 November 2015. Accordingly, the last day to trade Conduit Capital shares in order to be recorded in the Register to be entitled to vote will be Friday, 6 November 2015.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial period ended 30 June 2015, including the reports of the auditors, directors and the Audit Committee.
2. To re-elect Mr David Harpur who, in terms of Article 26 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect Mr Jabulani Mahlangu who, in terms of Article 26 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of each director offering himself for re-election is set out in **Annexure A** to this notice of Annual General Meeting.
4. To appoint Mr Jabulani Mahlangu as a member and Chairman of the Conduit Capital Audit and Risk Committee.
5. To appoint Mr David Harpur as a member of the Conduit Capital Audit and Risk Committee.
6. To appoint Ms Rosetta Xaba as a member of the Conduit Capital Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit Committee is set out in **Annexure A** to this notice of Annual General Meeting.
7. To confirm the re-appointment of Grant Thornton as independent auditors of the Company with Ms Serena Ho being the individual registered auditor who will undertake the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

The minimum percentage of voting rights required for each of the resolutions set out in items number 1 to 7 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

8. ORDINARY RESOLUTION NUMBER 1

Approval of remuneration policy

"Resolved that the remuneration policy of Conduit Capital Limited ("the Company"), the salient features of which is set out in the Directors' Remuneration Report contained on pages 20 to 22 of the Annual Report, be hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

9. ORDINARY RESOLUTION NUMBER 2

General issue of shares for cash

"**Resolved that** the directors of Conduit Capital Limited ("the Company") are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited ("the JSE Listings Requirements"), as amended from time to time, and the following limitations:
  a) the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
  b) any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
  c) the securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 38 456 490 securities. Any securities issued under this authorisation will be deducted from the aforementioned 38 456 490 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
  d) this general authority will be valid until the earlier of the company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
  e) an announcement giving full details, including the number of shares issued, the average discount to the weighted average price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities and in respect of the issue of options or convertible securities. The effects of the issue of the statement of financial position, impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, or, in respect of an issue of ordinary shares, an explanation of the intended use of the funds will be published when the Company has issued ordinary shares representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
  f) in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party/ies subscribing for the securities; and
  g) whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

10. SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

"**Resolved**, by way of a general approval that Conduit Capital Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution number 1;

- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 1 is to obtain an authority for and to authorise the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

10.1 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the annual report of which this notice forms part:

- major shareholders of the Company – page 81; and
- directors' interests in securities – page 48.

10.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice.

10.3 Directors' responsibility statement

The directors, whose names appear on page 28 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

10.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

11. SPECIAL RESOLUTION NUMBER 2

Loans or other financial assistance to subsidiaries and other related or inter-related companies

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Conduit Capital Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to any present or future subsidiaries and any other related or inter-related company or corporation, provided that:

(a) the board of directors of the company ("the Board"), from time to time, determines: (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance and (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 2 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a present or future subsidiary and any other related or inter-related company or corporation.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 2:

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to to a present or future subsidiary and any other related or inter-related company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

12. ORDINARY RESOLUTION NUMBER 3

Signature of documents

"Resolved that each director of Conduit Capital Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

13. OTHER BUSINESS

To transact such other business as may be transacted at the Annual General Meeting of the Company.

VOTING AND PROXIES

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the Board

CIS Company Secretaries Proprietary Limited
Company Secretary

25 September 2015
Johannesburg

ANNEXURE A

ABBREVIATED CURRICULUM VITAE OF DIRECTORS OFFERING THEMSELVES FOR RE-ELECTION AND MEMBERS OF THE AUDIT COMMITTEE

The occupation and relevant business experience of Jabulani Mahlangu is set out below:

Qualifications: B.Com (Acc), B.Compt (Hons), CTA, CA (SA)

Role: Independent Non-executive Director, Chairman of the Audit and Risk Committee, Member of the Nominations Committee, Member of the Remuneration Committee

Jabu completed his articles with PwC in 1996. He joined the Offices for Serious Economic Offences in 1998 and in 2000 returned to the offices of PwC where he was appointed as head of the PwC Forensic Services practice in Gauteng, and was admitted as a partner in 2002. Jabu founded Ligwa Advisory Services and has a diverse client base. He has performed audit and forensic related assignment internationally and in addition carried out various statutory appointments. Jabu has served as Inspector of Companies in terms of the Companies Act 1973 (Act 61 of 1973), Curator in terms of the Financial Services Board Act 1990 (Act 97 of 1990) and Curator *bonis* in terms of the Prevention of Organised Crime Act 1998 (Act 121 of 1998).

The occupation and relevant business experience of David Harpur is set out below:

Qualifications: FCII, FIISA, FSRMSA, C.I.P.

Role: Independent Non-executive Director, Chairman of the Remuneration Committee, Member of the Nominations Committee, Member of the Audit and Risk Committee.

David has over 45 years of experience in the insurance industry. He has served as President of the Insurance Institute of South Africa on two occasions, in 2000/1 and 2007/8. He is the past President of the Financial Intermediaries Federation of South Africa (FIFSA), the Insurance Institute of Gauteng and the South African Financial Services Intermediaries Association (SAFSIA), now FIA. He has also served as a member of the Policy Board for Financial Services and Regulation as appointed by the Minister of Finance for 7 years. He was, until November 2008, a non-executive director of Glenrand MIB Limited, having retired as Chief Executive Officer of the group in 2005 after 16 years. He led a management buy-out of MIB from Syfrets/Nedcor in 1990, which was the largest MBO in the South African insurance industry at the time.

The occupation and relevant business experience of Rosetta Xaba is set out below:

Qualifications: B.Compt (Hons), CA (SA)

Role: Independent Non-executive Director, Chairperson of the Social & Ethics Committee, Member of the Audit and Risk Committee.

Rosetta has over 13 years' experience in External and Internal Auditing and Financial Management in the public and private sectors. She has worked at KPMG and Deloitte where she served as an outsourced Financial Director to various clients and was responsible for ensuring compliance with the Public Sector Finance Management Act (PFMA) and Treasury Regulations. She has further compliance experience with the South African Reserve Bank, the Financial Services Board and the National Credit Regulator. Rosetta is a director of ROSSAL 98, an independent consultancy company. She is an independent non-executive director of Finbond Group Limited and a non-executive director of the TIA and the Little Eden Society. She has previously served as a non-executive director for the HSRC, the SA Nursing Council, the SA Pharmacy Council, the International Trade Administration Commission and the Eskom Development Foundation.

FORM OF PROXY

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit Capital" or "the Company" or "the Group")

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration;

at the Annual General Meeting of shareholders of the Company to be held at Tulbagh, 360 Oak Avenue, Randburg, 2194, at 08:00 on Friday, 20 November 2015 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

Name of beneficial shareholder ______________________________

Name of registered shareholder______________________________

Address ______________________________

Telephone work (   )______________________ Telephone home (   ) ____________________ Cell: ________________

being the holder/custodian of ______________ ordinary shares in the Company, hereby appoint (see note):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
1.	To receive, consider and adopt the annual financial statements of the company and group for the financial period ended 30 June 2015			
2.	To approve the re-election as director of Mr Jabulani Mahlangu who retires by rotation			
3.	To approve the re-election as director of Mr David Harpur who retires by rotation			
4.	To approve the appointment of Mr Jabulani Mahlangu as member and Chairman of the Audit Committee			
5.	To approve the appointment of Mr David Harpur as member of the Audit Committee			
6.	To approve the appointment of Ms Rosetta Xaba as member of the Audit Committee			
7.	To confirm the re-appointment of Grant Thornton as auditors of the Company, together with Ms Serena Ho being the individual registered auditor for the ensuing financial year			
8.	Ordinary resolution number 1 Approval of the remuneration policy			
9.	Ordinary resolution number 2 General issue of shares for cash			
10.	Special resolution number 1 General approval to acquire shares			
11.	Special resolution number 2 Loans or other financial assistance to subsidiaries and other related or inter-related companies			
12.	Ordinary resolution number 3 Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at ______________________ on ______________________ 2015

Signature ______________________________

Assisted by (if applicable) ______________________________

NOTES TO PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty eight hours before the commencement of the Annual General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

    Hand deliveries to:
    Computershare Investor Services Proprietary Limited
    Ground Floor, 70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services Proprietary Limited
    PO Box 61050
    Marshalltown, 2107

    to be received by no later than 08:00 on Wednesday, 18 November 2015 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

a. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

b. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

c. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

d. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

e. Attention is also drawn to the "Notes to proxy".

f. The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

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