

**Vodacom Proprietary Limited**

**Registration number 1993/003367/07**

**Condensed consolidated interim financial statements  
for the six months ended 30 September 2017**

"The preparation of these condensed consolidated interim financial statements was supervised by the Financial Director, S Mdlalose ACCA and they have been reviewed by the independent auditor, PricewaterhouseCoopers Inc."

# Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

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## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Directors' statement of responsibility

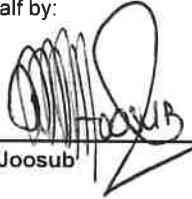
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The directors are responsible for the preparation, integrity and fair presentation of the condensed consolidated interim financial statements of Vodacom Proprietary Limited and its subsidiaries and joint venture ('the Group').

These condensed consolidated interim financial statements have been reviewed by the independent auditing firm PricewaterhouseCoopers Inc. ('PwC') which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their review were valid and appropriate. The auditor's review report is presented on page 3.


The condensed consolidated interim financial statements for the six months ended 30 September 2017 presented on pages 4 to 12 have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and in accordance with and containing the information required by the International Accounting Standard 34: Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of 2008, as amended. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements, including those involving estimations. The going concern basis has been adopted in preparing the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the board on 23 October 2017 and are signed on its behalf by:



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**MS Aziz Joosub**  
Director



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**S Mdlalose**  
Director



## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Vodacom Proprietary Limited

We have reviewed the condensed consolidated interim financial statements of Vodacom Proprietary Limited set out on pages 4 to 12, which comprise the condensed consolidated statement of financial position as at 30 September 2017 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes.

### *Directors' Responsibility for the Interim Financial Statements*

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors Responsibility*

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information. Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Vodacom Proprietary Limited for the six months ended 30 September 2017 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

**PricewaterhouseCoopers Inc.**

Director: D.B. von Hoesslin

Registered Auditor

Pretoria

24 October 2017

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## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Condensed consolidated statement of comprehensive income

	Six months ended 30 September 2017 Reviewed R mil	Six months ended 30 September 2016 Reviewed R mil	Year ended 31 March 2017 Audited R mil
<b>Revenue</b>	<b>33,924.0</b>	<b>31,497.4</b>	<b>64,821.7</b>
Direct expenses	(14,081.6)	(12,220.6)	(25,351.7)
Staff expenses	(1,844.6)	(1,772.8)	(3,516.7)
Publicity expenses	(708.2)	(614.8)	(1,279.3)
Other operating expenses	(3,935.6)	(3,879.7)	(7,890.4)
Depreciation and amortisation	(3,559.3)	(3,002.2)	(6,382.3)
Broad-based black economic empowerment charge	(40.2)	(29.8)	(75.2)
Impairment loss	-	-	(83.6)
Profit from joint venture	0.8	0.4	0.6
<b>Operating profit</b>	<b>9,755.3</b>	<b>9,977.9</b>	<b>20,243.1</b>
Finance income	255.9	255.1	691.3
Finance costs	(1,302.8)	(1,162.3)	(2,613.9)
Net (loss)/gain on remeasurement and disposal of financial instruments	(42.8)	72.5	164.7
<b>Profit before tax</b>	<b>8,665.6</b>	<b>9,143.2</b>	<b>18,485.2</b>
Taxation	(2,472.7)	(2,513.3)	(5,191.4)
<b>Total comprehensive income</b>	<b>6,192.9</b>	<b>6,629.9</b>	<b>13,293.8</b>
<b>Attributable to:</b>			
Equity shareholder	6,192.1	6,625.9	13,288.7
Non-controlling interest	0.8	4.0	5.1
	<b>6,192.9</b>	<b>6,629.9</b>	<b>13,293.8</b>
<b>Earnings per share</b>			
<b>Cents</b>			
Basic earnings per share	137.6	147.2	295.3
Diluted earnings per share	135.4	143.7	291.4

# Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

## Condensed consolidated statement of financial position

	30 September 2017 Reviewed R mil	30 September 2016 Reviewed R mil	31 March 2017 Audited R mil
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	28,873.5	27,529.7	28,551.4
Intangible assets	6,141.3	6,054.4	6,123.2
Deferred tax	116.9	117.5	117.6
Investment in joint venture	5.8	4.8	5.0
Financial assets	135.5	376.4	127.1
Finance receivables	1,382.0	888.1	1,161.0
Trade and other receivables	192.2	100.9	268.4
	<b>36,847.2</b>	<b>35,071.8</b>	<b>36,353.7</b>
<b>Current assets</b>			
Inventory	1,015.3	952.7	1,059.5
Finance receivables	1,890.9	1,602.6	1,555.6
Trade and other receivables	13,313.7	11,170.2	10,634.2
Financial assets	467.3	328.4	516.7
Tax receivable	347.0	96.8	154.0
Intergroup overnight deposits	3,573.0	5,114.2	748.3
Cash and cash equivalents	966.5	664.4	877.4
	<b>21,573.7</b>	<b>19,929.3</b>	<b>15,545.7</b>
<b>Total assets</b>	<b>58,420.9</b>	<b>55,001.1</b>	<b>51,899.4</b>
<b>Equity and liabilities</b>			
Share capital and share premium (less than R50 000)	-	-	-
Distributable reserves	6,053.4	6,199.0	8,236.4
Broad based black economic empowerment participants	516.1	516.1	516.1
Equity attributable to owners of the parent	6,569.5	6,715.1	8,752.5
Non-controlling interest	8.6	8.6	9.3
<b>Total equity</b>	<b>6,578.1</b>	<b>6,723.7</b>	<b>8,761.8</b>
<b>Non-current liabilities</b>			
Borrowings	19,848.9	25,307.4	22,341.7
Deferred tax	1,923.4	1,664.4	1,815.8
Provisions	299.5	119.0	280.4
Trade and other payables	624.5	568.2	610.0
	<b>22,696.3</b>	<b>27,659.0</b>	<b>25,047.9</b>
<b>Current liabilities</b>			
Trade and other payables	13,272.2	13,151.1	14,842.5
Tax payable	4.6	9.8	7.5
Borrowings	4,728.7	709.6	2,245.1
Provisions	149.7	83.8	159.9
Intergroup overnight borrowings	10,987.9	6,634.8	831.2
Dividends payable	3.4	3.5	3.5
Bank overdraft	-	25.8	-
	<b>29,146.5</b>	<b>20,618.4</b>	<b>18,089.7</b>
<b>Total equity and liabilities</b>	<b>58,420.9</b>	<b>55,001.1</b>	<b>51,899.4</b>

## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Condensed consolidated statement of changes in equity

	Equity shareholders	Non- controlling interest	BBBEE participants ( <sup>^</sup> )	Total
	R mil	R mil	R mil	R mil
<b>1 April 2017</b>	<b>8,236.4</b>	<b>9.3</b>	<b>516.1</b>	<b>8,761.8</b>
Total comprehensive income	6,192.1	0.8	-	6,192.9
Dividends	(8,254.2)	(1.3)	-	(8,255.5)
Share based payments	(120.9)	(0.2)	-	(121.1)
<b>30 September 2017 - Reviewed</b>	<b>6,053.4</b>	<b>8.6</b>	<b>516.1</b>	<b>6,578.1</b>
<b>1 April 2016</b>	<b>7,184.4</b>	<b>29.5</b>	<b>516.1</b>	<b>7,730.0</b>
Total comprehensive income	6,625.9	4.0	-	6,629.9
Dividends	(7,476.1)	(6.4)	-	(7,482.5)
Share based payments	(70.1)	-	-	(70.1)
Changes in subsidiary holdings	(65.1)	(18.5)	-	(83.6)
<b>30 September 2016 - Reviewed</b>	<b>6,199.0</b>	<b>8.6</b>	<b>516.1</b>	<b>6,723.7</b>
<b>1 April 2016</b>	<b>7,184.4</b>	<b>29.5</b>	<b>516.1</b>	<b>7,730.0</b>
Total comprehensive income	13,288.7	5.1	-	13,293.8
Dividends	(12,175.8)	(6.4)	-	(12,182.2)
Share based payments	5.1	(0.4)	-	4.7
Changes in subsidiary holdings	(66.0)	(18.5)	-	(84.5)
<b>31 March 2017 - Audited</b>	<b>8,236.4</b>	<b>9.3</b>	<b>516.1</b>	<b>8,761.8</b>

(<sup>^</sup>) BBBEE participants - Broad-based Black Economic Empowerment participants.

## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Condensed consolidated statement of cash flows

	Six months ended 30 September 2017 Reviewed R mil	Six months ended 30 September 2016 Reviewed R mil	Year ended 31 March 2017 Audited R mil
<b>Cash generated from operations</b>	9,535.5	10,776.8	26,223.8
Taxation paid	(2,559.4)	(2,577.2)	(5,163.4)
<b>Net cash flows generated from operating activities</b>	<b>6,976.1</b>	<b>8,199.6</b>	<b>21,060.4</b>
<b>Cash flows from investing activities</b>			
Net additions to property, plant and equipment and intangible assets	(4,665.4)	(4,626.4)	(8,673.3)
Business combinations	-	(149.6)	(149.6)
Other investing activities, including finance income received	362.9	54.0	495.5
<b>Net cash flows utilised in investing activities</b>	<b>(4,302.5)</b>	<b>(4,722.0)</b>	<b>(8,327.4)</b>
<b>Cash flows from financing activities</b>			
Advance distribution paid	(181.3)	(118.7)	(100.0)
Movement in borrowings, including finance costs paid	5,852.4	4,041.7	(294.2)
Acquisition of additional interest in subsidiaries	-	(83.8)	(83.6)
Dividends paid	(8,255.6)	(7,478.4)	(12,178.0)
<b>Net cash flows utilised in financing activities</b>	<b>(2,584.5)</b>	<b>(3,639.2)</b>	<b>(12,655.8)</b>
<b>Net movement in cash and cash equivalents</b>	<b>89.1</b>	<b>(161.6)</b>	<b>77.2</b>
Cash and cash equivalents in the beginning of the year	877.4	800.2	800.2
<b>Cash and cash equivalents at the end of the year</b>	<b>966.5</b>	<b>638.6</b>	<b>877.4</b>



# Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of IFRS and in accordance with and containing the information required by IAS 34: Interim Financial Reporting as issued by the IASB, the Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant accounting policies, judgements, estimates and methods of computation are consistent in all material respects with those applied in the consolidated annual financial statements for the year ended 31 March 2017, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

These condensed consolidated interim financial statements have been reviewed by PwC whose unmodified review report is presented on page 3.

### 2. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2017, none of which had any material impact on the Group's financial results for the year.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2018.

### 3. Per share calculations

#### Earnings and dividends per share

	Six months ended 30 September 2017 Cents Reviewed	Six months ended 30 September 2016 Cents Reviewed	Year ended 31 March 2017 Cents Audited
Basic earnings per share	137.6	147.2	295.3
Diluted earnings per share	135.4	143.7	291.4
Headline earnings per share	137.8	147.3	297.1
Diluted headline earnings per share	135.6	143.8	293.2
Dividend per share	136.9	129.0	280.5

Earnings per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

#### Diluted earnings reconciliation

	Six months ended 30 September 2017 Cents Reviewed	Six months ended 30 September 2016 Cents Reviewed	Year ended 31 March 2017 Cents Audited
Earnings attributable to equity shareholders for basic earnings per share	6,192.1	6,625.9	13,288.7
Adjusted for:			
Dilutive effect of potential ordinary shares	64.6	29.0	121.9
Earnings for Diluted earnings per share	<b>6,256.7</b>	<b>6,654.9</b>	<b>13,410.6</b>

## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Notes to the condensed consolidated interim financial statements

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#### 3. Per share calculations (continued)

##### Headline earnings reconciliation

	Six months ended 30 September 2017 Cents Reviewed	Six months ended 30 September 2016 Cents Reviewed	Year ended 31 March 2017 Cents Audited
Earnings attributable to equity shareholders, for basic earnings per share	6,192.1	6,625.9	13,288.7
Adjusted for:			
Loss on disposal of property, plant and equipment and intangible assets	15.1	2.8	30.4
Impairment losses	-	-	83.6
Tax thereon	(4.2)	(0.8)	(31.9)
Headline earnings for headline earnings per share (#)	6,203.0	6,627.9	13,370.8
Dilutive effect of potential ordinary shares	64.6	29.0	121.9
Headline earnings for diluted headline earnings per share (#)	6,267.6	6,656.9	13,492.7

##### Shares

##### Reconciliation of weighted average number of ordinary shares outstanding

	Six months ended 30 September 2017 Number of shares Reviewed	Six months ended 30 September 2016 Number of shares Reviewed	Year ended 31 March 2017 Number of shares Audited
For basic and headline earnings per share	4,500,000,000	4,500,000,000	4,500,000,000
Adjusted for:			
Dilutive effect of potential ordinary shares	122,124,971	130,674,798	102,453,248
For diluted earnings and diluted headline earnings per share	4,622,124,971	4,630,674,798	4,602,453,248

##### Dividends per share

Dividends per share calculations are based on a total dividend of R6,164.0 million (30 September 2016: R5,806.1 million, 31 March 2017: R12,624.3 million) and shares of 4,500,000,000 for all reporting periods. R6,139.4 million (30 September 2016: R5,782.9 million, 31 March 2017: R12,573.9 million) of the total dividend relates to Vodacom Group Limited.

## Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### Notes to the condensed consolidated interim financial statements

#### 4. Related parties

The amounts disclosed in Notes 4.1 and 4.2 include significant balances and transactions with the Group's joint venture and parent, including entities in its group.

	As at 30 September 2017 R mil Reviewed	As at 30 September 2016 R mil Reviewed	As at 31 March 2017 R mil Audited
<b>4.1 Balances with related parties</b>			
Borrowings	22,220.5	23,681.3	22,209.6
<b>4.2 Net transactions with related parties</b>			
Dividends declared	(8,234.8)	(7,457.4)	(12,201.7)
Finance costs	(1,226.3)	(1,103.6)	(2,488.8)

Full details of balances and transactions with related parties were disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2017.

#### 4.3 Directors' and key management remuneration

Compensation paid to the Group's Board, prescribed officers and key management personnel were disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2017. B Williams and K Kobue resigned as directors with effect from 31 May 2017 and 19 June 2017 respectively. S Mdlalose and U Lucht were appointed as directors with effect from 1 June 2017 and 19 June 2017 respectively.

	As at 30 September 2017 R mil Reviewed	As at 30 September 2016 R mil Reviewed	As at 31 March 2017 R mil Audited
<b>5. Capital commitments</b>			
Capital expenditure contracted for but not yet incurred (#)	4,249.7	3,802.0	2,130.6

(#) The Group entered into facilities leasing, services and roaming agreements with Wireless Business Solutions Proprietary Limited which will result in R1 224.8 million (30 September 2016: R2 300.0 million; 31 March 2017: R1 740.0 million) future capital expenditure for the Group. The majority of this expenditure is non-current. Capital commitments do not include the aforementioned.

#### 6. Capital expenditure incurred

Capital expenditure additions including software	3,917.1	4,062.2	8,677.6
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#### 7. Trade and other receivables

The movement in finance and trade and other receivables for the six months ended 30 September 2017 relates primarily to increased voucher and handset sales.

#### 8. Borrowings and facilities

During the current period, the Group modified two of the existing loan facilities received from Vodafone Investments Luxembourg s.a.r.l. On the 3rd of May 2017, the R8,000.0 million and R4,000.0 million loan facilities were modified from variable interest rate loans to fixed interest rate loans. The loan facilities bear interest at the fixed rates of 8.703% and 8.991% and are repayable on 26 November 2019 and 26 July 2021 respectively.

## **Vodacom Proprietary Limited**

Condensed consolidated interim financial statements for the six months ended 30 September 2017

### **Notes to the condensed consolidated interim financial statements**

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#### **8. Borrowings and facilities (continued)**

Additionally, the existing fixed rate facility of R3,000.0 million was re-financed with a floating rate facility of R3,000.0 million. The loan bears interest payable quarterly at three-month JIBAR plus 1.50%. The loan facility is unsecured and repayable on 22 May 2022.

The movement in the overnight borrowings account with Vodacom Group Limited for the six months ended 30 September 2017, relates primarily to capital expenditure incurred.

Cash receipts from customers are transferred to the overnight deposit account with Vodacom Group Limited to ensure sufficient funds are available for dividend and tax payments.

#### **9. Contingencies**

##### **Guarantees**

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R111.6 million (30 September 2016: R119.4 million; 31 March 2017: R118.7 million).

##### **Legal contingencies**

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined, after assessing recoverability, that no provision is required in respect of these legal proceedings as at 30 September 2017. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

##### **Kenneth Makate ('Mr Makate') vs Vodacom Proprietary Limited ('the Company')**

Negotiations with Mr Makate in accordance with the Constitutional Court order to determine a reasonable compensation for a business idea that led to a product known as 'Please Call Me' are ongoing, and are likely to be concluded in December 2017, where upon the matter will either be closed, or referred to the Group's Chief Executive Officer to make a determination in the event of a failure by the parties to agree on reasonable compensation that ought to be payable to Mr. Makate.

#### **10. Other matters**

##### **Competition Commission complaint lodged by Cell C Proprietary Limited ('Cell C')**

The Competition Commission has on 18 April 2017 published its decision to non-refer the Cell C on-net/off-net complaint against Vodacom for anti-competitive conduct.

##### **Radio frequency spectrum licences**

On 30 September 2016 the Pretoria High Court granted an application by the Ministry of Telecommunications and Postal Services ('the Ministry') interdicting Icasa from implementing the spectrum licencing process contemplated in the Invitation to Apply ('ITA') for the licensing of spectrum in the 700MHz, 800MHz and 2600MHz bands, pending the outcome of a judicial review on the lawfulness of the Icasa ITA.

##### **Integrated information and communication technology ('ICT') Policy White Paper ('White Paper')**

On 3 October 2016, the Ministry published a White Paper on ICT policy. The White Paper, inter-alia, proposes the establishment of a wholesale access network which will be the sole beneficiary of any new high demand spectrum that will be allocated, and open access obligations for existing networks. The White Paper is a statement of policy intent and to give effect to it, new laws and amendments to existing laws are currently being drafted.

##### **Facilities leasing and roaming agreements between Vodacom Proprietary Limited ('the Company') and Wireless Business Solutions Proprietary Limited ('WBS')**

Complaints have been raised with Icasa and the Competition Commission regarding the facilities leasing and roaming arrangements between Vodacom and WBS. Icasa and the Competition Commission are currently investigating these complaints.

# Vodacom Proprietary Limited

Condensed consolidated interim financial statements for the six months ended 30 September 2017

## Notes to the condensed consolidated interim financial statements

### 10. Other matters (continued)

#### Icasa priority market review

Icasa indicated that it will undertake a study to identify priority markets susceptible to ex ante regulation. Notice of intention to conduct an inquiry to identify priority markets was published by Icasa in terms of section 4B of the Icasa Act on the 30th of June 2017. It is our understanding that Icasa intends to finalise the inquiry on or before the 31st of March 2018. We will be fully cooperating with Icasa in this regard.

#### Competition complaint on the national treasury government transversal contract for mobile communications services

On 14 March 2016, National Treasury issued a tender for the supply and delivery of mobile communication services to national and provincial government departments in South Africa. The tender was awarded to the Group after an open and transparent process. The Competition Commission has initiated an investigation against the Group and is alleging:

- Abuse of dominance under section 8(d)(i) of the Competition Act of 2009 which prohibits a dominant firm from requiring or inducing a supplier or customer not to deal with a competitor, unless technological efficiencies or other competitive gains outweighing the anti-competitive effects can be proven to exist; and
- Abuse of dominance through an exclusionary conduct impeding or preventing a firm's entry or expansion within a market, unless technological gains or other pro-competitive gains outweighing the anti-competitive effect can be shown to be in existence.

The Group is committed to full co-operation with the Competition Commission in its investigations.

### 11. Events after reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period.

### 12. Financial instruments and risk management

#### 12.1. Fair value hierarchy

The table below sets out the valuation basis of financial instruments measured at fair value:

	As at 30 September 2017 R mil Reviewed	As at 30 September 2016 R mil Reviewed	As at 31 March 2017 R mil Audited
<b>Level one</b>			
<b>Financial assets and liabilities at fair value through profit or loss, classified as held for trading and designated:</b>			
Collective investment	255.0	205.0	244.0
	<b>255.0</b>	<b>205.0</b>	<b>244.0</b>
<b>Level two</b>			
<b>Financial assets and liabilities at fair value through profit or loss, classified as held for trading and designated:</b>			
Derivative financial assets - hedging	95.9	23.5	98.1
Derivative financial liabilities - hedging	(60.9)	(93.2)	(86.7)
	<b>35.0</b>	<b>(69.7)</b>	<b>11.4</b>

Level one is unadjusted quoted prices in active markets for identical assets used to determine fair value. Level two classification is used when valuation inputs used to determine fair value are observable for the asset / (liability), either directly as prices or indirectly when derived from prices.

