DOING THE RIGHT THING OPENS UP
A NEW WORLD OF INNOVATION AND PROFITABILITY

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

2017

Interwaste Holdings Limited

OVERVIEW

We are pleased to update you on the performance of the Group for the year ended 31 December 2017, and to inform you of the progress made by the Operations during the year under review.

Despite subdued growth and business confidence in South Africa, the year ended 31 December 2017 delivered overall revenue growth of 12% and for the first time revenue from continuing operations exceeded R1 billion. Demand for services in the waste management industry directly correlates with economic activity. Despite an environment with minimal growth in Gross Domestic Product (GDP), revenue from continuing Operations increased on the back of price increases in the Logistics and Facilities segments as well as growing volumes from new Operations mainly in the Mining and Resources sector. Volumes with respect to waste streams from other clients, especially from municipalities, remain under pressure.

The trading environment is competitive. Interwaste's strategy of providing integrated waste management solutions and controlling the entire value chain continues to afford us a competitive advantage. Our internationally accredited operating standards and growing service offerings enable Interwaste to be the supplier of choice for many local and multinational companies.

STRATEGIC FOCUS AREAS

The Group remains committed to realising value for all our stakeholders through our Strategic Focus Areas:

INNOVATIVE INTEGRATED WASTE MANAGEMENT SOLUTIONS

The Group continues to innovate and remain at the forefront of technology and solutions within the Waste Management industry. The number of waste management solutions and client needs continue to grow especially in light of more stringent environmental legislation and a focus on zero waste to landfill strategies. Effective 30 June 2017, we exited the non-performing Blending Plant business with Lafarge and replaced the capability at our Operation in Germiston which provides greater flexibility for the business. We continue to grow this capability in-house with a wider ranging client base to accept offtake.

The Klinkerstene Landfill which was commissioned in July 2016 provides flexibility through an additional Company owned disposal facility. Cell two at the landfill was completed during the year providing additional airspace in order to meet the Group's short to medium-term demands.

Our Laboratory at our site in Germiston was awarded full SANAS accreditation with Interwaste now having one of the most advanced and fully certified environmental laboratories in South Africa.

PROFITABLE GROWTH AND FINANCIAL RETURNS

The Group remains focused on growing shareholder value through long-term sustainable cash generation, improved operational efficiencies and prioritising capital investment expected to generate the highest return. In line with the strategy of migrating from operating leases to that of fleet ownership, our truck fleet replacement which commenced during 2013 was completed during the third quarter of 2017. Interwaste now has ownership of a modern and young fleet of vehicles.

The Group was highly cash generative with an inflow of R192.6 million (2016: R99.0 million) of cash before financing driven by improved profitability, lower investment in working capital and a reduction in cash utilised in investing activities. Cash and cash equivalents held at 31 December 2017 were R116.1 million compared to R30.9 million at the end of the prior year. With the improved cash flows, Debt to Equity reduced to 48.1% from 53.4% in the prior year.

Operating profit from continuing operations for the year ended 31 December 2017 was R109.3 million, up 11% on the prior year. The Logistics segment performed well due to an increase in volumes from new operations, a strong focus on asset utilisation and efficiencies and the consolidation and relocation of non-performing depots. The Facilities segment underperformed due to lower volumes arising from stagnant economic growth within South Africa and uncertainty of the validity of the FG license impacting disposal volumes. With the commissioning of the Klinkerstene Landfill effective 1 July 2016, the operating costs of the Facilities segment was further impacted by operating costs of two landfills for an entire year together with increased legal and compliance costs.

During 2017, Interwaste Holdings' share price traded below the net asset value and the Company used the opportunity to buy-back their own shares. 25.8 million shares at an average price of 87c per share were acquired during the financial year. A total of 29.5 million shares were held at 31 December 2017.

Our focus on returns delivered an improved position on return on net operating assets (RONA) from 12.5% in 2016 to 14.0% this financial year due to improved profitability together with a lower operating asset base. The impact of additional profits earned by minority shareholders negatively impacted both Headline Earnings per share (HEPS) and Return on Equity (ROE). HEPS for the year was 10.70c, up 16% compared to the prior year and was up 8% on a continuing basis. ROE was 8.6% for the year, similar to last year. We remain committed in the long-term to improving ROE to in excess of the Company's weighted average cost of capital.

CLIENT CENTRICITY

Interwaste has a proud history of building sustainable relationships with our clients founded on mutual respect and trust. The Group remains focused on forming long-term partnerships with key clients, growing market share and renewing profitable contracts at their end date. Client retention, service levels and new client acquisition remain key. Our service offering coupled with high operational standards enabled the Group to secure new clients in a number of sectors during the year resulting in revenue increasing 12% year-on-year, despite volume reductions within our existing client base.

Our Business Development team continues to focus on organic growth, diversifying our client base and achieving greater market share in the regions and industries in which we operate. Interwaste's team of specialists and our integrated offering positions us well to service new opportunities arising from increased waste regulations, our clients' zero waste to landfill strategies and a heightened awareness of the value sustainable waste management solutions created for business.

OUR PEOPLE

Our people remain core to achieving our strategic objectives. We maintained sustainable employment for over 1,900 people throughout the Group during the 2017 financial year. The Group is focused on attracting, recruiting, developing and retaining appropriate skills and talent. During the year under review, significant steps were undertaken in this area. The organisation has employed a number of staff with deep experience from similar industries in order to grow the business. The Group also implemented a new remuneration policy for 2018 including job grading, a short-term incentive scheme and is reviewing the long-term incentive scheme to meet the objective of retaining appropriate skills and talent. This policy will form the back bone of an integrated employee management system.

TRANSFORMATION, DIVERSITY AND INCLUSION

In alignment with our people focus, Transformation, Diversity and Inclusion remains key to achieving our Group objectives. We are striving to create a more diverse and equitable workforce to not only mirror the diversity of the countries in which we operate, but to enhance our competitiveness. Interwaste is a B-BBEE Level 4 contributor and is currently implementing its roadmap to further enhance the rating. We are committed to be involved in a range of initiatives supporting gender diversity, entrepreneurship, localisation and industrialisation in South Africa.

OPERATIONAL EXCELLENCE

In order to remain competitive and provide sustainable solutions, operational excellence is a fundamental strategic driver for the business. We are building a culture and mindset of continuous improvement and innovation to ensure we leverage our skills, capabilities, investments and assets to extract maximum value for all. From Operations, Logistics and Facilities to Administrative and Servicing teams, each has measures and programmes to proactively track progress towards achieving our targets.

The Group evaluates ongoing investments to enhance operational efficiencies which will deliver value in the short, medium and long-term. Proactive steps have been taken to right size certain areas of our operations to ensure unproductive assets are re-allocated to areas which are able to generate the required returns. During the year under review, the Group embarked on the consolidation, relocation and disposal of various non-performing depots and businesses to more effectively utilise the assets of the Group. In line with our strategy of profitable growth, the non-performing Blending Plant's assets, which are included in the Facilities segment, were sold to Lafarge effective 30 June 2017 with losses having ceased from that date. The overall activities of our cross-border investments continue to perform well with healthy returns being generated.

SUSTAINABLE DEVELOPMENT

Sustainable development is the very essence of our business. We strive to operate and create solutions which take into consideration economic, social and environmental factors. We aim to reduce the environmental footprint of our own business, as well as the activities of our clients. We care about our planet and aim to preserve it now and for future generations.

Many initiatives across the business support our sustainable development goals. Socially, we support the communities surrounding us through education, employment, Enterprise Development and other programmes. To ensure our operational processes are of the highest environmental standards, we implemented and achieved the latest ISO 14 001 accreditation in December 2017. The health and safety of our employees and those with whom we work is critical and supported by a team of experienced SHEQ officers.

Given the extensive focus on the FG Landfill, the site's license and compliance came under scrutiny from both the National and Provincial Regulators. The Company was engaged in legal proceedings with regards to the license for the site. The matter was heard in December 2017 and on the 13th of February 2018, the Court ruled in Interwaste's favour confirming the validity of the

FG Landfill's license. The Minister of Environmental Affairs is also considering submissions regarding the landfill's environmental impact.

2018 OUTLOOK

The economy in South Africa is projected to grow by 1.1% in 2018. The foreign exchange markets were impacted positively by the results of the December 2017 ANC elective conference and the subsequent political changes.

Based on the forecasts of economic growth, it is reasonable to presume relatively flat growth in the year that lies ahead, with some optimism. It is hopeful that there will be an improvement of business confidence following the political changes which will drive higher economic growth. The provision of integrated waste solutions together with increasing levels of compliance should assist in retaining clients as well as acquiring new clients providing opportunities for sustained growth. We continue to drive returns by managing costs and improving efficiencies. Resources will be applied to investments that generate the required returns.

While the road ahead remains challenging, we believe that our Group is well positioned in meeting the Group's objectives of maximising value for all our stakeholders.

DIVIDEND

With strong cash generation for the year ended 31 December 2017, the Board has approved the payment of a maiden dividend of 2.0c per share amounting to R9.34 million, to be declared on 19 March 2018. We remain committed to future dividends by applying a policy of between 4.5 to 5.0 times cover of income attributable to Interwaste shareholders bearing in mind the balance between capitalising on opportunities and delivering on short, medium and long-term value for shareholders.

LEADERSHIP CHANGES

Leadership changes took place during the 2017 financial year as follows:

- Mr Funani Mojono was appointed as Independent Non-Executive Chairperson following the resignation of Ms Andisiwe Kawa
- Mr Charles Boles and Mr David Rosevear were appointed as Independent Non-Executive Directors following the resignation of Mr Gavin Tipper, as a Non-Executive Director
- Mr Robert Lumb was appointed the Group Financial Director following the resignation of Mr Andre Broodryk
- Mr Allen De Villiers, the Company Secretary, resigned and was replaced by Ms Amanda Fairley acting as Company Secretary in an outsourced capacity
- Following the appointment of Mr Jason McNeil to that of Chief Operating Officer, Ms Kate Stubbs was appointed as Group Sales and Marketing Executive.

APPRECIATION

We would like to take this opportunity to thank our fellow Board members for their counsel, direction, support and oversight of Interwaste. We welcome the new members who have joined us in this financial year.

To the Executive management teams, we would like to extend our appreciation for your dedication and determination under challenging circumstances.

To our stakeholders, thank you for your ongoing support of Interwaste and we continue to look forward to taking you with us along our journey.

BASIS OF PREPARATION

The condensed consolidated provisional financial statements are prepared in accordance with the requirements of the JSE Limited Listing Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listing Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the presentation of these condensed consolidated provisional financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in previous financial statements except for standards, interpretations and amendments that are newly effective for the year ended 31 December 2017, and which have become applicable. These standards had no significant impact on the results for the year under review.

RESTATEMENT OF 2016 STATEMENT OF CASH FLOWS

The 2016 Condensed Consolidated Statement of Cash Flows was restated to more accurately reflect additions of property, plant and equipment through instalment sales agreements as a non-cash flow item as required by IAS7: Cash flow statements and included in note 3 to the condensed consolidated provisional financial statements.

BASIS OF MEASUREMENT

The condensed consolidated provisional financial statements are presented in thousands of South African Rands (R'000s) on the historical cost basis.

GOING CONCERN

The condensed consolidated provisional financial statements have been prepared on the going concern basis as the directors believe that the Group has adequate resources to continue in operation for the foreseeable future.

REPORT OF THE INDEPENDENT AUDITORS

The condensed consolidated provisional financial statements have been reviewed by the auditors, Deloitte & Touche. In their report, dated 16 March 2018, which is available for inspection at the registered office, they have expressed an unmodified conclusion. The auditor's report does not necessarily report on all the information in this announcement or financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office. Any reference to future financial performance or prospects included in this announcement has not been reviewed or reported by the Group's auditors.

PREPARATION OF PROVISIONAL RESULTS

The preparation of the Group's condensed consolidated provisional financial statements was supervised by the Group Financial Director, RA Lumb CA(SA).

On behalf of the Board
16 March 2018

RA Lumb
Group Financial Director

WAH Willcocks
Chief Executive Officer

CORPORATE INFORMATION

Non-executive directors: PF Mojono (Chairperson), LJ Mahlangu, BL Willcocks, C Boles, D Rosevear
Executive directors: WAH Willcocks (Chief Executive Officer), LC Grobbelaar, RA Lumb (Group Financial Director)
Registration number: 2006/037223/06
Registered address: P O Box 382, Germiston, 1400
Company secretary: A Fairley
Telephone: (011) 323 7300
Facsimile: 086 576 8152
Transfer secretaries: Computershare Investor Services (Pty) Limited
Sponsor: Grindrod Bank Limited

www.interwaste.co.za

Interwaste Holdings Limited

Interwaste Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2006/037223/06)
(JSE code: IWE ISIN: ZAE000097903)
("Interwaste" or "the Company" or "the Group")

CONDENSED CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

Figures in R'000	Dec 2017 Reviewed	% Change	Dec 2016 Audited
Continuing operations			
Revenue	1 033 085	12%	924 003
Cost of sales	(495 449)		(421 317)
Gross profit	**537 636**	**7%**	**502 686**
Operating expenses	(325 541)		(297 591)
Administrative expenses	(296 717)		(270 431)
Selling and distribution expenses	(22 336)		(17 964)
Research and development expenses	(6 488)		(9 196)
Earnings before interest, tax and depreciation	**212 095**	**3%**	**205 095**
Depreciation and amortisation	(102 783)		(106 636)
Results from operating activities	**109 312**	**11%**	**98 459**
Net finance costs	(30 506)		(28 720)
Finance costs	(33 480)		(30 882)
Finance income	2 974		2 162
Profit before taxation	**78 806**	**13%**	**69 739**
Taxation expense	(24 985)		(21 999)
Profit for the year from continuing operations	**53 821**	**13%**	**47 740**
Discontinued operations			
Loss from discontinued operations, net of taxation	-		(3 961)
Profit for the year	**53 821**	**23%**	**43 779**
Profit attributable to:			
Non-controlling interests	6 165		14
Owners of the Company	47 656		43 765
Other comprehensive, net of tax items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve movement on foreign operations	(3 632)		(5 434)
Total comprehensive income for the year	**50 189**	**31%**	**38 345**
Total comprehensive income attributable to:			
Non-controlling interests	6 165		14
Owners of the Company	44 024	15%	38 331
Earnings per share			
Continuing and discontinued operations			
Basic earnings per share (cents)	10.40	11%	9.36
Diluted earnings per share (cents)	10.35	11%	9.29
Continuing operations			
Basic earnings per share (cents)	10.40	5%	9.95
Diluted earnings per share (cents)	10.35	5%	9.88

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

Figures in R'000		Dec 2017 Reviewed	Dec 2016 Audited
ASSETS			
Non-current assets		**753 241**	**778 914**
Property, plant and equipment		687 919	713 290
Goodwill		64 008	64 008
Deferred taxation assets		1 314	1 616
Current assets		**328 843**	**238 283**
Inventories		9 213	8 143
Current taxation receivables		7 597	6 066
Trade and other receivables		195 938	193 223
Cash and cash equivalents		116 095	30 851
TOTAL ASSETS		**1 082 084**	**1 017 197**
EQUITY AND LIABILITIES			
Equity		**566 582**	**541 343**
Equity attributable to owners of the Company		559 310	537 906
Stated capital		292 974	315 558
Share-based payment reserve		4 564	5 402
Foreign currency translation reserve		(11 694)	(8 061)
Retained earnings		273 466	225 007
Non-controlling interests		7 272	3 437
Liabilities			
Non-current liabilities		**264 265**	**274 046**
Interest-bearing borrowings		162 079	183 579
Provision for site rehabilitation		37 808	34 347
Deferred taxation liabilities		64 378	56 120
Current liabilities		**251 237**	**201 808**
Current taxation payables		666	4 160
Interest-bearing borrowings		110 546	105 386
Trade and other payables		140 025	92 262
TOTAL LIABILITIES		**515 502**	**475 854**
TOTAL EQUITY AND LIABILITIES		**1 082 084**	**1 017 197**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Figures in R'000		Dec 2017 Reviewed	Dec 2016 Audited
Profit after tax		53 821	43 779
Dividends paid to non-controlling interests		(428)	(260)
Shares issued		-	1 164
Treasury shares acquired		(22 584)	(3 226)
Foreign currency translation reserve movement		(3 632)	(5 434)
Share-based payment (credit)/charge		(838)	1 156
Purchase of non-controlling interest in subsidiary		(1 100)	-
Equity at beginning of year		541 343	504 164
Total equity at end of year		**566 582**	**541 343**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

Figures in R'000	Dec 2017 Reviewed	Dec 2016 Reviewed Restated*
Cash flows from operating activities		
Profit before taxation on total operations	78 806	69 739
Loss before taxation on discontinued operations	–	(4 833)
Profit before taxation on total operations	**78 806**	**64 906**
Adjustments for:		
Depreciation	102 783	106 769
Finance costs	33 480	31 394
Finance income	(2 974)	(2 206)
Loss on disposal of property, plant and equipment	2 084	1 599
Profit of disposal of business	–	(2 448)
Profit on disposal of subsidiary	(202)	–
Share-based payment (credit)/charge	(838)	1 156
Foreign currency translation differences	(1 138)	3 904
Change in estimate – site rehabilitation cost	1 217	998
Changes in working capital:		
Increase in trade and other receivables	(3 751)	(12 886)
Increase/(decrease) in trade and other payables	50 183	(18 989)
(Increase)/decrease in inventories	(1 069)	3 329
Cash generated from operations	**258 581**	**177 526**
Finance costs paid	(31 236)	(29 525)
Finance income received	2 974	2 206
Taxation paid	(21 259)	(9 470)
Net cash inflow from operating activities	**209 060**	**140 737**
Cash flows from investing activities		
Purchase of property, plant and equipment	(33 286)	(52 129)
Proceeds on disposal and scrapping of property, plant and equipment	18 074	4 725
Disposal of subsidiary, net of cash disposed of	(1 209)	–
Disposal of business, net of cash disposed of	–	8 560
Acquisition of business, net cash acquired	–	(2 926)
Net cash outflow on investing activities	**(16 421)**	**(41 770)**
Cash flows from financing activities		
Proceeds on issue of share capital	–	1 165
Treasury shares acquired	(22 584)	(3 226)
Net movement in interest-bearing borrowings	(83 868)	(112 783)
Interest-bearing borrowings raised	33 988	–
Interest-bearing borrowings repaid	(117 856)	(112 783)
Acquisition of non-controlling interests	(1 100)	–
Dividends paid to non-controlling interests	(428)	(260)
Net cash outflow on financing activities	**(107 980)**	**(115 104)**
Total cash movement for the year	**84 659**	**(16 137)**
Effect of exchange rate fluctuations on cash held	585	(6 166)
Cash and cash equivalents at beginning of year	30 851	53 154
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	**116 095**	**30 851**

*See note 3 for details of the restatement of the 2016 condensed consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. CONDENSED CONSOLIDATED SEGMENT REPORT

Figures in R'000		Dec 2017 Reviewed	Dec 2016 Audited
Gross revenue from external customers			
Logistics		924 539	803 887
Facilities		108 546	120 116
		1 033 085	**924 003**
Results from operating activities			
Logistics		93 751	64 619
Facilities		15 561	33 840
		109 312	**98 459**
Depreciation			
Logistics		82 224	84 578
Facilities		20 559	22 058
		102 783	**106 636**
Segment assets			
Logistics		914 418	865 655
Facilities		167 666	151 542
		1 082 084	**1 017 197**
Segment liabilities			
Logistics		471 854	431 358
Facilities		43 648	44 496
		515 502	**475 854**

2. RECONCILIATION OF HEADLINE EARNINGS

Group	**2017**	**% Change**	**2016**
Profit attributable to owners of the Company	47 656		43 765
Adjustments for:			
Profit on disposal of business	-		(2 448)
Tax effect on profit on disposal of business	-		685
Loss on disposal of property, plant and equipment	2 084		1 599
Tax effect of loss on disposal of property, plant and equipment	(583)		(448)
Profit on disposal of subsidiary	(202)		-
Tax effect on profit on disposal of subsidiary	57		-
Headline earnings attributable to ordinary shareholders	**49 012**	**14%**	**43 153**
Weighted average number of shares in issue on which earnings per share are based	458 111 275		467 818 670
Diluted weighted average number of shares in issue on which diluted earnings per share are based	460 251 501		471 135 689
Continuing and discontinued operations			
Headline earnings per share (cents)	10.70	16%	9.22
Diluted headline earnings per share (cents)	10.65	16%	9.16
Continuing operations			
Headline earnings per share (cents)	10.70	8%	9.94
Diluted headline earnings per share (cents)	10.65	8%	9.87

3. RESTATEMENT OF 2016 CASH FLOWS

The 2016 Condensed Statement of Cash Flows was restated in order to correct a classification error reflecting additions of property, plant and equipment through instalment sales agreements amounting to R105.4 million as non-cash flow items as required by IAS7: Cash flow statements. The impact of the changes are reflected below:

Figures in R'000s	December 2016 condensed consolidated statement of cash flows as previously reported	December 2016 condensed consolidated statement of cash flows as revised	Impact of restatement
Net cash outflow on investing activities	(147 180)	(41 770)	105 410
Net cash outflow on financing activities	(9 694)	(115 104)	(105 410)

This restatement had no impact on Earnings per share, nor Headline Earnings per share for 2016.

4. NET ASSET VALUE PER SHARE

The net asset value per share of 127.22 cents (2016: 115.56 cents) is based on equity attributable to owners of the Company of R559.3 million (2016: R537.9 million) divided by the number of shares in issue, excluding treasury shares, of 439 640 759 (2016: 465 482 658).

5. RELATED PARTIES

Trusts relating to directors
The Wilco Family Trust
N2 Property Trust

Directors
D Rosevear
BL Willcocks
C Boles
LJ Mahlangu
LC Grobbelaar
PF Mojono
WAH Willcocks
RA Lumb

Significant shareholders
The Wilco Family Trust

Key management
JJ McNeil
DL Nkomo
R Pillay
K Stubbs

There were no major transactions with related parties in the year ended 31 December 2017.

6. SUBSEQUENT EVENTS

The directors are not aware of any material matter or circumstance arising since the end of 31 December 2017 and up to the date of approval of the condensed consolidated financial results, relevant to an assessment of the financial results at 31 December 2017.

7. IMPACT OF IFRS 15, IFRS 9 AND IFRS 16

The following new and revised standards have been issued, but is not yet effective at the date of this report.

IFRS 15: Revenue from contracts with customers
The Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 15. For revenue from the sale of goods, management does not expect a significant impact on the measurement or timing of revenue recognition as:

1) There is no material right of return; and

2) The date when control passes in terms of IFRS 15 is likely to be materially the same as the date revenue is currently recognised.

For revenue from the rendering of services, management does not expect a significant impact on the measurement or timing of revenue recognition due to the nature and short length of the services rendered.

IFRS 9: Financial Instruments
Management has performed a preliminary assessment of the impact of IFRS 9. Given the nature of the Group's financial instruments, the Group does not believe that the new classification requirements will significantly impact on the measurement of these instruments. The impairment model for trade receivables will change from an "incurred loss" model to an "expected loss" model.

IFRS 16: Leases
The Group has a number of operating leases for equipment and vehicles that may be recognised on the statement of financial position as a result of the adoption of IFRS 16. Management has identified specific contracts where an impact is expected and is in the process of determining:

1) Whether these contracts meet the definition of lease contracts per IFRS 16;

2) Whether any scope exemptions apply; and

3) The quantitative impact of recognising these leases on the statement of financial position, where relevant.

At the end of the financial year the Group had lease commitments of R5.7 million (2016: R6.1 million) for premises and R0.3 million (2016: R5.8 million) for vehicles and equipment.