Sygnia

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017 AUDITED

These financial statements have been prepared under the supervision of the Financial Director, M. Buckham.
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Sygnia Limited and its subsidiaries ("the Group") is a specialist financial services group headquartered in South Africa and listed on the Johannesburg Stock Exchange ("JSE"). The Group focuses on the provision of investment management and administration solutions to institutional and retail clients predominantly located in South Africa.

DIRECTORS

NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION
MF Wierzycka	17/09/2007	
HI Bhorat	11/06/2015	
NJ Giles	11/06/2015	31/01/2017
M Buckham	01/02/2017	
KT Hopkins	11/06/2015	
SA Zinn	11/06/2015	
IK Moyane	10/09/2015	

REGISTERED OFFICE

7th Floor, The Foundry
Cardiff Street
Green Point
8001

POSTAL ADDRESS

PO Box 51591
Waterfront
8002

AUDITOR

Deloitte & Touche
1st Floor The Square
27 Somerset Road
Green Point
8005

COMPANY SECRETARY

NAME	DATE OF APPOINTMENT
G MacLachlan	01/11/2016

COMPANY REGISTRATION NUMBER

2007/025416/06

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DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Sygnia Limited; comprising the consolidated statement of financial position at 30 September 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year, and the notes to the consolidated financial statements. These include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the JSE Listings requirements, the directors' report, audit committee report, and the report by the Company Secretary.

The directors are also responsible for internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

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

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of Sygnia Limited, as identified in the first paragraph, were approved by the board of directors on 30 November 2017 and are signed by:

M. Wierzycka

DIRECTOR

DIRECTOR

REPORT BY THE COMPANY SECRETARY

In terms of S88(2)(e) of the Companies Act 2008, as amended and for the year ended 30 September 2017, I, Glen MacLachlan, in my capacity as company secretary of Sygnia Limited, hereby certify that Sygnia Limited has lodged all returns required by the Act with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

COMPANY SECRETARY
CAPE TOWN
30 NOVEMBER 2017

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the Group, for the year ended 30 September 2017.

MAIN BUSINESS AND OPERATIONS

HIGHLIGHTS

- Assets under management and administration of R184.3 billion as at 30 September 2017 (2016: R158.4 billion), up 16.0%.
- Acquisition of db X-trackers (RF) Proprietary Limited, renamed as Sygnia Itrix ("DBX" or "Sygnia Itrix") on 1 July 2017, adding R12.0 billion to assets under management.
- Revenue of R333.1 million (2016: R276.2 million), up 20.6%.
- Profit after tax of R92.5 million (2016: R72.3 million), up 28.0%.
- Headline earnings per share of 69.72 cents (2016: 55.71 cents), up 25.1% and diluted headline earnings per share of 68.81 cents (2016: 53.54 cents), up 28.5%.
- Total dividend per share of 60.00 cents (2016: 52.00 cents).

STATE OF AFFAIRS

We are living through unprecedented times in South Africa when, once again, economics and politics have converged. The political uncertainty has taken a massive toll on the South African economy with low growth, record unemployment, credit rating downgrades of our debt and volatile market returns. It is a poignant tragedy as this has happened against a backdrop of a global economic recovery, which should have benefitted South Africa.

From an investment perspective, the twelve months to 30 September 2017 were dominated by prospects of tightening monetary policies implemented by central banks after the global financial crisis, a recovery in commodity prices on the back of continuing demand from China and lower supply, geopolitical risks brought to the table by the election of Donald Trump as the 45th President of the United States and record inflows into emerging markets driven by the "search for yield" argument and a more "risk-on" sentiment among global investors.

The election of Donald Trump, who promised tax cuts, infrastructure spending and looser regulation, acted as a catalyst for the US equity markets which reached new heights in 2017, with technology companies leading the pack. The US economy continued to strengthen through the year as unemployment fell to record lows, despite the US Federal Reserve increasing interest rates twice so as not to overheat the economy.

China's economy also performed better than expected on the back of easy credit and copious public investment. This is expected to continue as China strives to become the most significant power on the global stage.

And, finally, the strength of the Eurozone's recovery has taken everyone by surprise, with the International Monetary Fund (IMF) upgrading its growth forecast to 2.1% in 2018, the highest level since 2007. This recovery is both broad-based, spanning all countries and sectors, and well-balanced, with household spending, exports and investment all playing their part.

Unfortunately, despite the global recovery, South Africa continued to struggle with weak economic fundamentals as political risks intensified. Credit rating agencies cut our sovereign credit rating to junk after President Jacob Zuma fired the respected Minister of Finance, Pravin Gordhan, who did his best to fight against the self-serving interests of political forces supportive of "state capture". As the economy entered a recession in the second quarter of 2017, unemployment rocketed to 27.7%. The level of corruption was vividly exposed by the media and implicated a number of Cabinet ministers. Despite this, no action has been taken by prosecuting authorities in South Africa. The fight for preserving our democracy has been taken up by civil society, trade unions and the courts. The headlines in major international newspapers, which implicated companies such as KPMG, McKinsey, SAP, HSBC and Bell Pottinger in state capture, all contributed to a negative sentiment towards our markets. By year-end the Medium Term Budget Policy Statement highlighted the dire state of South Africa's finances, with no solutions in sight. Falling revenues, increasing expenditure, bail-outs of mismanaged state-owned enterprises and higher borrowing costs all featured when ratings agency S&P Global Ratings downgraded South Africa's long-term local currency debt to BB+, whilst Moody's placed our debt on review to be downgraded. Unsurprisingly, given the level of economic mismanagement, the GDP growth forecasts have been cut to 0.7% in FY16/17, 0.9% in FY17/18 and 1.1% in FY18/19.

Even prior to the budget the Reserve Bank pointed out that South Africa is experiencing one of the worst growth periods in its history, with the current decade being the second-worst in the post-war period. The Reserve Bank does not expect a recovery in the economic growth rate until at least 2019 when it projects growth of 1.5%.

We start the 2017/18 financial year expecting significant volatility until the ANC elective conference in December. The conference will determine the future course for South Africa. If the ANC elects a president who can focus on restoring law and order, we can recover quickly. If not, then the period until the 2019 elections will continue to be marred by a flat-lining economy, increasing unemployment levels and a difficult investment environment.

SYGNIA'S INVESTMENT STRATEGY

We are pleased that our investment portfolios were all well-positioned for what has transpired in the investment markets. After a challenging 2016, our negative view of the political situation impacting economic growth and investment risk was vindicated, with investment performance recovering strongly despite the volatility. Our investment philosophy, with its focus on risk management and diversification, remains unshaken. We believe that our active tactical asset allocation strategies, superior asset manager selection, focus on low-cost passive investments, and on capital preservation through exposure to funds of hedge funds, will provide adequate building blocks to deliver value to all our investors going forward. We believe that the world is being shaped by technology at an exponential pace, and hence our focus on investing in trends, which are supportive of technology-driven change. Our focus on these trends has supported our investment performance and will do so in future.

BUSINESS REVIEW

On the corporate front, 2017 was a very successful year for Sygnia. We grew our assets under management to R184.3 billion as at 30 September 2017 (2016: R158.4 billion). This happened despite an investment environment which was less than supportive, with the FTSE/JSE All Share Index returning 10.2% over the year, the JSE All Bond Composite Index 8.2% and the MSCI World Index, in SA Rands, 16.7%. Although the numbers are positive, they hide the fact that the performance was extremely concentrated both in terms of only a few positive months driving returns, and only a few shares pulling up the overall equity market.

We launched a number of new products, including the Sygnia 4th Industrial Revolution Global Equity Fund, which returned 41.8% in its first year; the Sygnia ForLife Annuity, a unique post-retirement savings solution; and entered the Exchange Traded Funds (ETFs) segment of the market with the acquisition of db X-trackers (RF) Proprietary Limited (DBX) Ltd from Deutsche Bank, renamed Sygnia Itrix (RF) Proprietary Limited. The acquisition added R12.0 billion to our assets under management. Most importantly, given that all the products are offshore in nature, this has allowed us to diversify our revenue stream. We followed the acquisition with a launch of a number of domestic and offshore referenced ETFs and are now one of two major players in the passive management space in South Africa.

We will continue with our quest to expand our footprint across the financial services industry through a combination of developing innovative products, growing our distribution and low cost product offering.

INSTITUTIONAL BUSINESS

Sygnia offers three main product lines to institutions: multi-manager funds, Sygnia Signature funds; passive funds, Sygnia Skeleton funds; and funds of hedge funds.

In the year to 30 September 2017 our institutional assets under management and administration increased by 9% to R159.7 billion (2016: R147.1 billion). The most material aspect is that we have replaced a few low-cost administration appointments, with assets yielding much higher management fees.

The institutional business has benefitted from a growing demand for passive investment strategies, as well as the growth in the size of the Sygnia Umbrella Retirement Fund (SURF), which continues to attract steady support. Our assets in SURF grew by 63% to R2.4 billion (with a further R1.2 billion awaiting regulatory approval for transfer). Given the introduction of Default Regulations, which make it compulsory for retirement funds to offer cost effective default investment strategies and default preservation and annuitisation options, we expect that many stand-alone retirement funds will continue to move to umbrella funds.
The fact that many corporates regularly review their umbrella fund arrangements also means that there is a vibrant "second-hand" market within the umbrella fund space. We are considering possible acquisitions in this space to bolster the size of our umbrella retirement fund business. Hence we expect SURF to become a significant driver of institutional asset growth in the future.

Pleasingly, assets under management in index-tracking strategies increased to R32.1 billion as at 30 September 2017, up from R14.4 billion a year ago. This has been a function of both growing interest and the acquisition of Sygnia Itrix.

2017 has been a strong year from a performance perspective as many of the risks we expected to materialise in 2016 did so in 2017. Consequently, Sygnia products, both active and passive, remain in the first quartile of all major performance surveys in their respective risk categories over one, three and five-year time periods. More conservative products have risen to the top of the rankings over one year. This is important in terms of driving the acquisition of assets in the next year.

RETAIL BUSINESS

Sygnia offers a suite of multi-manager "CPI plus target" unit trusts and a wide range of index-tracking unit trusts and ETFs, spanning multi-asset class products, equities, bonds, international investments and property. The Sygnia Linked Investment Service Provider (LISP) platform offers retail investors a choice of savings products, including retirement annuities, living annuities, preservation funds and tax-free savings accounts.

Our retail business has seen assets under management grow to R24.3 billion (2016: R11.3 billion), including the additional assets under management coming from the acquisition of DBX. Assets under administration on the Sygnia LISP rose to R6.6 billion (2016: R5.4 billion), with one third of all accounts opened coming from direct investors.

Sygnia Itrix is expected to increase the awareness of Sygnia's retail capabilities as we migrate the regular Sygnia Itrix Investment Plan investors onto our retail administration platform and communicate more regularly with all investors. The widening of our product offering to include ETFs is a move towards becoming a dominant passive manager, in both retail and institutional markets.

FINANCIAL RESULTS

Sygnia's revenue in the financial year to September 2017 grew by 20.6% to R333.1 million compared to the prior financial year (2016: R276.2 million). The growth in revenue was a result of growth in existing assets under management during the year, new client flow, strong performance from Sygnia Securities in generating execution income, as well as the enhanced revenue stream following the acquisition of DBX (although the impact was only for the last three months of the financial year).

Total expenses, at R230.4 million, rose by 16.1% (2016: R198.7 million). Expenditure was at an increased level as a result of a number of areas preparing for business growth: continuing expenditure on technology platforms that are key to the Group's competitive advantage as a provider of high quality investment and liability administration; an increase in marketing spend aligned with a continued effort to increase prominence in a competitive market; and also an increase in payroll costs to strengthen operational capacity, as well as to fill various senior positions. Furthermore, the Group had higher than normal legal and professional expenses, mostly associated with the DBX acquisition. Finance costs increased significantly from R655 000 to R5.8 million as a direct result of the interest costs on the bridge loan drawn from Nedbank for funding the DBX acquisition.

Investment income generated from invested capital in the Group subsidiaries (regulatory capital or capital maintained for future growth) increased from R24.1 million in 2016 to R36.4 million in 2017. This was a result of improved market conditions in 2017, particularly during the latter half of the year.

Overall, net profit after tax increased by 28.0% to R92.5 million (2016: R72.3 million), a strong performance by the Group in the context of difficult market conditions.

The DBX acquisition was a significant transaction for Sygnia. Following the regulatory approvals for the transaction in June, the transaction became effective from 1 July 2017. The financial effects of the transaction are set out in more detail in the notes to the financials but, in summary, the acquisition resulted in additional revenue to the Group of R22.1 million and a contribution to net profit after tax of R9.7 million (which excludes the impact of the finance costs on the bridge loan incurred by Sygnia Limited). The finance costs amounted to R5.5 million and transaction costs were approximately R1.1 million. In terms of IFRS 3 Business Combinations, an exercise has been performed to identify any intangible assets that had not been recognised on the statement of financial position at acquisition date, and these items have been provisionally fair valued in terms of a Purchase Price Allocation Valuation (PPAV) process. The details of these provisional intangible assets have been set out in the notes to the annual financial statements. If, at finalisation, the intangible assets are reassessed, the appropriate reallocations will be made. There are no significant profit or loss effects of the PPAV process for the current year due to the proximity of the transaction to the end of the financial year.

A further consideration of the impact of the DBX transaction on the current year results is the effect of the rights offer that was completed on 14 August 2017. Sygnia launched a rights offer to raise R160 million to settle a portion of the outstanding bridge loan. The rights offer price of R9 per share resulted in the issue of 17.8 million Sygnia shares, representing 12.96% of the existing shares in issue.

The rights offer price of R9 per share was at an effective discount of R1.50 to the trading price per share of R10.50 on the day of issue. As a result of the discount, an amount of 2.54 million shares have been treated as bonus shares and are reflected as being in issue since the beginning of the prior reporting period. The remaining 15.24 million shares have been weighted from 14 August 2017 in the calculation of weighted average number of shares.

As a result of the bonus shares, the earnings per share from 2016 of 56.82 cents has been restated to 55.71 cents and headline earnings per share has been restated from 56.83 cents to 55.72 cents.

Basic earnings per share in 2017 increased by 25.1% to 69.72 cents (2016: 55.71 cents) and headline earnings per share increased by 25.1% to 69.72 cents (2016: 55.72 cents). Diluted earnings per share increased by 28.5% to 68.81 cents (2016: 53.54 cents), whilst diluted headline earnings per share increased by 28.5% to 68.82 cents (2016: 53.54 cents). The effect of the dilutive instruments (the Ulundi Share Trust and the Sygnia Employee Share Scheme) decreased in 2017 as a result of the lower share price during the year and at the end of the year in comparison to 2016.

ACTIVISM STRATEGY

In 2017, Sygnia has been at the forefront of the corporate fight against corruption, a stance unusual for most businesses. We started the year by exposing the exploitation of the poor through the unscrupulous business practices of Net1, challenging its shareholders to intervene, we also dismissed KPMG as our external auditors after their role in state capture was exposed. Sygnia's CEO, Magda Wierzycka, acting in her personal capacity, has become very vocal in criticising corruption in both the public and the private sector. This stance has been taken as we believe that unless corporate South Africa stands up and fights for the restoration of law and order in South Africa we are heading down an economic abyss, with all South Africans becoming progressively poorer. The challenges we face as a country mean that the business sector can no longer be silent. It cannot, through commission or omission, ignore the state of the economy, a state caused entirely by the unstable political environment. Sygnia has been founded on the core principles of ethical business practices, empowerment of consumers through financial literacy and lowering the cost of saving and investing. Our stance on corruption and business ethics, and a determination to fight for a free and fair South Africa, is consistent with that ethos.

TRANSFORMATION AND OWNERSHIP

Sygnia is committed to being a representative South African company. To that effect the Group continues to promote the principles embodied in the Financial Sector Code across the business. As at 30 September 2017 Sygnia Asset Management was a Level 2 contributor in terms of the Financial Sector Code.

- 58% of staff is black (2016: 51%). 50% of the board of directors is black (2016: 50%).
- All qualifying staff with more than one year of service participate in the Broad-Based Black Economic Empowerment (B-BBEE) staff scheme, the Ulundi Trust, which controls 5.8% of Sygnia Limited.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The directors are not aware of any matters or circumstances, arising since the end of the financial period, not otherwise dealt with in the consolidated financial statements, that significantly affect the financial position of the Group or the results of its operations.

GOING CONCERN

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

STATED CAPITAL

Sygnia Limited had 137 178 000 shares in issue at the beginning of the year. During the year, the Group launched a rights offer for R160 million to finance a portion of the DBX acquisition. The rights offer price of R9 per share was fully subscribed for and on 14 August 2017 an additional 17 777 778 shares were issued, resulting in 154 955 778 ordinary shares being in issue as at 30 September 2017.

FINAL CASH DIVIDEND

Sygnia is committed to rewarding its shareholders with regular distributions of free cash flow generated. Accounting for projected cash requirements, a gross final dividend (no. 2) for the financial year ended 30 September 2017 of 35.00 cents per share has been declared out of income reserves, resulting in a net dividend of 28.00 cents per share for shareholders subject to Dividends Tax ("DT"). Together with the interim gross dividend of 25.00 cents per share, this amounts to a total gross dividend of 60.00 cents per share.

SPECIAL RESOLUTION

At the annual general meeting of the Company held on 12 January 2017, the following special resolutions were passed:

Special Resolution 1: Approval of remuneration of non-executive directors:

To resolve that fees payable by the Company to directors for their services as directors (in terms of section 66(9) of the Act) be approved for a period of one year from the passing of this special resolution or until its renewal, whichever is the earliest.

Special Resolution 2: To authorise the repurchase of shares:

To resolve that, in accordance with the memorandum of incorporation of Sygnia, it is hereby approved as a general authority contemplated in the JSE Listings Requirements, the acquisition by Sygnia, or any of its subsidiaries from time to time, of the issued ordinary shares of Sygnia, upon such terms and conditions and in such amounts as the directors of Sygnia may from time to time decide.

Special Resolution 3: To provide financial assistance to subsidiaries and related or inter-related companies.

To resolve that the Company is authorised to provide any direct or indirect financial assistance as contemplated in section 45 of the Act to any related or inter-related company or juristic person, in terms of and pursuant to the provisions of section 45 of the Act.

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Audit Committee is a committee of the board of directors and, in addition to its statutory duties, serves in an advisory capacity to the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the annual financial statements. This includes satisfying the board that adequate internal, operating and financial controls are in place.

TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference that have been updated and approved by the board of directors, and has executed its duties during the past financial year, in compliance with these terms of reference.

COMPOSITION AND MEETING PROCESS

The current members are Mr Ken Hopkins (Chairman), Prof. Shirley Zinn and Mr Kaizer Moyane. The committee comprises exclusively independent non-executive directors, and met three times during the year with senior management, including the finance director, the head of risk and certain other executive management. The external and internal auditors attend these meetings and have unrestricted access to the committee and to its chairman. Ad hoc meetings are held as required.

STATUTORY DUTIES

In execution of its statutory duties, as required in terms of the Companies Act and the Insurance Laws Amendment Act, during the past financial year the Audit Committee has:

- Recommended the appointment of the external auditors to the board.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of such auditors.
- Determined the nature, extent and fees of any non-audit services, which the auditor may provide to the Company or such services that the auditor may not provide to the Company or related company.
- Considered the independence of the external auditor and has concluded that the external auditor has been independent of the Company throughout the year, taking into account all other non-audit services performed and circumstances known to the committee.
- Received and dealt appropriately with any complaints relating to the accounting practices and internal audit of the Company, the content or auditing of its consolidated financial statements, the internal financial controls of the Company, or to any related matter.
- Made submissions to the board on any matter concerning the Company's accounting policies, financial control, records and reporting.
- Satisfied itself that the financial director has appropriate expertise and experience to perform the duties required by the position.
- Received and dealt appropriately with any complaints relating to the accounting practices and internal audit of the Company, the content or auditing of its consolidated financial statements, the internal financial controls of the Company, or to any related matter.

CHANGE IN AUDITORS DURING THE CURRENT YEAR

Notwithstanding the Audit Committee's statutory responsibilities as set out above, the Company terminated its relationship with KPMG during the current year, as a result of concerns associated with the Gupta-related entities that were serviced by KPMG, as well as the report delivered by KPMG to SARS relating to the rogue unit.

Deloitte & Touche were subsequently appointed to take over the Group's audit appointment following a thorough proposal and assessment process led by a sub-committee and representation on that committee by the Audit Committee chairman, Ken Hopkins, and the Group's chairman, Haroon Bhorat.

The Group has discharged all its regulatory requirements in respect of this change during the financial year.

LEGAL REQUIREMENTS

The Audit Committee has complied with all applicable legal, regulatory, and other responsibilities for the year under review.

ANNUAL FINANCIAL STATEMENTS

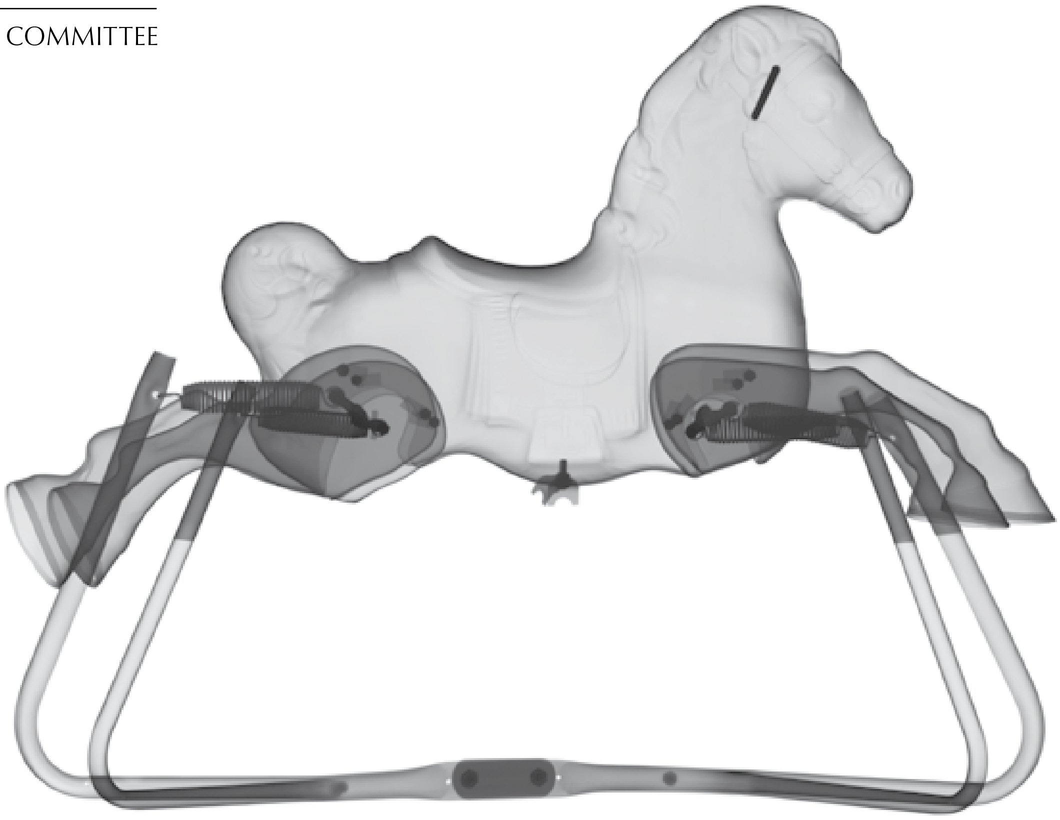
Following our review of the annual financial statements for the year ended 30 September 2017, we are of the opinion that, in all material respects, they comply with the relevant provisions of IFRS and the Companies Act, 71 of 2008 and the JSE Listings requirements, and that they fairly present the financial position of the Group, at 30 September 2017, and the results of operations and cash flows for the year then ended and recommend it to the board for their approval.

CONSIDERATION OF KEY AUDIT MATTERS

The audit committee specifically engaged with the external auditors with respect to the key audit matters that were raised in their report set out on pages 76 to 80. In addition, the audit committee considered the work performed in addressing those matters and is satisfied that sufficient audit evidence was obtained for the external auditors to conclude that the matters had been dealt with appropriately, in terms of accuracy of calculation, where judgements and estimates were applied, and in terms of the disclosure that had been presented for these matters.

In compliance with the requirements of the King Report of Governance of South Africa 2016, an Integrated Report has been compiled for the 2017 financial year in addition to these consolidated financial statements.

CHAIRMAN OF THE AUDIT COMMITTEE
30 NOVEMBER 2017



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SYGNIA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Sygnia Limited (the Group) set out on pages 17 to 76, which comprise the consolidated statement of financial position as at 30 September 2017, the consolidated statement of profit or loss or other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2017, and its consolidated financial performance and consolidated cash flows, for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

OTHER MATTER

The consolidated financial statements of Sygnia Limited for the year ended 30 September 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 28 November 2016.

KEY AUDIT MATTERS

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

1. VALUATION OF GOODWILL AND INTANGIBLES ARISING FROM ACQUISITION OF DB X-TRACKERS (RF) PROPRIETARY LIMITED

KEY AUDIT MATTER

As disclosed in note 7, the Group acquired db X-trackers (Pty) Ltd ("DBX") for a purchase consideration of R325million.

The accounting for the acquisition is governed by IFRS 3 Business Combinations whose requirements can be complex and requires the directors to exercise judgement in determining certain estimates. The most significant estimate is the determination of the Purchase Price Allocation Valuation (PPAV) which encompasses:

- Identifying the tangible assets and liabilities acquired and determining their fair values; and
- Determination of goodwill and other assets and liabilities to be recognised on acquisition.

The allocation between intangible assets and goodwill could have a significant impact on future year's results, given that goodwill is not required to be amortised (although is required to be tested annually for impairment) and the requirement to amortise intangible assets with a finite useful life.

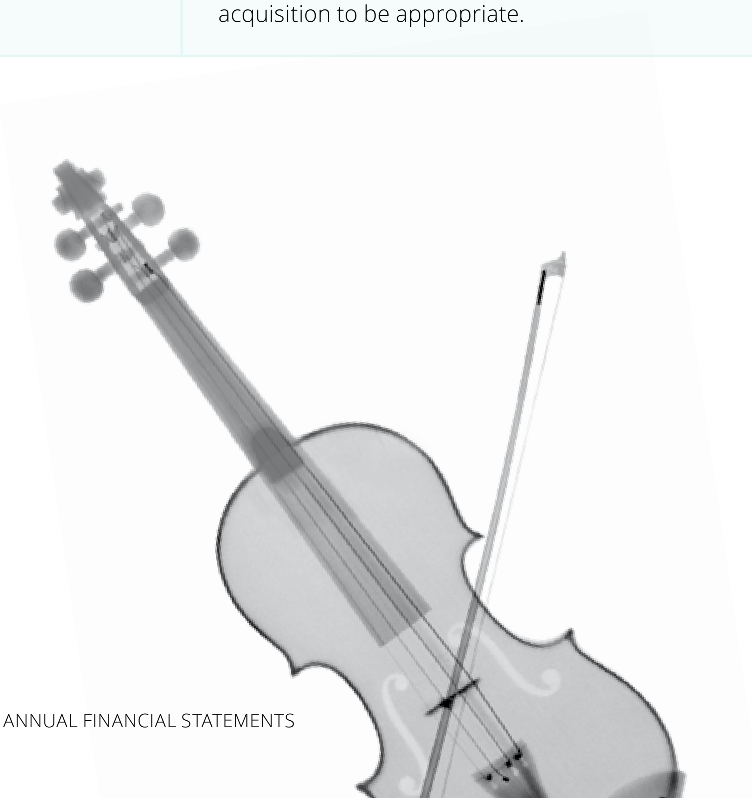
As a result we have identified a key audit matter in relation to the allocation of the excess of purchase price over net identifiable assets to goodwill, intangible assets and separately identifiable assets.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures to respond to this key audit matter included:

- Evaluation of the directors' assessment of the purchase consideration and net identifiable assets, resulting in the excess allocated to separately identifiable intangible assets and goodwill;
- Considering the design of controls instituted by management and how these have been implemented;
- Engaging our internal specialists to perform the following:
  - › Evaluating the completeness of the intangible assets identified by the directors;
  - › Performing an independent calculation of the key assumptions used in management's calculation, such as the Weighted Average Cost of Capital (WACC) rate;
  - › Assessing the appropriateness of the model used by the directors in determination of the value of intangible assets; and
- Assessment of the overall appropriateness of allocation of amounts to goodwill and separately identifiable intangible assets.

While the accounting for this acquisition remains provisional at the date of approval of these consolidated financial statements, we consider the initial accounting for this transaction to be appropriate based on the evidence obtained. We consider the disclosures related to the acquisition to be appropriate.



2. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

KEY AUDIT MATTER

The assessment of the impairment of goodwill and other intangible assets, and the useful life of any finite life intangible assets, is subjective and therefore requires significant judgement.

The assessment of whether there is an impairment of goodwill and other intangible assets within each of these identified cash generating units is a judgemental process. This requires estimates concerning the recoverable amount of the cash generating unit, using either a discounted cash flow or earnings multiple approach.

As detailed in notes 5 and 8, this assessment of an impairment is highly subjective by the directors in determining the recoverable amount requires significant judgement. Accordingly, due to the high estimation uncertainty and the significant judgement, the impairment assessment of these assets is considered a key audit matter.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

We focused our testing of the impairment of goodwill and other intangible assets on the key assumptions made by the Directors. Our audit procedures included:

- Evaluating the design and tested the implementation of relevant controls in respect of the impairment assessment performed by the directors;
- Evaluating whether the model used to calculate the value-in-use of the individual cash generating units for DBX and the Gallet group entities complies with the requirements of IAS 36: Impairment of Assets;
- Validating the cash flow assumptions applied and inputs to historical information and approved budgets;
- Performing an independent calculation of the key assumptions used in management's calculation, such as the Weighted Average Cost of Capital (WACC) rate and growth rate assumptions applied by the directors; and

We are satisfied that the assumptions applied in the impairment assessments are supported by historic performance and current market information.

3. CALCULATION OF MANAGEMENT FEE REVENUE

KEY AUDIT MATTER

The diversity of the Group's activities results in a number of different revenue streams (primarily fee based), details of which are disclosed in note 4 and 23.

With the exception of structuring and brokering services, which are transaction based, revenue is driven by the allocation of various pricing mandates related to the value of assets under management and administration and either deducted directly from the client accounts (as approved by the mandate and as reported to the clients) or by invoicing the client directly.

The calculations of a portion of management fees across the Group are complex and managed by key individuals in a standalone environment with the risk that the calculations are incorrect in the absence of a review and sign-off process.

As a result, we have identified a key audit matter that there is risk that revenue from management fees that are calculated manually, is not recognised in accordance with the stated accounting policies in terms of IFRS and pricing mandates, that income is recognised in a period to which it does not relate, or that the revenue calculations contain errors.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Our audit approach responded to this key audit matter included the following procedures:

- Evaluating the design and testing of the implementation of relevant controls in respect of the initiation and recognition of revenue (especially fee calculations which are complex in nature);
- Evaluating the accounting treatment of all Revenue streams against the requirements of IAS 18: Revenue ("IAS 18");
- Evaluating the controls management has in place over the calculation of automated and manual calculations; and
- Performing detail testing of a sample of management fee and accrual calculations, taking the client mandates into consideration, by performing independent recalculations; and
- Ensuring that the timing of accounted for revenue was correct.

We found the accounting for management fees to be accurate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sygnia Limited for one year.

Deloitte & Touche

DELOITTE & TOUCHE

Registered Auditors
Per: Brian Botes
Partner
30 November 2017

1st Floor The Square
Cape Quarter
27 Somerset Road
Green Point
8005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	NOTES	2017 R'000s	2016 R'000s
ASSETS			
Intangible assets	8	353 169	32 609
Property and equipment	9	29 848	31 131
Deferred tax assets	10	3 803	4 881
Investments linked to investment contract liabilities	11.1	44 204 715	39 052 873
Investments	12	295 936	266 719
Loans receivable	13	11 043	11 438
Taxation receivable		1 066	994
Trade and other receivables	14	78 572	32 417
Amounts owing by clearing houses	15	14 341	-
Amounts owing by clients	16	76 537	171 954
Cash and cash equivalents	17	312 506	218 351
TOTAL ASSETS		**45 381 536**	**39 823 369**
EQUITY			
Stated capital	18	665 939	507 729
Retained earnings		157 474	131 607
Reserves		(215 230)	(217 850)
TOTAL EQUITY		**608 184**	**421 486**
LIABILITIES			
Deferred tax liabilities	10	12 738	18 584
Investment contract liabilities	11.2	42 967 589	38 182 959
Third-party liabilities arising on consolidation of unit trust funds	19	1 104 402	688 187
Loans payable	20	165 201	-
Taxation payable		8 420	704
Trade and other payables	21	424 036	339 107
Amounts owing to clearing houses	15	-	107 752
Amounts owing to clients	16	90 915	64 097
Bank overdraft	17	51	492
TOTAL LIABILITIES		**44 773 352**	**39 401 883**
TOTAL EQUITY AND LIABILITIES		**45 381 536**	**39 823 369**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	2017 R'000s	2016 R'000s
Revenue	23	333 143	276 249
Expenses		(230 402)	(198 749)
Investment contract income	22.1	3 486 992	2 606 692
Transfer to investment contract liabilities	22.2	(3 486 992)	(2 606 692)
Interest income		21 470	13 433
Other investment income		14 975	13 392
Investment income and fair value adjustment to third-party assets		9 575	-
Fair value adjustment to third-party liabilities		(9 575)	(2 760)
PROFIT FROM OPERATIONS	23	**139 186**	**101 564**
Finance costs	20	(5 833)	(655)
PROFIT BEFORE TAX		**133 353**	**100 909**
Income tax expense	24	(40 804)	(28 604)
TOTAL PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		**92 549**	**72 305**
EARNINGS PER SHARE (CENTS)	25		
Basic		69.72	55.71*
Diluted		68.82	53.54*

* Restated due to impact of the bonus issue component of the rights offer.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	STATED CAPITAL R'000s	COMMON CONTROL RESERVE R'000s	GROUP EQUITY ADJUSTMENT R'000s	SHARE-BASED PAYMENT RESERVE R'000s	RETAINED EARNINGS R'000s	TOTAL EQUITY R'000s
BALANCE AT 1 OCTOBER 2015		**271 211**	**(252 577)**	**(307)**	**33 584**	**91 397**	**143 308**
Total comprehensive income							
Total profit and comprehensive income for the year		-	-	-	-	72 305	72 305
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**-**	**-**	**72 305**	**72 305**
Transactions with owners							
Dividends paid	26	-	-	-	-	(32 095)	(32 095)
Share issue	18	237 257	-	-	-	-	237 257
Share option expense	27	-	-	-	1 450	-	1 450
Transaction costs on issue of ordinary shares	18	(739)	-	-	-	-	(739)
TOTAL TRANSACTIONS WITH OWNERS		**236 518**	**-**	**-**	**1 450**	**(32 095)**	**205 874**
BALANCE AT 30 SEPTEMBER 2016		**507 729**	**(252 577)**	**(307)**	**35 034**	**131 607**	**421 486**
Total comprehensive income							
Total profit and comprehensive income for the year		-	-	-	-	92 549	92 549
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**-**	**-**	**92 549**	**92 549**
Dividends paid	26	-	-	-	-	(66 683)	(66 683)
Share issue	18	160 000	-	-	-	-	160 000
Share option expense	27	-	-	-	2 620	-	2 620
Transaction costs on issue of ordinary shares	18	(1 790)	-	-	-	-	(1 790)
TOTAL TRANSACTIONS WITH OWNERS		**158 210**	**-**	**-**	**2 620**	**(66 683)**	**94 148**
BALANCE AT 30 SEPTEMBER 2017		**665 939**	**(252 577)**	**(307)**	**37 654**	**157 474**	**608 184**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTES	2017 R'000s	2016 R'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	28	219 921	105 518
Dividends received		823	1 276
Interest received		20 066	12 838
Finance costs		(323)	(655)
Taxation paid		(33 167)	(34 563)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**207 320**	**84 414**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(7 544)	(8 333)
Additions to intangible assets		(3 142)	(2 362)
Purchase of investments		(98 598)	(179 677)
Proceeds on sale of investments		98 909	51 038
Acquisition of subsidiary, net of cash acquired	7	(320 628)	(25 636)
Proceeds on disposals of intangible assets		-	2 111
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(331 004)**	**(162 860)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(66 683)	(34 645)
Issue of ordinary shares		160 000	237 257
Transaction costs on issue of ordinary shares		(1 790)	(739)
Increase in loans payable		159 692	-
Post-acquisition settlement of pre-acquisition liability		(32 940)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**218 279**	**201 874**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**94 595**	**123 427**
Cash and cash equivalents at beginning of the year	17	217 859	94 432
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	17	**312 455**	**217 859**
Cash and cash equivalents at the end of the year included the following cash held on behalf of policyholders and clients.		131 309	57 598

NOTE TO THE STATEMENT OF CASH FLOWS:

Cash held in overnight settlement accounts on behalf of policyholders of Sygnia Life and clients of Sygnia Securities is included on the face of the statement of financial position under "Cash and cash equivalents" with a corresponding payable to clients included in amounts owing to clients. This results in the movement in these cash amounts being disclosed in the statement of cash flows. Changes in these amounts are shown under the "Changes in working capital", under the "Cash Flows from Operating Activities" section on the statement of cash flows. These cash amounts fluctuate on a daily basis and can result in significant fluctuations if comparing "Changes in working capital" between reporting periods.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. REPORTING ENTITY

Sygnia Limited is a company domiciled in the Republic of South Africa. The consolidated financial statements as at and for the year ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the provision of investment management related services.

The Company is incorporated and domiciled in South Africa. The address of its registered office is 7th Floor, The Foundry, Cardiff Street, Green Point, Cape Town, 8001.

2. STATEMENT OF COMPLIANCE

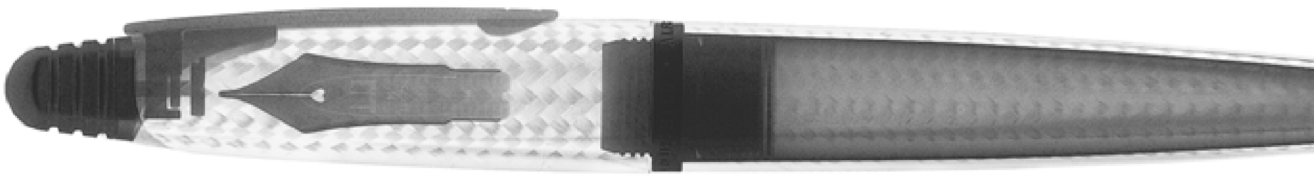
These financial statements comprise the consolidated financial statements of the Group and have been prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act, as amended. The JSE Listings Requirements require financial statements to be prepared in accordance with International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The consolidated financial statements are presented in South African Rand, which is the functional currency of the companies within the Group.

The consolidated financial statements have been prepared on the historical cost basis, unless stated otherwise in the accounting policies. The principal accounting policies set out have been applied consistently to all years presented in these financial statements.



4. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements conform to IFRS and are consistent with those accounting policies applied in the preparation of the consolidated financial statements as at and for the year ended 30 September 2017.

STANDARDS AND INTERPRETATIONS AFFECTING AMOUNTS REPORTED IN THE CURRENT YEAR (AND/OR PRIOR YEARS)

No new standards, amendments to standards and interpretation have been applied in preparing these consolidated financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following standards and interpretations that impact the Group were in issue, but not yet effective:

IFRS 2: SHARE-BASED PAYMENTS

Effective for annual periods beginning on or after 1 January 2018

The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement.

IFRS 9: FINANCIAL INSTRUMENTS

Effective for annual periods beginning on or after 1 January 2018

This standard reflects the final phase of the IASB's work on the replacement of IAS 39. It applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39; a new general hedge accounting model and a new expected loss impairment model.

IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

Effective for annual periods beginning on or after 1 January 2018

The standard emphasises how and when an IFRS reporter will recognise revenue, as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard applies a single, principle-based five-step model to be applied to all contracts with customers.

IFRS 16: LEASES

Effective for annual periods beginning on or after 1 January 2019

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17.

IFRC 22: FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

Effective for annual periods beginning on or after 1 January 2018

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

4. ACCOUNTING POLICIES *(cont.)*

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE *(cont.)*

IAS 7: STATEMENT OF CASH FLOWS

Effective for annual periods beginning on or after 1 January 2017

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

IAS 12: INCOME TAXES

Effective for annual periods beginning on or after 1 January 2017

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

IMPLEMENTATION OF STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

During the current year management has considered the impact of the above standards, amendments and interpretations issued, and do not believe that there are any material impacts to be noted as at the date of this report. A continual effort will be made to assess whether there is a need to revisit this determination.

BASIS OF CONSOLIDATION

In terms of IFRS 10 Consolidated Financial Statements, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Changes in ownership interests in subsidiaries are accounted for as Group equity adjustments if they occur after control has already been obtained and they do not result in loss of control.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

Where consolidation of unit trust funds occur by virtue of the Group's investment into the fund, the income and expenditure components are disclosed in the statement of comprehensive income as well as the third-party share thereof. Assets and liabilities of the fund are included in the statement of financial position and the third-party liability is separately disclosed.

4. ACCOUNTING POLICIES *(cont.)*

PROPERTY AND EQUIPMENT

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. All repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. The useful life, depreciation method and residual value of all assets are reassessed annually.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Assets are depreciated over the following useful lives:

Artwork - installed as part of building	Over the lease term
Artwork - movable	25 years
Computer equipment	3 years
Furniture and fittings	6 years
Leasehold improvements	Over the lease term
Motor vehicle	5 years
Owner occupied property	50 years
Office equipment	5 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

INTANGIBLE ASSETS

INTERNALLY-GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset, so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to reliably measure the expenditure attributable to the intangible asset during its development, and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. When the costs incurred no longer meet the recognition criteria, capitalisation of expenses cease and no internally-generated intangible asset is recognised. The development expenditure is charged to profit or loss in the year in which it is incurred. Expenditure on an intangible asset that was initially charged to profit or loss, is not recognised as a part of the cost of an intangible asset at a later date.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

4. ACCOUNTING POLICIES *(cont.)*

INTANGIBLE ASSETS *(cont.)*

Intangible assets have a finite useful life. Amortisation is calculated on the straight-line method to write off the cost of each asset over its estimated useful life. The useful life, amortisation method and residual value of all assets are reassessed annually. Assets are amortised over the following useful lives:

Internally-generated computer software: 2 years

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. The gain or loss arising from derecognition is recognised in profit or loss.

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives, that are acquired separately, are carried at cost less accumulated amortisations and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate being accounted for on a prospective basis. Assets are amortised over the following useful lives:

Purchased software: 2 years

CUSTOMER RELATIONSHIPS

Customer relationships consist of acquired contracts with clients. These contracts with clients are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified. Assets are amortised over the following useful lives:

Customer relationships: 9 years

LICENCE

The Licence intangible asset relates to the estimated costs and management effort to establish an entity with the same licences as Sygnia Itrix, allowing it to offer ETFs to investors. Assets are amortised over the following useful lives:

Licence: 10 years

GOODWILL

Goodwill represents the excess of the cost of an acquisition, over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking, at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses, which are reflected in profit or loss. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

TAX

Income tax expense represents the sum of the current income tax and deferred tax.

CURRENT TAX

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

4. ACCOUNTING POLICIES *(cont.)*

TAX *(cont.)*

DEFERRED TAX

Deferred tax is recognised in relation to temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial accounting purposes. However, deferred tax is not accounted for if it arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is charged or credited to profit or loss, except where it relates to items recognised directly to equity, in which case the deferred tax is also recognised directly in equity. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The change in the capital gains tax rate during the prior year, was treated as a change in estimate. The effect of the change in the tax rate on deferred tax assets and liabilities is recognised in profit or loss in the year that includes the enactment date.

Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same tax authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

FINANCIAL INSTRUMENTS

RECOGNITION AND DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the particular instrument.

The Group derecognises a financial asset when:

- The contractual rights to the cash flows arising from the financial assets have expired or been forfeited by the Group; or
- It transfers the financial asset, including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is derecognised when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (‘regular way’ purchases and sales) are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs. Loans receivable are recognised (at fair value plus attributable transaction costs) when cash is advanced to borrowers. Trade and other receivables are recognised when the Group becomes party to the contractual provisions of the particular instrument.

CLASSIFICATION AND MEASUREMENT

Financial assets are classified at fair value through profit or loss where the financial asset is held for trading, or it is designated at fair value through profit or loss.

4. ACCOUNTING POLICIES *(cont.)*

FINANCIAL INSTRUMENTS *(cont.)*

FINANCIAL ASSETS HELD FOR TRADING

A financial asset is classified in this category if acquired principally for the purpose of selling or buying back in the short term. Financial assets held for trading include 'investments'. Measurement is initially at fair value, with transaction costs recognised in profit or loss. Subsequently their fair values are remeasured and all gains and losses, realised and unrealised, are recognised in profit or loss in the year in which they arise, without any deduction for transaction costs it may incur on their disposal. Dividend income on financial assets held for trading is recognised in profit or loss as dividend income.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THOUGH PROFIT OR LOSS

Financial assets designated at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. After initial recognition, the Group measures financial assets designated at fair value through profit or loss at fair values without any deduction for transaction costs it may incur on their disposal.

All investments linked to investment contract liabilities issued by the Group, are designated by the Group on initial recognition as at fair value through profit or loss.

Listed investments are recognised in the statement of financial position at fair value, using closing prices on share and bond exchanges. Investments in collective investment schemes are recognised at fair value using the quoted exit price provided by the fund manager. Unlisted investments are valued by the directors, taking into account prevailing interest rates, market conditions and underlying investments. Derivatives are measured by the Group on initial recognition at fair value through profit or loss.

LOANS AND RECEIVABLES

Loans and receivables, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income earned on loans and receivables is recognised by applying the effective interest rate.

Amounts owing by clearing houses and clients are classified as loans and receivables, and are settled within three days after the transaction occurred in terms of the clearing house rules of the JSE.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other money market assets with less than ninety days to maturity from the date of acquisition. For the purposes of the cash flow statement, cash and cash equivalents comprise balances due from and owing to banks. Cash and cash equivalents are initially measured at fair value and subsequently measured at cost using the effective interest method.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

4. ACCOUNTING POLICIES *(cont.)*

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS *(cont.)*

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities are measured at fair value through profit or loss, where the financial liability is either held for trading or it is designated at fair value through profit or loss.

A financial liability other than a financial liability held for trading may be designated at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Investment contract liabilities issued by the Group, are designated by the Group on initial recognition at fair value through profit or loss. This designation eliminates a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value, since the assets held to back the investment financial liabilities are also measured at fair value.

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS - INVESTMENT CONTRACT LIABILITIES

In terms of the definition of insurance contracts in IFRS 4, the contracts issued by a subsidiary of Sygnia Limited, Sygnia Life Limited, do not qualify as insurance contracts. These contracts are accounted for in terms of IAS 32 and IAS 39 on financial instruments. Amounts received under investment contracts are recorded as deposits and credited directly to investment contract liabilities. Amounts paid under investment contracts are recorded as deductions from investment contract liabilities.

The Group issues investment contracts that transfer financial risk to the holders of the instruments. All investment contracts issued by the Group are designated by the Group on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value, since the assets held to back the investment contract liabilities are also measured at fair value.

CHANGES IN THE FAIR VALUE OF INVESTMENT CONTRACTS ARE INCLUDED IN PROFIT OR LOSS

Disclosure in the statement of profit or loss and other comprehensive income has been made to reflect all income, including realised and unrealised profit, relating to policyholders into one line item called, 'Investment contract income', and all the expenses relating to policyholders into one line item, called 'Transfer to investment contract liabilities'. Disclosure in the statement of financial position has been made to reflect all the policyholder assets in one line item, called 'Investments linked to investment contracts'.

4. ACCOUNTING POLICIES *(cont.)*

OTHER FINANCIAL LIABILTIES

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

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

OFFSETTING

Financial assets and financial liabilities, and their related statement of profit or loss and comprehensive income line items are offset and the net amount reported in the statements of financial position and profit or loss and other comprehensive income only when the Group has a legally enforceable right to set off the instruments and management intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

OPERATING LEASES

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

FINANCE COSTS

Finance costs comprise interest expense on interest-bearing borrowings and bank overdrafts.

REVENUE

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax. Revenue is comprised of financial service fees (consisting of fees for investment management, investment administration and brokerage), IT maintenance and support fees, interest income and dividend income.

Investment management and administration fee income is recognised as the service is rendered. Fee income is recognised when the Group is unconditionally entitled to the revenue and no contingency with respect to future performance exists.

Brokerage income is recognised on the day that the purchase or sale of financial instruments is concluded, regardless of when settlement takes place.

INTEREST AND OTHER INVESTMENT INCOME

Interest income is recognised in profit or loss as it accrues using the effective interest method. Other investment income comprises dividend income, realised and unrealised profits and losses on disposal, or gains or losses on revaluation of financial assets and realised and unrealised foreign exchange gains and losses.

Dividend income is recognised in profit or loss on the date the entity's rights to receive payment is established.

4. ACCOUNTING POLICIES *(cont.)*

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in profit or loss. Any reversal of losses are also recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

DIVIDENDS

Dividends to holders of equity instruments of the Group are recognised in equity during the year in which they are declared.

SHARE-BASED PAYMENTS

The Group grants share options to certain employees under an equity-settled share-based compensation scheme.

Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed through profit or loss, with a corresponding increase in equity, on a straight-line basis over the vesting period based on management's estimate of the shares that will vest and adjusted for the effect of non-market-based vesting conditions. These share-based payments are not subsequently revalued.

FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign exchange gains and losses are recognised in profit or loss. Realised and unrealised exchange gains and losses relating to investment contract liabilities are recognised in investment contract income in the year in which they occur.

MANAGED FUNDS AND TRUST ACTIVITIES

Certain companies within the Group operate collective investment schemes that hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected in the statement of financial position, as these relate directly to clients. Income from these activities is brought to account over the year to which the service relates.

4. ACCOUNTING POLICIES *(cont.)*

EARNINGS PER SHARE

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

Headline and diluted headline earnings per share are calculated in accordance with Circular 2/2015 issued by SAICA.

5. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reporting amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis by the directors and management. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2016, except for judgements used in business combinations, goodwill impairment, deferred tax asset and estimates relating to the valuation of the share-based payment expense, where inputs based on observable market data are used to estimate the fair value of the share-based payment.

Critical accounting estimates are those, which involve the most complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates and judgements are the determination of the fair value for financial assets and liabilities, capitalisation of development costs as intangible assets, judgements relating to goodwill arising on acquisition of a subsidiary, and share-based payments. For estimates and judgements on goodwill, intangible assets, deferred tax, share-based payments and fair value refer to the accounting policies and notes 7, 8, 10, 27 and 32 respectively.

MEASUREMENT OF FAIR VALUES

The Group has an established control framework with respect to the measurement of fair values. The financial director has overall responsibility for overseeing all significant fair value measurements.

The financial director regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the financial director assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 32.

6. SEGMENT INFORMATION

The Group has identified Sygnia's executive committee as the Chief Operating Decision Maker ("CODM"). The responsibility of the executive committee is to assess performance and to make resource allocation decisions across the Group. The Group provides investment management and administration services to institutional and retail clients predominantly located in South Africa. No disaggregated information is provided to the CODM on the separate operations of the Group, and the CODM assesses operating performance and makes resource decisions about the Group based on the combined results of these operations. The Group has therefore concluded that the combined operations of the Group constitute one operating segment.

7. ACQUISITION OF A SUBSIDIARY

During the year the Group acquired the entire issued share capital of db X-Trackers (RF) Proprietary Limited ("DBX") for a total consideration of R325 million, which was initially settled in cash following the drawdown of a bridge loan from Nedbank on 7 July 2017. Shortly after the acquisition became effective, DBX was renamed as Sygnia Itrix.

Sygnia Itrix is a Collective Investment Schemes management company, which offers a range of exchange traded funds ("ETFs") listed on the JSE Limited ("the JSE"), referencing offshore assets.

The acquisition was based on the following strategic rationale:

- Sygnia has managed assets on an index-tracking basis since the inception of its asset management company in 2003 and offers these to its retail and institutional clients through segregated accounts, unit trusts and unitised life funds. At the date of the acquisition Sygnia managed R16.9 billion in domestic and international index-tracking funds and has a stated intention of becoming a leading provider of passive solutions in South Africa.
- Sygnia does not currently offer index-tracking products through an ETF structure. The acquisition has enabled Sygnia to enter the ETF market with a critical mass of assets and to launch a broader range of ETF products within a short period of time.
- Prior to the acquisition Sygnia managed all domestic index-tracking funds directly, while using third-party asset managers to manage most of its international index-tracking funds. The acquisition has enabled Sygnia to expand its expertise to direct management of offshore index-tracking funds.
- Sygnia has a fast-growing retail client base attracted by Sygnia's low cost proposition. Many of these clients require access to international products. ETFs referencing offshore assets will allow retail investors to access international products with no restrictions, while enabling Sygnia to offer international products with very little constraint in terms of its offshore capacity.
- Sygnia has a growing institutional client base, which utilises Sygnia's index-tracking products, as well as its multi-manager products. All of Sygnia's multi-manager products employ a core-satellite investment strategy, with the core of each product being managed on a passive basis. The acquisition will allow Sygnia to utilise ETFs rather than the more cumbersome offshore unit trusts to implement international strategies on behalf of its institutional clients.

- Sygnia RoboAdvisor, launched in 2016 and targeted at the millennial generation, should benefit from the flexibility of implementing the recommended investment strategies via ETFs rather than unit trusts.
- The acquisition is expected to be instantly earnings-enhancing to Sygnia.

The Group obtained control of Sygnia Itrix on 1 July 2017 as all risks and rewards of ownership passed on that date, and therefore three months of financial results from Sygnia Itrix are included in the Group's earnings.

For the three months from 1 July 2017 to 30 September 2017, Sygnia Itrix contributed revenue of R22.1 million and profit after tax of R9.7 million. If the acquisition had occurred on 1 October 2016, management estimates that consolidated revenue would have been R88.3 million and consolidated profit after tax for the year of R38.7 million. In determining these amounts management has assumed that the efficiencies and economies of scale would be effective from 1 October 2016.

7. ACQUISITION OF A SUBSIDIARY *(cont.)*

DETAILS OF THE NET ASSETS ACQUIRED ARE AS FOLLOWS:	R'000s
Trade and other receivables	46 392
Cash and cash equivalents	4 372
Loans payable	(32 940)
Trade and other payables	(8 898)
Taxation receivable	162
NET ASSET VALUE AS AT 1 JULY 2017	**9 088**

The details of the net assets acquired, as disclosed above, represent fair value. All the gross contractual receivables are expected to be collected. The valuation techniques used for measuring the fair value of material assets acquired were as follows:

ASSET ACQUIRED VALUATION TECHNIQUE

INTANGIBLE ASSETS

CUSTOMER RELATIONSHIPS

The fair values of customer relationships acquired through the business combination are determined by using a discounted cash flow valuation method. The customer relationships described include the Investment Plan with a total assets under management of R359 million as at the effective date. The estimated cashflows associated with the Investment Plan include the management fees and platform fees to be earned from the Investment Plan customers, less the outsourced administration and investment management fees paid to third parties. The net cashflows, after tax, was discounted using a rate that is based on the long-term risk-free rate with risk premiums added for market and other company and asset-specific risks. Intangible assets acquired through business combinations were valued using a discount rate of 22% for the 2017 financial year.

CUSTOMER BASE

A customer base represents a group of customers that are not known or identifiable to the entity and for which no contractual or legal rights exist. In the context of the revenue-generating assets under management of DBX, the assets under management that are not related to the Investment Plan (referred above) could be described as a customer base. These end customers who invest in the ETFs access their investment through stockbrokers or through administrative LISPs. Sygnia Itrix, at acquisition date, did not have any contractual or legal relationships with these customers and therefore the provisional assessment would be that there is no requirement for this customer base to be separately identified and valued. It is only in circumstances where the customer base can be converted to a client list that there may be justification for identifying these customers as a client relationship, which then requires a separate valuation. It is not believed, at the date of this report that the customer base is convertible into a client list. This assessment is provisional at the date of signature of these audited summarised consolidated financial statements and therefore further work will be performed to determine if there are any reasons to recognise the customer base as a client list.

LICENCE

The fair value of the CISCA licence, with five approved ETFs, acquired through the business combination is determined using a cost estimate for the establishment of a similar cash generating unit with the same licence in place as well as the same number of registered funds on the licence.

7. ACQUISITION OF A SUBSIDIARY *(cont.)*

GOODWILL

Goodwill is attributable to the synergies expected to be achieved from integrating Sygnia Itrix into the Group's existing business. These synergies include the opportunity to cross sell ETFs to the existing retail client base of Sygnia as well as to utilise the ETFs in the existing portfolios offered by Sygnia. The additional customer list acquired as part of the business combination represents an ability to expand the retail client base for the existing Sygnia business.

GOODWILL ARISING FROM THE ACQUISITION HAS BEEN RECOGNISED AS FOLLOWS:

	R'000s
Consideration transferred	325 000
IDENTIFIED NET ASSETS	**22 194**
Fair value of identifiable tangible net assets	9 088
Fair value of identified intangible assets at acquisition of Sygnia Itrix	18 203
Deferred tax liability associated with intangible assets	(5 097)
GOODWILL	**302 806**

8. INTANGIBLE ASSETS

2017	**OPENING BALANCE AT 1 OCTOBER 2016 R'000s**	**ADDITIONS R'000s**	**ACQUISITIONS THROUGH BUSINESS COMBINATIONS R'000s**	**DISPOSALS R'000s**	**CLOSING BALANCE AT 30 SEPTEMBER 2017 R'000s**
AT COST					
Computer software	12 553	3 142	-	-	15 695
Goodwill	18 896	-	302 806	-	321 702
Customer relationships	12 133	-	17 033	-	29 165
Licence	-	-	1 170	-	1 170
	43 582	**3 142**	**321 009**	**-**	**367 733**

	OPENING BALANCE AT 1 OCTOBER 2016 R'000s	AMORTISATION R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2017 R'000s
ACCUMULATED AMORTISATION AND IMPAIRMENT			
Computer software	10 302	2 266	12 568
Goodwill	31	-	31
Customer relationships	640	1 326	1 966
Licence	-	-	-
	10 973	**3 592**	**14 564**

8. INTANGIBLE ASSETS *(cont.)*

CARRYING AMOUNT	R'000s
Computer software	3 127
Goodwill*	321 671
Customer relationships	27 200
Licence	1 170
	353 169

* Goodwill consists of amounts relating to two separate cash generating units (CGUs), namely SURF (previously, Gallet Employee Benefits) and Sygnia Itrix. Consequently there are two separate goodwill impairment assessments relating to each of the CGUs. The carrying amount relating to SURF is R18.5 million (2016: R18.5 million) and the carrying amount relating to Sygnia Itrix is R302.8 million (2016: Nil).

2016	OPENING BALANCE AT 1 OCTOBER 2015 R'000s	ADDITIONS R'000s	ACQUISITIONS THROUGH BUSINESS COMBINATIONS R'000s	DISPOSALS R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2016 R'000s
AT COST					
Computer software	10 191	2 362	-	-	12 553
Goodwill	410	-	18 486	-	18 896
Customer relationships	-	-	14 243	(2 111)	12 133
	10 601	**2 362**	**32 729**	**(2 111)**	**43 582**

	OPENING BALANCE AT 1 OCTOBER 2015 R'000s	AMORTISATION R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2016 R'000s
ACCUMULATED AMORTISATION AND IMPAIRMENT			

Computer software	9 031	1 271	10 301
Goodwill	31	-	31
Customer relationships	-	640	640
	9 062	**1 911**	**10 973**

CARRYING AMOUNT	R'000s
Computer software	2 251
Goodwill	18 865
Customer relationships	11 493
	32 609

8. INTANGIBLE ASSETS *(cont.)*

Included in the client relationships' carrying amount is an amount of R17 032 864 (2016: Nil), which was provisionally fair valued on 1 July 2017 as part of a Purchase Price Allocation Valuation in terms of IAS 38 and IFRS 3. This amount was provisionally calculated as the discounted value of the future cash flows arising from the Investment Plan clients that were acquired as part of the Sygnia Itrix Acquisition. The Investment Plan, at 1 July 2017, consisted of 4 400 individual clients with a total assets under management of R359 million, for which Sygnia Itrix holds contact details in respect of each of those clients. The net cash flows were derived from expected revenue arising from those clients over a 10 year time horizon less associated direct costs, such as outsourced administration fees and investment management fees. There were no contributory asset charges as there were no fixed asset or assembled workforce charges relevant in the derivation of the revenue. The following factors were utilised in the discounted cash flow calculation:

Market growth	8%
Rand/Dollar depreciation	6%
Discount rate	20.75%
Tax rate	28%

The carrying amount of these client relationships will be tested for impairment on an annual basis. A detailed assessment was not performed at 30 September 2017 due to the proximity of the initial valuation to the end of the financial year and therefore it is unlikely that conditions would have changed substantially to have impacted the carrying amount of the client relationship.

As set out above, in addition to the R359 million of Investment Plan clients, the remainder of the clients making up the R12.0 billion of assets under management as at acquisition date were provisionally categorised as a customer base because these clients are not directly known by Sygnia Itrix, as they access the ETFs independently via the JSE through stockbrokers or via LISP platforms serviced by independent financial advisors. As Sygnia Itrix does not have its own contact details for the remaining book of customers there is no intangible asset separately identified.

In addition to the client relationships fair valued at acquisition date, a fair value was established for the licence in existence for Sygnia Itrix at acquisition date.

The licence was identified as an intangible asset, because it was unrecognised on the statement of financial position as at acquisition date, however it was believed to be a resource, controlled by the company from which future economic benefits would flow. The valuation methodology for the licence was to estimate the costs required in order to establish a similar licence and to establish the equivalent number of regulated ETFs as were in existence at acquisition date. Accumulated costs that were taken into account to determine the fair value included Financial Services Board regulatory and licensing costs, JSE listing fees, estimated internal resources (legal, compliance, finance and executive) applied to the process on a time and materials basis and audit fees. The carrying amount of the licence costs at 30 September 2017 was R1 169 940 with a fair value of the same amount at acquisition date.

Following an initial provisional Purchase Price Allocation Valuation process there were no other intangible assets or liabilities identified with any value as at acquisition date. As shown in the note above the remaining surplus arising between the consideration paid of R325 million and the fair value of net assets of R22.2 million was allocated to goodwill, being R302.8 million. The amount of goodwill associated with the Sygnia Itrix cash generating unit ("CGU") will be assessed for impairment on an annual basis.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Based on the impairment indicator tests described below, where impairment indicators were identified, management assessed the recoverable amount of the CGUs based on value-in-use calculations of the various CGUs. These calculations use cash flow projections based on financial budgets, approved by management, for a five-year planning period. Where appropriate, cash flows were extrapolated into perpetuity by using a terminal growth rate model. A key input used in the models to determine the value-in-use of the CGUs is the pre-tax discount rate applied to management's forecasted cash flows, which reflects the current market assessments of time value of money and the risk specific to the CGU.

8. INTANGIBLE ASSETS *(cont.)*

IMPAIRMENT OF GOODWILL EVALUATION

When goodwill is evaluated for impairment on an annual basis, the value in use is assessed using a discounted cash flow-based valuation of the CGUs to which the goodwill can be allocated on a reasonable basis.

These assumptions , which are benchmarked against similar entities in the industry, have been used in estimating the value in use of the CGUs to which the goodwill has been allocated:

Risk-free rate (R186 Government bond)	8.50%
Tax rate	28.0%
Growth rate	6.0%
Terminal growth rate	6.0%
Discount rate	20.25%

A reasonably possible change in these assumptions would not cause the carrying amount to exceed its recoverable amount.

IMPAIRMENT INDICATOR EVALUATION ON COMPUTER SOFTWARE AND CUSTOMER RELATIONSHIPS

The carrying value of computer software and customer relationships were assessed at 30 September 2017, and management does not deem any to be impaired.

SENSITIVITY ANALYSIS

Customer relationships are amortised over a period of 9 years, which represents management's best estimate of the period over which economic benefits are expected to be derived. The amortisation charge on the customer relationships for the year ending 30 September was R1.3 million. This amortisation charge related specifically to the customer relationship intangible recognised in respect of the acquisition of Gallet in the prior year. No amortisation charge has been applied to the provisionally identified and valued intangibles recognised at the date of acquisition of Sygnia Itrix. The amortisation charge will be accurately calculated and applied once the identification and valuation process has been finalised. Management do not believe that the amortisation charge would be material in 2017 as a result of the close proximity of the effective date of the transaction to the end of the financial year.

The amortisation charge of intangible assets is sensitive to the useful life, which is illustrated in the table below:

ASSUMPTIONS	YEARS	SCENARIO 1 YEARS	SCENARIO 2 YEARS	SCENARIO 1 AMORTISATION CHARGE ON CUSTOMER RELATIONSHIPS WOULD HAVE INCREASED TO:	SCENARIO 2 AMORTISATION CHARGE ON CUSTOMER RELATIONSHIPS WOULD HAVE DECREASED TO:
30 SEPTEMBER 2017					
Amortisation period	9	5	15	2 386 455	795 485

9. PROPERTY AND EQUIPMENT

2017	OPENING BALANCE AT 1 OCTOBER 2016 R'000s	ADDITIONS R'000s	ACQUISITIONS THROUGH BUSINESS COMBINATION R'000s	DISPOSALS R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2017 R'000s
AT COST					
Artwork	8 669	160	-	-	8 829
Computer equipment	7 368	710	-	-	8 079
Furniture and fittings	8 873	1 144	-	-	10 017
Leasehold improvements	26 948	5 320	-	-	32 268
Motor vehicle	377	-	-	-	377
Office equipment	474	211	-	-	685
Owner occupied property	5 162	-	-	-	5 162
	57 873	**7 544**	**-**	**-**	**65 417**

	OPENING BALANCE AT 1 OCTOBER 2016 R'000s	DEPRECIATION R'000s	ACQUISITIONS THROUGH BUSINESS COMBINATION R'000s	DISPOSALS R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2017 R'000s
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Artwork	1 686	387	-	-	2 073
Computer equipment	4 506	1 433	-	-	5 949
Furniture and fittings	5 825	1 224	-	-	7 049
Leasehold improvements	14 124	5 495	-	-	19 620
Motor vehicle	119	75	-	-	195
Office equipment	378	100	-	-	478
Owner occupied property	103	103	-	-	206
	26 742	**8 827**	**-**	**-**	**35 570**

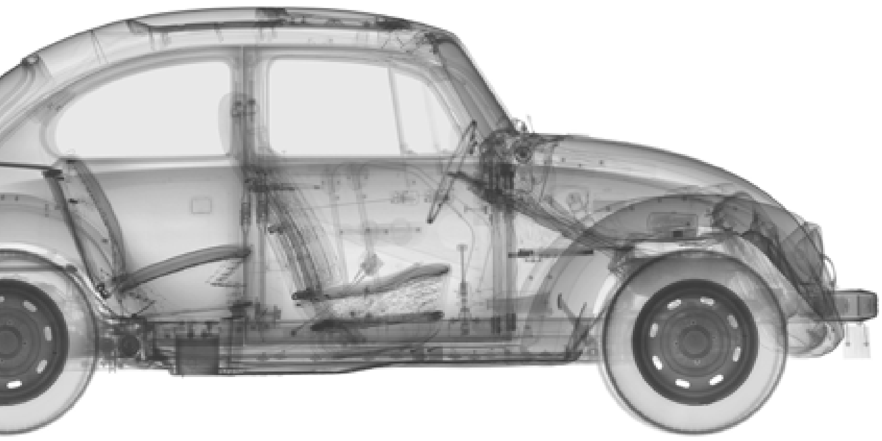
9. PROPERTY AND EQUIPMENT *(cont.)*

	CLOSING BALANCE AT 30 SEPTEMBER 2017 R'000s
CARRYING AMOUNT	
Artwork	6 756
Computer equipment	2 130
Furniture and fittings	2 969
Leasehold improvements	12 648
Motor vehicle	182
Office equipment	207
Owner occupied property	4 956
	29 848

2016	OPENING BALANCE AT 1 OCTOBER 2015 R'000s	ADDITIONS R'000s	ACQUISITIONS THROUGH BUSINESS COMBINATION R'000s	DISPOSALS R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2016 R'000s
AT COST					
Artwork	7 936	733	-	-	8 669
Computer equipment	4 854	2 699	157	(342)	7 368
Furniture and fittings	7 674	1 645	-	(446)	8 873
Leasehold improvements	23 744	3 205	-	-	26 948
Motor vehicle	377	-	-	-	377
Office equipment	422	51	6	(5)	474
Owner occupied property	5 162	-	-	-	5 162
	50 169	**8 333**	**163**	**(793)**	**57 873**

9. PROPERTY AND EQUIPMENT *(cont.)*

	OPENING BALANCE AT 1 OCTOBER 2015 R'000s	DEPRECIATION R'000s	ACQUISITIONS THROUGH BUSINESS COMBINATION R'000s	DISPOSALS R'000s	CLOSING BALANCE AT 30 SEPTEMBER 2016 R'000s
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Artwork	1 320	366	-	-	1 686
Computer equipment	3 565	1 275	-	(335)	4 506
Furniture and fittings	5 064	1 207	-	(446)	5 825
Leasehold improvements	10 014	4 111	-	-	14 124
Motor vehicle	44	75	-	-	119
Office equipment	318	66	-	(5)	378
Owner occupied property	-	103	-	-	103



	20 324	**7 203**	**-**	**(786)**	**26 742**

	CLOSING BALANCE AT 30 SEPTEMBER 2016 R'000s
CARRYING AMOUNT	
Artwork	6 983
Computer equipment	2 862
Furniture and fittings	3 048
Leasehold improvements	12 824
Motor vehicle	258
Office equipment	96
Owner occupied property	5 059
	31 131

10. DEFERRED TAXATION

	2017 R'000s	2016 R'000s
DEFERRED TAX ASSETS ARISE FROM THE FOLLOWING:		
Accruals	185	118
Assessed tax losses*	1 324	1 398
Bonus and leave pay accruals	3 157	3 226
Deferred operating lease cash flows	602	440
Income received in advance	201	40
Prepayments	(586)	(414)
Intangible assets	(393)	(28)

Tenant installation allowance	159	186
Unrealised profit on investments	(846)	(84)
	3 803	**4 881**

DEFERRED TAX LIABILITIES ARISE FROM THE FOLLOWING:		
Accruals	153	74
Bonus and leave pay accruals	1 688	1 333
Deferred operating lease cash flows	(33)	(28)
Intangible assets	(7 944)	(3 218)
Income received in advance	-	-
Prepayments	(90)	(71)
Unrealised profit on investments	(714)	(1 132)
Unrealised profit on investment contract assets relating to policyholders	(5 798)	(15 542)
	(12 738)	**(18 584)**

* Deferred tax assets are only recognised on assessed losses for which future taxable income is expected. The assessed loss for which a deferred tax asset has been recognised relates to a subsidiary in the group that has contractual revenue flow for the foreseeable future, which will translate into taxable income.

10. DEFERRED TAXATION *(cont.)*

RECONCILIATION BETWEEN DEFERRED TAXATION OPENING AND CLOSING BALANCES:

	2017 R'000s	2016 R'000s
Deferred tax asset at beginning of the year	4 881	3 858
Accruals	67	(211)
Bonus and leave pay accruals	(69)	1 537
Deferred operating lease cash flows	162	242
Effect of change in capital gains tax rate	-	3
Income received in advance	161	2
Prepayments	(173)	(21)
Intangible assets	(365)	53
Tenant installation allowance	(27)	(77)
Unrealised profit on investments	(762)	(101)
Unused assessed tax losses accrued	(74)	(404)
DEFERRED TAX ASSET AT END OF THE YEAR	**3 803**	**4 881**

Deferred tax liability at beginning of the year	(18 584)	(27 050)

11. INVESTMENT CONTRACT INVESTMENTS AND LIABILITIES

11.1 INVESTMENTS LINKED TO INVESTMENT CONTRACT LIABILITIES

	2017 R'000s	2016 R'000s
Domestic equities	12 882 075	10 976 615
Fixed interest securities	3 216 589	3 664 031
Collective investment schemes	3 335 325	3 688 434
Debentures	9 228	20 912
Hedge funds	4 324 769	3 815 037
International investments		
Collective investment schemes	14 040 554	8 886 685
Investments in insurance policies	119 099	192 469
Investments in insurance policies	4 068 845	4 858 844
Cash and cash equivalents	2 010 562	2 507 435
Investment contract portfolio debtors	162 097	400 457
Investment contract portfolio accrued interest	35 572	41 954
	44 204 715	**39 052 873**

DERIVATIVE CONTRACTS

Exchange traded futures and options contracts are entered into for both long and short positions. The positions are covered by an initial margin deposit. Fair value movements are hedged by variation margin payments which are settled on a daily basis. The total derivatives exposure at year end was a long position of R405 830 522 (2016: R385 783 970) and short position of R20 319 411 (2016: R6 087 428).

11. INVESTMENT CONTRACT INVESTMENTS AND LIABILITIES *(cont.)*

11.2 INVESTMENT CONTRACT LIABILITIES

	2017 R'000s	2016 R'000s
Balance at the beginning of the year	38 182 959	26 914 802
Contributions	12 509 661	16 145 798
Service fee rebate	560	1 409
Net investment income (note 20.1)		
Interest	686 846	569 925
Dividends from listed investments	400 508	364 414
Premium rebate from life insurance policy investment	-	20
FUND BALANCE ADJUSTED FOR GROSS FUND INFLOWS	**51 780 535**	**43 996 367**
Withdrawals	(10 670 903)	(7 012 163)
Management fees	(219 894)	(283 571)
Portfolio expenses	(130 725)	(105 435)
Transaction costs	(38 624)	(36 643)
Taxation	(17 939)	(16 317)
Unutilised taxation losses transferred to corporate	(20)	(573)
Deferred taxation	9 744	11 468
Commission paid by policyholders		
Initial	-	(20)
Ongoing	(1 122)	(2 088)
Fair value adjustment to third-party liabilities	(143 100)	(40 401)
Net fair value gains on investments linked to investment contract liabilities	2 399 638	1 672 344
TOTAL POLICYHOLDER INVESTMENT CONTRACT LIABILITIES	**42 967 589**	**38 182 959**

There have been no changes to the credit risk of the policyholder investment contract liabilities during the current year (2016: No change). As all liabilities are linked policies, the carrying amount of the liability is at all times equal to the underlying investments that would be required to be paid out on maturity.

12. INVESTMENTS

	2017 R'000s	2016 R'000s
Collective investment schemes	263 604	147 278
Listed equity	889	31 807
Hedge funds	31 444	61 295
Fixed interest securities	-	26 340
	295 936	**266 719**

The investments in collective investment schemes are in Sygnia unit trust products and are stated at fair value. The unit trusts are managed by Sygnia Collective Investments RF Proprietary Limited (a subsidiary of the Group). Refer to note 32 for fair value disclosures.

13. LOANS RECEIVABLE

	2017 R'000s	2016 R'000s
Beret Properties Proprietary Limited	8 393	8 765
Izibuko Holdings Proprietary Limited	24	12
Widok Properties Proprietary Limited	2 611	2 661
Deutsche Securities	15	-
	11 043	**11 438**

The loans to Izibuko Holdings Proprietary Limited are unsecured, bear no fixed interest and have no fixed repayment terms.

The loan to Beret Properties Proprietary Limited is unsecured, bears interest at the prime interest rate and is repayable in monthly instalments over 20 years, with final payment in November 2035.

The loan to Widok Properties Proprietary Limited is unsecured, bears interest at the prime interest rate less 0.5% and is repayable in monthly instalments over 20 years, with final payment in November 2035.

14. TRADE AND OTHER RECEIVABLES

	2017 R'000s	2016 R'000s
Interest receivable	2 163	760
Management fees receivable	58 898	28 802
Other receivables	17 512	2 856
	78 573	**32 417**

All management fees receivable are within their contractual terms.

15. AMOUNTS OWING (TO)/BY CLEARING HOUSES

	2017 R'000s	2016 R'000s
OWING BY CLEARING HOUSES		
Equities	89 208	64 065
Futures and Yield-X products	2 260	-
OWING TO CLEARING HOUSES		
Equities	(76 534)	(171 817)
Futures and Yield-X products	(593)	-
NET AMOUNT OWING (TO)/BY CLEARING HOUSES	**14 341**	**(107 752)**

Amounts owing (to)/by clearing houses reflect unsettled client trades at reporting date.

16. AMOUNTS OWING (TO)/BY CLIENTS

In terms of Section 21 of the Financial Markets Act of 2012, cash held for client accounts and in the client's name is held with JSE Trustees Proprietary Limited ("JSE Trustees"). The amounts owing to and from clients represent unsettled exchange traded transactions at year end. At year end client money held with the JSE Trustees amounted to R70 392 587 (2016: R81 592 643). The year end JSE Trustee balance does not reflect the impact of unsettled purchases between trade and settlement date of R76 537 427 (2016: R171 954 194) reduced by amounts receivable from clients of R3 775 (2016: R137 371) totaling R76 533 652 (2016: R171 816 823), unsettled sales between trade and settlement date of R89 208 235 (2016: R64 065 106), client deposits of R40 069 (2016: R32 000), and futures daily balance of R1 666 872 totaling R90 915 176 (2016: R64 097 106), which have been taken into account in amounts owing to clients.

17. CASH AND CASH EQUIVALENTS

	2017 R'000s	2016 R'000s
Current accounts	196 660	136 171
Fixed deposits and call accounts	115 846	82 180
	312 506	**218 351**
Bank overdraft	(51)	(492)
TOTAL CASH AND CASH EQUIVALENTS	**312 455**	**217 859**

Cash and cash equivalents comprise balances with banks and exclude cash balances held in policyholder investment portfolios.

18. STATED CAPITAL

	NUMBER OF SHARES	STATED CAPITAL R'000s
AUTHORISED		
500 000 000 Ordinary shares of no par value		
(2016: 500 000 000 Ordinary shares of no par value)		
ISSUED		
AS AT 1 OCTOBER 2015	**100 000 000**	**271 211**
Issue of ordinary shares - 1 October 2015	8 933 166	-
Issue of ordinary shares - 14 October 2015	28 244 834	237 257
Transaction costs on issue of ordinary shares	-	(739)
AS AT 30 SEPTEMBER 2016	**137 178 000**	**507 729**
Issue of ordinary shares - 14 August 2017*	17 777 778	160 000
Transaction costs on issue of ordinary shares	-	(1 790)
AS AT 30 SEPTEMBER 2017	**154 955 778**	**665 939**

The unissued shares at 30 September 2017 are under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares under general approval subject to certain limitations and the JSE Listing Requirements.

*The issue of ordinary shares on 14 August 2017 relate to the rights offer of R160 million for the partial settlement of the bridge loan drawn for the funding of the acquisition of Sygnia Itrix. Please refer to the circular posted to shareholders on 25 July 2017 for more information.

19. THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF UNIT TRUST FUNDS

	2017 R'000s	**2016 R'000s**
Balance at the beginning of the year	688 187	575 791
Capital contributions received	263 540	89 202
Fair value adjustment to third-party liabilities	143 100	(40 401)
Fair value adjustment to third-party liabilities linked to consolidated unit trusts	9 575	(2 760)
Consolidation of additional unit trusts	-	66 355
	1 104 402	**688 187**

20. LOANS PAYABLE

	2017 R'000s	**2016 R'000s**
Nedbank Limited	165 201	-
	165 201	**-**

The amount owing to Nedbank Limited was incurred in order to settle the purchase price for Sygnia Itrix on 7 July 2017. The initial draw-down amount was R320 million and a payment of R160 million was settled against the loan following the receipt of the rights offer proceeds on 15 August 2017. The outstanding balance will be replaced by a longer term financing structure prior to the repayment date of 31 January 2018. The loan accrues interest at the prime rate of interest. The outstanding balance includes the interest accrued to 30 September 2017. An initial fee of R656 640 was paid on the date of draw down, however the expense has been amortised over the period of the loan.

21. TRADE AND OTHER PAYABLES

	2017 R'000s	**2016 R'000s**
Accruals	24 931	17 809
Dividend tax payable	507	290
Investment contract portfolio creditors	146 439	220 703
Investment contract portfolio management fee accrual	13 785	11 883
Sundry creditors	7 546	12 480
Trade creditors	41 821	16 600
Unsettled trades	186 357	57 566
Value added tax payable	2 650	1 776
	424 036	**339 107**

22. INVESTMENT CONTRACT INCOME AND TRANSFERS

22.1 INVESTMENT CONTRACT INCOME

	2017 R'000s	2016 R'000s
Fair value gains on investments linked to investment contract liabilities	2 399 638	1 672 334
Net investment income		
Interest	686 846	569 925
Dividends from listed investments	400 508	364 414
Premium rebate from life insurance policy investment	-	20
TOTAL INVESTMENT CONTRACT INCOME	**3 486 992**	**2 606 692**

22.2 TRANSFER TO INVESTMENT CONTRACT LIABILITIES

	2017 R'000s	2016 R'000s
Management fees	219 894	283 571
Service fee rebate	(560)	(1 409)
Portfolio expenses	130 725	105 435
Transaction costs	38 624	36 643
Taxation	17 939	16 317
Deferred taxation	(9 744)	(11 468)
Unutilised taxation losses transferred to corporate	20	573
Commission paid by policyholders		
Initial commission	-	20
Ongoing commission	1 122	2 088
Fair value adjustment to third-party liabilities	143 100	40 401
Increase in investment contracts	2 945 872	2 134 522
TOTAL TRANSFERRED TO INVESTMENT CONTRACT LIABILITIES	**3 486 992**	**2 606 692**

23. PROFIT FROM OPERATIONS

Profit from operations is arrived at after taking the following items into account:

	2017 R'000s	2016 R'000s
INCOME AMOUNTS		
REVENUE		
Management fees	246 565	199 994
Administration fees	56 037	46 447
Brokerage income	28 806	29 591
Licence fees	540	146
Sundry income	1 195	71
	333 143	**276 249**
EXPENSE AMOUNTS		
Amortisation - computer software	(2 266)	(1 271)
Amortisation - intangible	(1 326)	(640)
Depreciation of property, plant and equipment	(8 827)	(8 333)
AUDITOR'S REMUNERATION		
Audit fees - current year	(1 999)	(1 604)
Audit fees - prior year	(316)	(53)
Audit fees - other services	(988)	(1 327)
	(3 303)	**(2 984)**
Lease expense	(14 099)	(12 488)
Asset management fees expense	(36 985)	(44 111)
Staff costs (including directors)	(92 810)	(72 510)
Current year leave pay charge	468	(38)

24. TAX

	2017 R'000s	2016 R'000s
SOUTH AFRICAN NORMAL TAXATION		
Current tax - income	40 973	29 672
Current tax - prior year over provision	(48)	(3)
Deferred tax - current year	(121)	(1 065)
	40 804	**28 604**

	2017 %	2016 %
RECONCILIATION OF TAX RATE		
Standard rate	28.00%	28.00%
Capital gains tax arising on realised and unrealised gains and losses	(0.50%)	(0.33%)
Change in capital gains inclusion rate	-	0.03%
Non-taxable income - dividends	(0.20%)	(0.16%)
Securities transfer tax on acquisition of Sygnia Itrix	0.61%	0.03%
Non-deductible expenses*	2.00%	-
Tax on policyholder funds	0.02%	0.26%
Expenses not in the production of income	0.42%	0.79%
Prior year over provision	(0.04%)	(0.02%)
Tax deductible expense not accounted for in statement of profit or loss and other comprehensive income	(0.06%)	(0.01%)
Deferred tax asset on tax loss not recognised/(recognised)	0.35%	(0.25%)
EFFECTIVE RATE	**30.60%**	**28.34%**

* These include non-deductible interest and transaction costs incurred as a result of the acquisition of Sygnia Itrix.

Companies in the Group have tax losses available for offset against future taxable income which amount to R14 662 779 (2016: R13 592 083). A deferred tax asset was not recognised on tax losses amounting to R9 932 293 (2016: R8 572 342). Refer to deferred tax note 10.

25. EARNINGS AND HEADLINE EARNINGS PER SHARE

	2017 R'000s	2016 R'000s
Profit attributable to ordinary shareholders	92 549	72 305

NON-HEADLINE ITEMS (NET OF TAX)		
Loss on disposal of plant and equipment	-	**5**

HEADLINE EARNINGS	**92 549**	**72 310**

The weighted average number of shares, diluted weighted average number of shares and adjusted diluted weighted average number of shares were calculated as follows:

	NUMBER OF SHARES 2017	NUMBER OF SHARES 2016
Number of ordinary shares at the beginning of the year	137 178 000	100 000 000
Number of shares issued during the year	17 777 778	37 178 000
NUMBER OF ORDINARY SHARES AT YEAR END	**154 955 778**	**137 178 000**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Weighted number of ordinary shares at the beginning of the year	128 244 834	100 000 000
Effect of bonus shares issued in rights offer	2 539 683	2 539 683
Weighted number of shares issued during the year	1 962 166	27 241 602
WEIGHTED NUMBER OF SHARES AT YEAR END	**132 746 682**	**129 781 285**

25. EARNINGS AND HEADLINE EARNINGS PER SHARE *(cont.)*

	2017 R'000s	2016 R'000s
BASIC AND DILUTED EARNINGS PER SHARE (CENTS)		
Earnings attributable to ordinary shareholders	92 549	72 305
Headline earnings	92 549	72 310
Weighted average number of ordinary shares in issue (basic)	132 746 682	129 781 285
Weighted average number of ordinary shares in issue (diluted)	134 485 028	135 058 930

	CENTS	CENTS
Earnings per share (basic)	69.72	55.71
Earnings per share (diluted)	68.82	53.54
Headline earnings per share (basic)	69.72	55.72
Headline earnings per share (diluted)	68.82	53.54
Net asset value per share	458.15	324.77
Tangible net asset value per share	192.11	299.64

Net asset value per share is calculated by dividing the Group's total assets less its liabilities by the weighted average number of ordinary shares in issue. The tangible net asset value is the net asset value excluding intangible assets divided by the weighted average number of ordinary shares.

26. DIVIDENDS

	2017 R'000s	2016 R'000s
Dividends	66 683	32 095

52 cents per share (2016: 25 cents per share)

Dividends are not accounted for until they have been approved by the Group's board of directors. The board approved and declared a gross final dividend of 35.00 cents per share on 30 November 2017 from retained earnings for the year ended 30 September 2017.

27. SHARE-BASED PAYMENT

27.1 EMPLOYEE SHARE OPTION SCHEME

During the year Sygnia made offers to participants of the employee share option scheme to acquire ordinary shares in Sygnia Limited. The options shall be exercisable as follows: 20% shall be exercisable on the third anniversary of the option date, 30% on the fourth anniversary of the option date and 50% on the fifth anniversary of the option date. Options exercised by participants once the minimum date has passed will be settled by the issue of shares in Sygnia Limited. If a participant ceases to be employed by the Group, all options of the participant are forfeited. For the year ended 30 September 2017, the Group has recognised R2 620 115 as a share-based payment expense in profit or loss (2016: R1 450 306).

Prior to the current year the following options were granted:

Allocation date	1 October 2015	1 February 2016	30 September 2016
Number of shares	2 595 242	217 413	1 033 422
Vesting period	1 October 2015 to 30 September 2020	1 February 2016 to 31 January 2021	30 September 2016 to 29 September 2021
Strike price	5.04	13.8	14.96
Value of option	2.63	4.84	3.51

The value of the option represents the fair value on grant date in accordance with IFRS.

These options were valued using a Finite Difference Scheme under Geometric Brownian motion option pricing model with the following inputs:

Weighted average expected volatility* (%)	26.57%	37.47%	25.13%
Weighted average option life (years)	5.30	5.30	5.30
Weighted average dividend yield (%)	7.01%	5.34%	4.10%
Weighted average risk-free interest rate (%)	7.83%	8.39%	7.69%
Weighted average vesting period (years)	4.30	4.30	4.30

* As Sygnia was either unlisted or newly listed when the share options were issued to staff members the volatility was determined from the share prices of companies within the same industry.

This method of valuation was used due to the fact that the Company was newly listed and it was a method preferred over a Black Scholes valuation methodology. During the current year the following share options were granted.

27. SHARE-BASED PAYMENT *(cont.)*

27.1 EMPLOYEE SHARE OPTION SCHEME *(cont.)*

Allocation date	20 February 2017	15 August 2017
Number of shares	315 493	279 683
Vesting period	20 February 2017 to 19 February 2022	15 August 2017 to 14 August 2022
Strike price*	15.85	10.73
Value of option	4.79	2.40

* The strike price is equivalent to the grant price.

These options were valued using Black Scholes option pricing model with the following inputs.

Risk free rate	8.33%	7.78%
Volatility	30.08%	30.36%
Dividend yield	3.21%	4.95%

SHARE OPTION MOVEMENT	NUMBER OF SHARE OPTIONS
As at 30 September 2016	3 387 743
Allocated during the year	595 176
Forfeited during the year	(170 327)
Exercised during the year	-
AS AT 30 SEPTEMBER 2017	**3 812 592**

The weighted average strike price of share options granted in terms of the employee share option scheme during the year under review was R13.44 per share (2016: R8.44) with the weighted average strike price of share options forfeited during the year being R6.99 (2016: R5.04). The weighted average fair value of share options issued during the year was R3.67.

The share options at the end of the year had a weighted average strike price of R9.48 per share (2016: R8.67 per share), and a weighted average remaining contractual life of 1 036 days (2016: 1 325 days).

The maximum number of ordinary shares, which may be utilised for purposes of the Employee Share Option Plan are 5 000 000 and this number may not be exceeded without Shareholders' approval.

ANALYSIS OF OUTSTANDING SCHEME SHARES BY FINANCIAL YEAR OF MATURITY:

YEAR END	NUMBER	WEIGHTED AVERAGE STRIKE PRICE	RANGE OF STRIKE PRICE
30 September 2019	643 483	8.72	5.04 - 13.80
30 September 2020	1 084 260	9.23	5.04 - 15.85
30 September 2021	1 787 261	9.19	5.04 - 15.85
30 September 2022	297 588	13.44	10.73 - 15.85

28. CASH GENERATED BY OPERATIONS

	2017 R'000s	2016 R'000s
RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED BY OPERATIONS		
Operating profit before taxation	133 353	100 909
ADJUSTED FOR		
Amortisation	3 592	1 911
Depreciation	8 827	7 203
Dividend income	(823)	(1 276)
Interest income	(21 470)	(13 433)
Finance costs	5 833	655
Share-based payment expense	2 620	1 450
Realised profit on investment portfolio	(7 887)	(689)
Unrealised fair value gains on financial assets	(5 574)	(4 472)
Loss on disposal of plant and equipment and intangible assets	-	7
POLICYHOLDER INVESTMENT CONTRACT MOVEMENTS	**25 067**	**(115 264)**
Deferred tax included in investment contract income	(9 744)	(7 832)
Investment contract income	(3 486 992)	(2 606 692)
Net purchase of investments linked to investment contract liabilities	(5 151 842)	(11 421 630)
Policyholder investment contracts	4 784 630	11 268 157
Third-party liabilities arising on consolidation of unit trust funds	402 023	46 041
Transfer to investment contract liabilities	3 486 992	2 606 692
Net purchase of investments of consolidated unit trust fund	(15 735)	(65 560)
Third-party liabilities arising on acquisition of unit trust fund	4 616	63 595
Fair value adjustment to third-party liabilities	9 575	2 760
CASH FLOW BEFORE TAX AND CHANGES IN WORKING CAPITAL	**141 996**	**(22 202)**
WORKING CAPITAL CHANGES	**77 926**	**127 720**
(Increase) / Decrease in trade and other receivables	1 640	1 045
Decrease in loan receivable	396	662
Decrease in amounts owing to clients and clearing houses	(142)	(4 700)
Increase in trade and other payables	76 031	130 713
CASH GENERATED BY OPERATIONS	**219 921**	**105 518**

29. OPERATING LEASE COMMITMENTS

	2017 R'000s	2016 R'000s
Operating lease commitments		
- Up to 1 year	13 864	13 147
- 1 to 5 years	20 817	34 681
	34 681	**47 828**

The Group is obligated under a number of operating leases for properties for which the future minimum lease payments extend over a number of years. The leased properties have annual escalation clauses between 0% and 8%.

30. RELATED PARTY TRANSACTIONS

		2017		2016	
		SERVICES PROVIDED (BY) / TO RELATED PARTY	AMOUNT OWED BY RELATED PARTY	SERVICES PROVIDED (BY) / TO RELATED PARTY	AMOUNT OWED BY RELATED PARTY
Beret Properties Proprietary Limited	(1)	(7 832)	8 393	(7 636)	8 766
Widok Properties Proprietary Limited	(1)	(4 294)	2 611	(4 700)	2 661
Izibuko Holdings Proprietary Limited	(2)	-	23	-	11
Sygnia collective investment scheme	(3)	73 273	5 727	93 894	9 243

(1) The Group rents properties from Beret Properties Proprietary Limited and Widok Properties Proprietary Limited (entities that have common directors and shareholders to Sygnia Limited). The Group also provided funding to the abovementioned companies, refer to note 13.

(2) The Group provided funding to Izibuko Holdings Proprietary Limited (Common shareholders).

(3) Sygnia Collective Investments RF Proprietary Limited markets and administers the Sygnia collective investment scheme.

No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

All transactions with related parties occur on an arm's-length basis. All balances are interest-free, unsecured and repayable on demand.

Intercompany loans arise as a result of transactions such as dividend payments and other cash requirements of the various group entities as cash management is conducted on a group basis.

Transactions with subsidiaries and consolidated structured entities have been eliminated in terms of IFRS 3. Refer to note 33 for the subsidiaries and consolidated structured entities.

30. RELATED PARTY TRANSACTIONS *(cont.)*

DIRECTORS' EMOLUMENTS

CASH-BASED REMUNERATION

2017	DIRECTORS' FEES R'000s	CASH SALARY R'000s	BONUS R'000s	OTHER R'000s	TOTAL 2017 R'000s	TOTAL 2016 R'000s
EXECUTIVE DIRECTORS						
MF Wierzycka	-	3 339	-	-	3 339	3 150
NJ Giles*	-	636	-	-	636	2 400
M Buckham**	-	1 867	500	3 400	5 767	-
NON-EXECUTIVE DIRECTORS						
KT Hopkins	200	-	-	-	200	200
HI Bhorat	300	-	-	-	300	300
SA Zinn	220	-	-	-	220	220
IK Moyane	200	-	-	-	200	200
					10 662	**6 470**

EQUITY-BASED REMUNERATION

	DATE GRANTED	GRANTED	VESTING PRICE PER SHARE	NUMBER OF SHARE OPTIONS AT 30 SEPTEMBER 2016	AMOUNT EXPENSED IN 2017	FAIR VALUE AT 30 SEPTEMBER 2017
EXECUTIVE DIRECTORS						
MF Wierzycka	30 September 2016	1 000 000	14.96	1 000 000	846 349	707 356
NJ Giles	1 October 2015	178 571	5.04	178 571	114 482	1 180 194
M Buckham	20 February 2017	315 493	15.85	315 493	218 254	222 015

* Resigned as financial director with effect from 1 February 2017 to coincide with the appointment of M. Buckham as financial director. The cash salary reflected relates to the period 1 October 2016 to 31 January 2017.

** The amount of R3.4 million reflected as "Other" remuneration relates to a sign-on amount paid to M. Buckham on joining as financial director. The after-tax amount was utilised to settle an outstanding liability related to M. Buckham's previous employment. The amount paid has a vesting period of 1 year and therefore an amount of R2.3 million has been expensed in the current year, whilst the balance of R1.1 million will be expensed in the 2018 financial year.

The executive directors of the Group are employed on the same terms and conditions as other employees and do not have separate service contracts in their capacity as Group directors.

The non-executive directors are paid a monthly retainer fee as well as an attendance fee for their participation as board members and for their role in other committees.

There were no termination benefits or short-term benefits paid to the directors, other than those disclosed above, during the year ended 30 September 2017 (2016: Rnil).

30. RELATED PARTY TRANSACTIONS *(cont.)*
DIRECTORS' EMOLUMENTS *(cont.)*

KEY MANAGEMENT COMPENSATION

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management is considered to be the board of directors.

DIRECTORS' INTEREST IN SYGNIA LIMITED

NUMBER OF SHARES HELD AS AT 30 SEPTEMBER 2017		DEPENDANT	DIRECT BENEFICIAL	INDIRECT BENEFICIAL	TOTAL	PERCENTAGE HELD
MF Wierzycka	#	13 446	22 691 332	71 006 686	93 711 464	60.48%
M Buckham		-	-	568 927	568 927	0.37%
HI Bhorat		-	-	1 093 420	1 093 420	0.71%

NUMBER OF SHARES HELD AS AT 30 SEPTEMBER 2016		DEPENDANT	DIRECT BENEFICIAL	INDIRECT BENEFICIAL	TOTAL	PERCENTAGE HELD
MF Wierzycka	#	11 904	20 000 000	69 165 574	89 177 478	65.00%
NJ Giles*		2 380	1 200 000	87 545	1 289 925	0.90%
HI Bhorat		-	-	1 093 420	1 093 420	0.80%

* Resigned as director effective 1 February 2017.

The above percentages have been calculated in accordance with the Listings Requirements, which state that direct and indirect beneficial interests include that of any associates. An associate is defined so as to include an individual's immediate family, and thus in this case MF Wierzycka, SJB Peile and the Zatoka Trust are all associates of each other.

There have been no changes in directors' interest subsequent to year end up to the date of signing the financial statements.

During the current year Sygnia launched a rights offer in which 17.8 million shares were offered to existing shareholders at R9 per share (refer to note 18). As part of this rights offer Magda Wierzycka, in terms of her direct and indirect beneficial holdings, subscribed for an additional 4 444 444 shares at a price or R9 per share for a total consideration of R40 million. In the same rights offer, Michael Buckham, in terms of his indirect beneficial holdings, subscribed for an additional 62 977 shares at a price of R9 per share for a total consideration of R566 793.

31. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks. The most important components of financial risk are credit risk, liquidity risk and market risk (arising from changes in equity and bond prices, interest and foreign exchange rates). Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and / or conditions. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to limit potential adverse effects on the Group, while operating within a framework that ensures alignment with the Group's overall strategy and risk appetite. The responsibility for risk management rests with every individual in the Group, including board members. The risk and compliance committee is empowered by the board to develop processes that ensure that significant risks are adequately identified, evaluated and managed and effectively communicated to the various reporting structures.

CAPITAL RISK MANAGEMENT

The Group has various subsidiaries that are regulated businesses. These subsidiaries are: Sygnia Life Limited, Sygnia Asset Management Proprietary Limited, Sygnia Securities Proprietary Limited, Sygnia Financial Services Proprietary Limited, Sygnia Collective Investments (RF) Proprietary Limited, Sygnia Itrix (RF) Proprietary Limited, Gallet Retirement Fund Administrators Proprietary Limited, Gallet Employee Benefits Support Services Proprietary Limited, Gallet Asset Admin Proprietary Limited and Gallet Risk Admin Proprietary Limited. The capital requirements of these companies are set out by legislation. The capital adequacy requirements are monitored by management on a regular basis and the position reported to the Financial Services Board. The abovementioned subsidiaries met the capital and liquidity requirements at 30 September 2017.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework. The Group operates a risk management framework containing the following components:

- A dedicated governance committee with oversight of risk management.

- A risk management committee (including an investment management sub-committee).

- Methodologies that focus on risk identification, risk measurement, risk assessment, action plans, monitoring and reporting.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligation or incur a change in its creditworthiness, resulting in a financial loss to the Group.

The Group has no significant concentration of credit risk. The Group has policies in place to ensure that it deals with clients with an appropriate credit history. Cash resources and longer term investments are limited to high credit-quality financial institutions. The Group has policies in place to limit credit exposure to any one financial institution. The Group has a history of very few bad debts.

For assets recognised on the statement of financial position, the exposure to credit risk equals the carrying amount.

31. FINANCIAL RISK MANAGEMENT *(cont.)*

The following represents the maximum exposure, at the reporting date, to credit risk relating to these assets:

		2017 R'000s	2016 R'000s
ASSETS			
Amounts owing by clients	(1)	14 341	171 954
Cash and cash equivalents	(2)	312 506	218 351
Loans receivable	(3)	11 043	11 438
Trade and other receivables	(3)	78 572	32 417
Fixed income securities		-	26 340
		416 462	**460 501**

(1) Balances due from clients and clearing houses are settled within three days of the transaction's occurrence in terms of the clearing house rules of the JSE. Should the client default, the security to which the transaction relates will transfer to the Group.

(2) Held at banks rated BB+.

(3) Based on past experience, the Group believes that no impairment allowance is necessary in respect of loans and trade receivables not past due, as they relate to clients that have a good payment and credit history. Trade and other receivables consist mainly of management fee income due from policyholder investment contracts. There were no items identified as being either past due or impaired, as these balances are recovered within 15 working days after year end.

Policyholders: Potential concentrations of credit risk consist principally of debentures, fixed interest securities and investments in insurance contracts and collective investment schemes. All investments made are reviewed by management and are with entities with a high credit standing. The liability to policyholders is linked to the value of the assets held. Credit risk is therefore assumed by the policyholder.

31. FINANCIAL RISK MANAGEMENT *(cont.)*

LIQUIDITY RISK

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages its liquidity requirements by monitoring forecasted cash flows and has made arrangements for sufficient committed credit facilities. The liquidity risk associated with the Group being contractually obligated to repay policyholders, and third-party liabilities arising on consolidation of unit trust funds on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the Group and passes this on to policyholders in the ordinary course of business and in the event that substantial withdrawals require large scale disinvestment of the assets in these portfolios.

The following tables detail the maturity analysis of the Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

2017	ON DEMAND	DUE WITHIN 12 MONTHS	DUE WITHIN 1 - 5 YEARS	TOTAL
LIABILITIES				
Amounts owing to clients	-	90 915	-	90 915
Amounts owing to clearing houses	-	-	-	-
Bank overdraft	-	51	-	51
Loans payable	-	165 201	-	165 201
Investment contract liabilities	42 967 589	-	-	42 967 589
Third-party liabilities arising on consolidation of unit trust funds	1 104 402	-	-	1 104 402
Trade payable and other accruals	-	424 036	-	424 036
	44 071 991	**680 204**	**-**	**44 752 195**

2016	ON DEMAND	DUE WITHIN 12 MONTHS	DUE WITHIN 1 - 5 YEARS	TOTAL
LIABILITIES				
Amounts owing to clients	-	64 097	-	64 097
Amounts owing to clearing houses	-	107 752	-	107 752
Bank overdraft	-	492	-	492
Investment contract liabilities	38 182 959	-	-	38 182 959
Third-party liabilities arising on consolidation of unit trust funds	688 187	-	-	688 187
Trade payable and other accruals	-	337 041	-	337 041
	38 871 147	**509 382**	**-**	**39 380 528**

The Group has sufficient resources to meet the repayment requirements of its liabilities.

31. FINANCIAL RISK MANAGEMENT *(cont.)*

CASH FLOW RISK

The Group's income and cash flows are based mainly on contractual administration fees. The Group's policy is to monitor its cash requirement and invest surplus cash at market rate where appropriate.

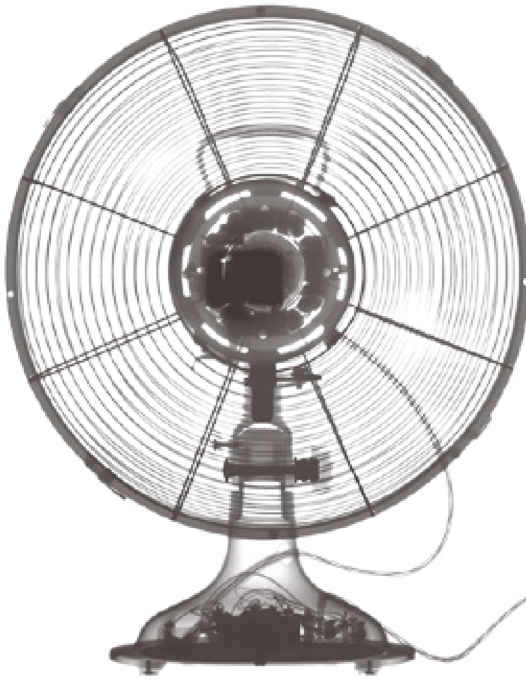
MARKET RISK, INTEREST RATE RISK AND CURRENCY RISK

With regard to the subsidiary, Sygnia Life, the majority of the market risk, currency risk and interest rate risk is assumed by the policyholders and not the Group. The Group is not exposed to market risk and interest rate risk in respect of investment contract liabilities, as the benefits under the contracts are linked to the fair value of the underlying assets. Market risk, currency risk and interest rate risk are assumed by the policyholders.

MARKET RISK

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and liquidity. A large portion of the Group's income is derived from fees levied on the market value of the investments that it manages and administers. As the fees are dependent on the daily market value of the investments, any market movements affect the Group accordingly. Market risk is mitigated through the diversification of investment mandates such that revenue is not overly exposed to any single sector of the investment market. Investment management capacity is monitored to ensure that the performance of a specific investment is not unduly compromised through excessive scale.

A 10% downturn in the value of the assets that the Group manages and administers on behalf of clients would reduce the Group's revenue by R22.8 million (2016: R14.7 million) and profits after taxation and equity by approximately R16.4 million (2016: R10.6 million).



31. FINANCIAL RISK MANAGEMENT *(cont.)*

INTEREST RATE RISK

The Group is exposed to interest rate risk through its loans receivable and bank overdraft, fixed deposits and current accounts with various local banking institutions and other issuers of interest bearing instruments.

The following represents the interest-bearing accounts and balances of the Group:

	2017 R'000s	2016 R'000s
Current, fixed deposit and call accounts	312 506	218 351
Loan to Beret Properties Proprietary Limited	8 393	8 766
Loan to Widok Properties Proprietary Limited	2 611	2 661
	323 510	**229 778**
Loans payable	165 201	-
Bank overdraft	51	492
	165 252	**492**

The impact of a 100 basis point move in local interest rates at reporting date would have increased / (decreased) profits or loss after tax and equity as follows:

	100 BASIS POINT INCREASE 2017 R'000s	100 BASIS POINT DECREASE 2017 R'000s	100 BASIS POINT INCREASE 2016 R'000s	100 BASIS POINT DECREASE 2016 R'000s
Interest expense	(1 192)	1 192	(4)	4
Interest income	2 329	(2 329)	1 654	(1 654)

31. FINANCIAL RISK MANAGEMENT *(cont.)*

CURRENCY RISK

The Group is exposed to currency risk through bank accounts and investments held in foreign currency at the reporting date.

CURRENCY EXPOSURE	2017 R'000s	2016 R'000s
USD	22 119	35 936
EUR	353	39
GBP	3 163	1 452
	25 635	**37 427**

EXCHANGE RATE	2017	2016
USD	13.5156	13.7150
EUR	15.9496	15.4246
GBP	18.1086	17.5901

The impact on profit or loss after tax and equity of a 20% (2016: 20%) increase/(decrease) in the various exchange rates is as follows:

	20% INCREASE 2017 R'000s	20% DECREASE 2017 R'000s	20% INCREASE 2016 R'000s	20% DECREASE 2016 R'000s
USD	3 185	(3 185)	5 175	(5 175)
EUR	455	(455)	6	(6)
GBP	51	(51)	209	(209)
	3 691	**(3 691)**	**5 390**	**(5 390)**

INVESTMENT PRICE RISK

The analysis reflects the sensitivity of the Group's underlying constituents, with that of its Index underlying constituents, based on market capitalisation at 30 September 2017. The analysis is based on the assumption that the Index was increased and decreased by 1% with all other variables held constant. An adjustment of 1% in the Index will result in the following movement in the profit after taxation and equity.

	2017 1% INCREASE IN INDEX R'000s	2017 1% DECREASE IN INDEX R'000s	2016 1% INCREASE IN INDEX R'000s	2016 1% DECREASE IN INDEX R'000s
Profit after tax and equity	2 131	(2 131)	2 070	(2 070)

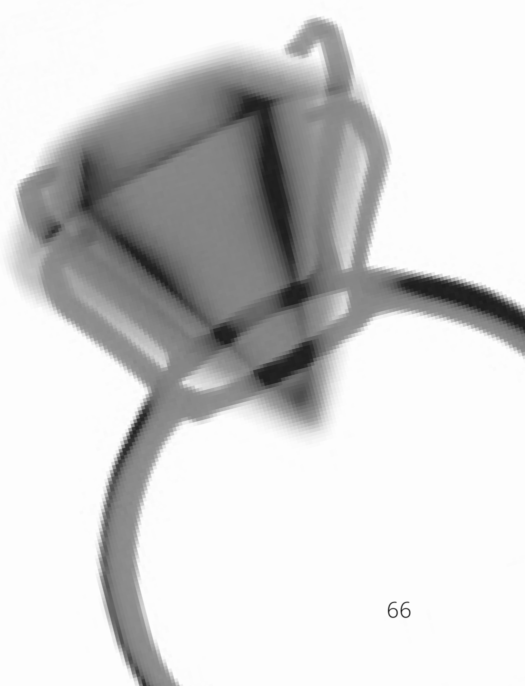
31. FINANCIAL RISK MANAGEMENT *(cont.)*

STATEMENT OF FINANCIAL POSITION (CORPORATE VS THIRD PARTY)

A subsidiary of the Group, Sygnia Life Limited is a linked insurance company and issues linked policies to policyholders (where the value of policy benefit is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset, as this risk is assumed by the policyholder. Sygnia Securities Proprietary Limited (subsidiary) provides stockbroking services to clients, which results in significant working capital fluctuations due to the timing of the close of the JSE in terms of client settlements. The unsettled exchange-traded transactions are represented by money owed to clients and held with the JSE Trustees. Similarly, cash held in settlement accounts on behalf of clients related to the above-mentioned subsidiaries are considered as third party balances.

In order to evaluate the consolidated financial position, the Group segregates the statement of financial position and the statement of profit or loss and other comprehensive income between corporate (own balances) and third-party (client-related balances).

Third-party balances represent the investment contract liabilities and related linked client assets of Sygnia Life Limited, the related portfolio debtors and creditors accounts, deferred taxation, unsettled trades and related bank accounts, as well as third-party liabilities and assets arising on consolidation of unit trust funds. Client balances in Sygnia Securities Proprietary Limited due to unsettled trades and cash held in settlement accounts on behalf of clients are included in third-party balances.



31. FINANCIAL RISK MANAGEMENT *(cont.)*

	AT 30 SEPTEMBER 2017			AT 30 SEPTEMBER 2016		
	CONSOLIDATED R'000s	CORPORATE BALANCES R'000s	THIRD PARTY BALANCES R'000s	CONSOLIDATED R'000s	CORPORATE BALANCES R'000s	THIRD PARTY BALANCES R'000s
ASSETS						
Intangible assets	353 169	353 169	-	32 609	32 609	-
Deferred tax assets	3 803	3 803	-	4 881	4 881	-
Property and equipment	29 848	29 848	-	31 131	31 131	-
Investments linked to investment contract liabilities	44 204 715	-	44 204 715	39 052 873	-	39 052 873
Investments	295 936	214 773	81 163	266 719	201 626	65 093
Loans receivable	11 043	11 043	-	11 438	11 438	-
Taxation receivable	1 066	1 066	-	994	994	-
Trade and other receivables	78 572	66 324	12 248	32 417	31 109	1 309
Amounts owing by clearing houses	14 341	-	14 341	-	-	-
Amounts owing by clients	76 537	-	76 537	171 954	-	171 954
Cash and cash equivalents	312 506	181 196	131 309	218 351	160 753	57 598
TOTAL ASSETS	**45 381 536**	**861 222**	**44 520 314**	**39 823 369**	**474 542**	**39 348 827**
EQUITY						
Stated capital and reserves	608 184	608 184	-	421 486	421 486	-
TOTAL EQUITY	**608 184**	**608 184**	**-**	**421 486**	**421 486**	**-**
LIABILITIES						
Deferred tax liabilities	12 738	7 358	5 380	18 584	3 042	15 542
Investment contract liabilities	42 967 589	-	42 967 590	38 182 959	-	38 182 959
Third-party liabilities arising on consolidation of unit trust funds	1 104 402	-	1 104 402	688 187	-	688 187
Long term loans payable	165 201	165 201	-	-	-	-
Taxation payable	8 420	8 002	418	704	704	-
Trade and other payables	424 036	72 427	351 609	339 107	48 818	290 289
Dividends payable	-	-	-	-	-	-
Amounts owing to clearing houses	-	-	-	107 752	-	107 752
Amounts owing to clients	90 915	-	90 915	64 097	-	64 097
Bank overdraft	51	51	-	492	492	-
TOTAL LIABILITIES	**44 773 352**	**253 038**	**44 520 314**	**39 401 883**	**53 056**	**39 348 827**
TOTAL EQUITY AND LIABILITIES	**45 381 536**	**861 222**	**44 520 314**	**39 823 369**	**474 542**	**39 348 827**

31. FINANCIAL RISK MANAGEMENT *(cont.)*

STATEMENT OF COMPREHENSIVE INCOME (CORPORATE VS. THIRD PARTY)

In order to evaluate the consolidated comprehensive income of the Group, the Group segregates the statement of comprehensive income between Corporate transactions and Third-Party transactions.

Where consolidation of unit trust funds occurs by virtue of the Group's investment into the fund, the income and expenditure components are disclosed in the statement of profit or loss and other comprehensive income, as well as the third-party share thereof. These amounts are included in third-party transactions.

	YEAR ENDED 30 SEPTEMBER 2017			YEAR ENDED 30 SEPTEMBER 2016		
	CONSOLIDATED R'000s	CORPORATE BALANCES R'000s	THIRD PARTY BALANCES R'000s	CONSOLIDATED R'000s	CORPORATE BALANCES R'000s	THIRD PARTY BALANCES R'000s
ASSETS						
Revenue	333 143	333 143	-	276 249	276 249	-
Expenses	(230 402)	(230 402)	-	(198 749)	(198 217)	(532)
Investment contract income	3 486 992	-	3 486 992	2 606 692	-	2 606 692
Transfer to investment contract liabilities	(3 486 992)	-	(3 486 992)	(2 606 692)	-	(2 606 692)
Interest income	21 470	21 470	-	13 433	10 367	3 066
Other investment income	14 975	14 975	-	13 392	13 165	227
Investment income and fair value adjustment to third-party assets	9 575	-	9 575	-	-	-
Fair value adjustment to third-party liabilities	(9 575)	-	(9 575)	(2 760)	-	(2 760)
PROFIT FROM OPERATIONS	**139 186**	**139 186**	**-**	**101 564**	**101 564**	**-**
Finance costs	(5 833)	(5 833)	-	(655)	(655)	-
OPERATING PROFIT BEFORE TAX	**133 353**	**133 353**	**-**	**100 909**	**100 909**	**-**
Taxation	(40 804)	(40 804)	-	(28 604)	(28 604)	-
TOTAL PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR	**92 549**	**92 549**	**-**	**72 305**	**72 305**	**-**

32. FAIR VALUE

The fair values of all financial instruments approximate the carrying values reflected in the statement of financial position.

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques and main assumptions used in determining the fair value of financial assets and liabilities classified within Level 2 can be summarised as follows:

INSTRUMENT	VALUATION TECHNIQUE	MAIN ASSUMPTION
Collective investment schemes	Quoted exit price provided by the fund manager	Not applicable – prices are publicly available
Debentures	Quoted net asset value provided by the fund manager	Not applicable – underlying asset values are publicly available
Hedge funds	Quoted net asset value provided by the fund manager	Not applicable – underlying asset values are publicly available
Investments in insurance policies	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contract liabilities	Current fair value of underlying financial asset that is linked to the liability	Not applicable
Investment contract portfolio debtors and accrued interest	Current fair value of underlying financial asset that is linked to the debtor	Not applicable

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. FAIR VALUE *(cont.)*

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2017	FAIR VALUE R'000s	VALUATION METHOD	SIGNIFICANT UNOBSERVABLE INPUTS	FAIR VALUE HIERARCHY OF INPUTS
INVESTMENTS LINKED TO INVESTMENT CONTRACTS				
Domestic equities	12 882 075	Quoted closing price in active market	N/A	Level 1
Fixed interest securities	3 216 589	Quoted closing price in active market	N/A	Level 1
Cash and cash equivalents	2 010 562	Quoted closing price in active market	N/A	Level 1
Collective investment schemes	3 335 325	Quoted closing net asset value per unit	N/A	Level 2
Debentures	9 228	Quoted closing net asset value per unit	N/A	Level 2
Hedge funds	4 324 769	Quoted closing net asset value per unit	N/A	Level 2
Collective investment schemes - International	14 040 554	Quoted closing net asset value per unit	N/A	Level 2
Investments in insurance policies - International	119 099	Quoted closing net asset value per unit	N/A	Level 2
Investments in insurance policies	4 068 845	Quoted closing net asset value per unit	N/A	Level 2
Investment contract portfolio debtors and accrued interest	197 669	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 2
INVESTMENTS (CORPORATE)				
Domestic equities	889	Quoted closing price in active market	N/A	Level 1
Fixed interest securities	-	Quoted closing price in active market	N/A	Level 1
Collective investment schemes	263 604	Quoted closing net asset value per unit	N/A	Level 2
Hedge funds	31 444	Quoted closing net asset value per unit	N/A	Level 2

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

2017	FAIR VALUE R'000s	VALUATION METHOD	SIGNIFICANT UNOBSERVABLE INPUTS	FAIR VALUE HIERARCHY OF INPUTS
Investment contract liabilities linked to level 1 investments	18 109 226	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 1
Investment contract liabilities linked to level 2 investments	26 095 489	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 2

32. FAIR VALUE *(cont.)*

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2016	FAIR VALUE R'000s	VALUATION METHOD	SIGNIFICANT UNOBSERVABLE INPUTS	FAIR VALUE HIERARCHY OF INPUTS
INVESTMENTS LINKED TO INVESTMENT CONTRACTS				
Domestic equities	10 976 614	Quoted closing price in active market	N/A	Level 1
Fixed interest securities	3 664 031	Quoted closing price in active market	N/A	Level 1
Cash and cash equivalents	2 507 435	Quoted closing price in active market	N/A	Level 1
Collective investment schemes	3 688 434	Quoted closing net asset value per unit	N/A	Level 2
Debentures	20 912	Quoted closing net asset value per unit	N/A	Level 2
Hedge funds	3 815 037	Quoted closing net asset value per unit	N/A	Level 2
Collective investment schemes - International	8 886 685	Quoted closing net asset value per unit	N/A	Level 2
Investments in insurance policies - International	192 469	Quoted closing net asset value per unit	N/A	Level 2
Investments in insurance policies	4 858 844	Quoted closing net asset value per unit	N/A	Level 2
Investment contract portfolio debtors and accrued interest	442 412	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 2
INVESTMENTS (CORPORATE)				
Domestic equities	31 807	Quoted closing price in active market	N/A	Level 1
Fixed interest securities	26 340	Quoted closing price in active market	N/A	Level 1
Collective investment schemes	147 278	Quoted closing net asset value per unit	N/A	Level 2
Hedge funds	61 295	Quoted closing net asset value per unit	N/A	Level 2

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

2016	FAIR VALUE R'000s	VALUATION METHOD	SIGNIFICANT UNOBSERVABLE INPUTS	FAIR VALUE HIERARCHY OF INPUTS
Investment contract liabilities linked to level 1 investments	17 148 080	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 1
Investment contract liabilities linked to level 2 investments	21 034 879	Current fair value of underlying financial asset that is linked to the debtor	N/A	Level 2

32. FAIR VALUE *(cont.)*

CATEGORIES OF FINANCIAL INSTRUMENTS

The analysis of assets and liabilities into their categories as defined in IAS 39 'Financial Instruments: Recognition and Measurement' is set out in the following table. For completeness, assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IAS 39, are reflected in the non-financial assets and liabilities category.

2017		FAIR VALUE THROUGH PROFIT OR LOSS R'000s	LOANS AND RECEIVABLES* R'000s	NON-FINANCIAL ASSETS R'000s	TOTAL R'000s
ASSETS					
Amounts owing by clearing houses		-	14 341	-	14 341
Amounts owing by clients		-	76 537	-	76 537
Cash and cash equivalents		-	312 506	-	312 506
Deferred tax assets		-	-	3 803	3 803
Intangible asset and goodwill		-	-	353 169	353 169
Investments	(a)	295 936	-	-	295 936
Investments linked to investment contracts	(b)	44 204 715	-	-	44 204 715
Loans receivable		-	11 043	-	11 043
Property and equipment		-	-	29 848	29 848
Taxation receivable		-	-	1 066	1 066
Trade and other receivables		-	78 572	-	78 572
		44 500 651	**492 999**	**387 885**	**45 381 536**

* The carrying value of loans and receivables approximates fair value.

(a) Those classified as held for trading in accordance with IAS 39.
(b) Those designated as such upon initial recognition.

32. FAIR VALUE *(cont.)*

CATEGORIES OF FINANCIAL INSTRUMENTS *(cont.)*

2017		FAIR VALUE THROUGH PROFIT OR LOSS R'000s	FINANCIAL LIABILITIES AMORTISED COST* R'000s	NON-FINANCIAL LIABILITIES R'000s	TOTAL R'000s
LIABILITIES					
Amounts owing to clients		-	90 915	-	90,915
Amounts owing to clearing houses		-	-	-	-
Bank overdraft		-	51	-	51
Loans payable		-	165 201	-	165 201
Deferred tax liabilities		-	-	12 738	12 738
Investment contract liabilities	(a)	42 967 589	-	-	42 967 589
Taxation payable		-	-	8 420	8 420
Third-party liabilities arising on consolidation of unit trust funds	(a)	1 104 402	-	-	1 104 402
Trade payable and other accruals		-	424 036	-	424 036
		44 071 991	**680 204**	**21 158**	**44 773 352**

2017	FAIR VALUE THROUGH PROFIT OR LOSS R'000s	LOANS AND RECEIVABLES* R'000s	NON-FINANCIAL ASSETS R'000s	TOTAL R'000s
PROFIT OR LOSS MOVEMENTS				
Realised gain of financial assets classified as held for trading	7 887	-	-	7 887
Realised gain of financial assets designated at fair value through profit or loss	-	-	-	-
Change in fair value of financial assets classified as held for trading	(5 574)	-	-	(5 574)
Change in fair value of financial assets designated at fair value through profit or loss	-	-	-	-
	2 313	**-**	**-**	**2 313**

* The carrying value of financial liabilities at amortised cost approximates fair value.

(a) Those designated as such upon initial recognition.

32. FAIR VALUE *(cont.)*

CATEGORIES OF FINANCIAL INSTRUMENTS *(cont.)*

2016		FAIR VALUE THROUGH PROFIT OR LOSS R'000s	LOANS AND RECEIVABLES* R'000s	NON-FINANCIAL ASSETS R'000s	TOTAL R'000s
ASSETS					
Amounts owing by clearing houses		-	-	-	-
Amounts owing by clients		-	171 954	-	171 954
Cash and cash equivalents		-	218 351	-	218 351
Deferred tax assets		-	-	4 881	4 881
Intangible asset and goodwill		-	-	32 609	32 609
Investments	(a)	266 719	-	-	266 719
Investments linked to investment contracts	(b)	39 052 873	-	-	39 052 873
Loans receivable		-	11 438	-	11 438
Property and equipment		-	-	31 131	31 131
Taxation receivable		-	-	994	994
Trade and other receivables		-	32 417	-	32 417
		39 319 592	**434 161**	**69 616**	**39 823 369**

* The carrying value of loans and receivables approximates fair value.

2016		FAIR VALUE THROUGH PROFIT OR LOSS R'000s	FINANCIAL LIABILITIES AMORTISED COST* R'000s	NON-FINANCIAL LIABILITIES R'000s	TOTAL R'000s
LIABILITIES					
Amounts owing to clients		-	64 097	-	64 097
Amounts owing to clearing houses		-	107 752	-	107 752
Bank overdraft		-	492	-	492
Deferred tax liabilities		-	-	18 584	18 584
Investment contract liabilities	(a)	38 182 959	-	-	38 182 959
Taxation payable		-	-	704	704
Third-party liabilities arising on consolidation of unit trust funds	(a)	688 187	-	-	688 187
Trade payable and other accruals		-	337 041	2 066	339 107
		38 871 147	**509 382**	**21 355**	**39 401 883**

* The carrying value of financial liabilities at amortised cost approximates fair value.

(a) Those classified as held for trading in accordance with IAS 39.
(b) Those designated as such upon initial recognition.

32. FAIR VALUE *(cont.)*

CATEGORIES OF FINANCIAL INSTRUMENTS *(cont.)*

2016	FAIR VALUE THROUGH PROFIT OR LOSS R'000s	LOANS AND RECEIVABLES R'000s	NON-FINANCIAL ASSETS R'000s	TOTAL R'000s
PROFIT OR LOSS MOVEMENTS				
Realised gain of financial assets classified as held for trading	689	-	-	689
Realised gain of financial assets designated at fair value through profit or loss	2 638 007	-	-	2 638 007
Change in fair value of financial assets classified as held for trading	4 472	-	-	4 472
Change in fair value of financial assets designated at fair value through profit or loss	(965 673)	-	-	(965 673)
	1 677 495	**-**	**-**	**1 677 495**

33. PRINCIPAL SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES

The following represent the subsidiary companies of Sygnia:

DIRECT HOLDINGS IN SOUTH AFRICAN UNLISTED SUBSIDIARIES	NUMBER OF ORDINARY SHARES	PERCENTAGE OF SHARE HOLDING	NATURE OF BUSINESS	COST 2017 R'000s	COST 2016 R'000s
Sygnia Alchemy Proprietary Limited	150	100	Software developer	50 000	50 000
Sygnia Asset Management Proprietary Limited	121	100	Asset Management	79 456	79 456
Sygnia Collective Investments RF Proprietary Limited	100	100	Asset Management	-	-
Sygnia Life Limited	900	100	Long Term Insurance	360 000	360 000
Sygnia Support Services Proprietary Limited	100	100	Support	108	108
Sygnia Financial Services Proprietary Limited	170	100	Asset Management	50 000	50 000
Sygnia Private Wealth	100	100	Dormant	-	-
Sygnia Securities Proprietary Limited	100	100	Securities Trading	-	-
Sygnia Systems Proprietary Limited	100	100	Software developer	518	518
Gallet Group Employee Benefits Proprietary Limited	200	100	Employee Benefits Administrator	29 781	29 781
Sygnia Itrix (RF) Proprietary Limited	100	100	ETF Management Company	325 000	-

PRINCIPAL SUBSIDIARIES

The Group has access to the assets and liabilities of all principal subsidiaries other than investment contract assets and liabilities. Details of investment contract assets and liabilities are included in note 11.

CONSOLIDATED STRUCTURED ENTITIES

The Group has no equity interest in the following collective investment schemes, which are consolidated based on control:

- Sygnia Skeleton Balanced 40 Fund
- Sygnia Skeleton Balanced 60 Fund
- Sygnia International Flexible Fund of Funds
- Sygnia Africa Equity Fund
- Sygnia All Bond Index Fund
- Sygnia Skeleton International Equity Fund of Funds
- Sygnia Money Market Fund

The non-controlling interests in consolidated collective investment schemes arise as a result of the continued consolidation of the collective investment schemes

34. EVENTS SUBSEQUENT TO THE REPORTING DATE

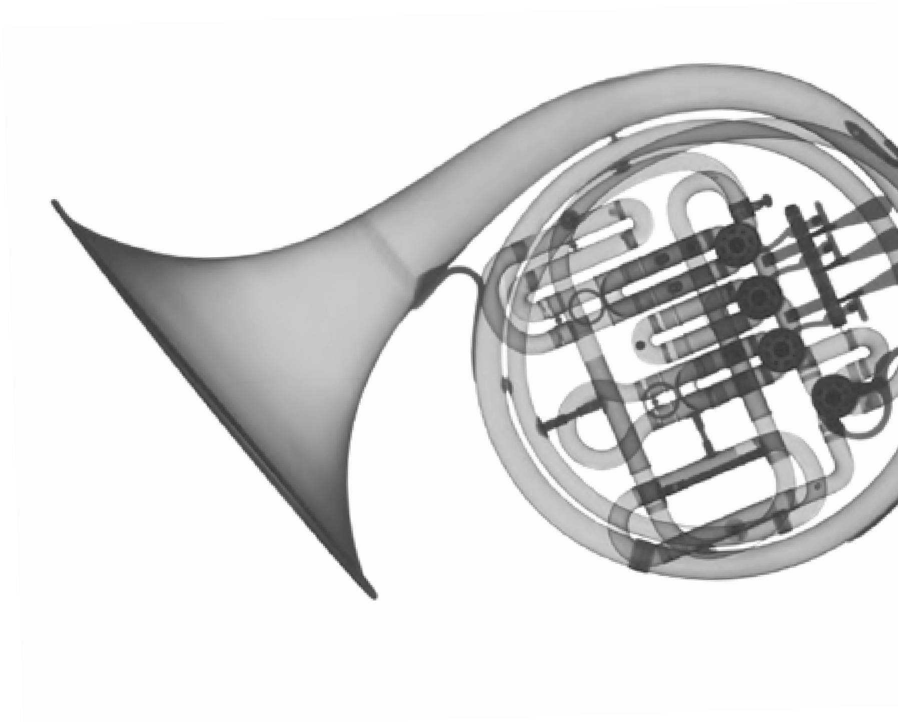
The directors are not aware of any other matter or circumstances, other than listed below, arising since the end of the financial period, not otherwise dealt with in the consolidated financial statements, that significantly affect the financial position of the Group or the results of its operations.

FINAL DIVIDEND

The board approved and declared a gross final dividend of 35.00 cents per share on 30 November 2017 from income reserves for the year ended 30 September 2017.

35. GOING CONCERN

The consolidated financial statements have been prepared on the basis of accounting policies application to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



ANALYSIS OF SHAREHOLDING

DISTRIBUTION OF SHAREHOLDERS

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 - 1000 Shares	1 084	38.9%	389 351	0.25%
1001 - 10 000 Shares	1 292	46.4%	4 381 341	2.83%
10 001 - 100 000 Shares	352	12.6%	9 736 084	6.28%
100 001 - 1 000 000 Shares	44	1.6%	14 378 229	9.28%
1 000 001 Shares and over	13	0.5%	126 070 773	81.36%
	2 785	**100.0%**	**154 955 778**	**100.0%**

SHAREHOLDERS WITH DIRECT OR INDIRECT BENEFICIAL INTEREST OF MORE THAN 5% IN SHARES

	NUMBER OF SHARES	%
The Zatoka Trust	45 620 000	29.44%
MF Wierzycka	22 691 332	14.64%
SJB Peile	21 841 112	14.10%
Ulundi Holdings	8 933 166	5.76%
The Mobula Trust	7 800 000	5.03%
Clifford Street Holdings Ltd	7 777 777	5.02%

PUBLIC/NON-PUBLIC SHAREHOLDERS

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
Non-Public shareholders	**71**	**2.55%**	**93 828 084**	**60.55%**
Directors*	8	0.29%	91 999 661	59.37%
Shares held by employees	62	2.23%	1 828 423	1.18%
Ulundi Share Trust	1	0.04%	8 933 166	5.76%
Public shareholders	**2 714**	**97.45%**	**61 127 694**	**39.45%**
	2 785	**100.00%**	**154 955 778**	**100.00%**

* Includes directors of subsidiary companies.

Sygnia

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CAPE TOWN

7th Floor, The Foundry
Cardiff Street
Green Point
8001
South Africa
T: +27(0) 21 446 4940
F: +27(0) 21 446 4950
E: info@sygnia.co.za

JOHANNESBURG

Unit 40, 6th Floor
Katherine and West building
West Street
Sandton
2196
T: +27 (0) 10 595 0550
F: +27 (0) 86 206 5173
E: info@sygnia.co.za

DURBAN

Office 2, 2nd Floor
Ridgeview
1 Nokwe Avenue
Ridgeside
Umhlanga Ridge
E: info@sygnia.co.za

WWW.SYGNIA.CO.ZA