ACCOUNTING POLICIES

1. ACCOUNTING POLICIES

This summary of the principal accounting policies of the Montauk Holdings Limited Group is presented to assist with the evaluation of the annual financial statements.

a) Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, No. 71 of 2008, and the Listings Requirements of the JSE Limited. The annual financial statements are presented in US Dollars. The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below. The accounting policies are consistent with those applied in the previous year.

b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive board members.

c) Basis of consolidation

The consolidated annual financial statements include the financial information of the subsidiaries, associated entities and joint ventures.

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the Group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the Group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

The Company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ii) Transactions and non-controlling interests

Transactions with non-controlling interests are transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

iii) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

The carrying amount of the Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) recognised on acquisition.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Some of the Group's associates and joint ventures have accounting reference dates other than 31 March. These are equity accounted using management prepared information on a basis coterminous with the Group's reporting date.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' and joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

d) Foreign exchange

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The annual financial statements are presented in US Dollars, which is the Group's presentation currency.

ii) Transactions and balances

The financial statements for each Group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date with the resulting translation differences recognised in profit or loss. Translation differences on non-monetary assets such as equity investments classified as available for sale are recognised in other comprehensive income.

iii) Foreign subsidiaries and associates – translation

One-off items in the statements of comprehensive income and statement of cash flows of foreign subsidiaries and associates expressed in currencies other than the US Dollars are translated to US Dollars at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between statements of comprehensive income translated at average and closing rates are recognised as a separate component of equity. For these purposes, net assets include loans between Group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

e) Business combinations

i) Subsidiaries

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

ii) Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Where a business combination occurs in several stages, goodwill will be recognised on the transaction that results in the Group obtaining control of the subsidiary. Goodwill, or gain on bargain purchase, will be measured as the difference between the fair value of the identifiable net assets acquired and the sum of the consideration paid, the non-controlling interest and the fair value of any previous interest held.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

iii) Common control transactions

Acquisitions of subsidiaries which do not result in a change of control of the subsidiaries are accounted for as common control transactions. The excess of the cost of the acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity is carried as a non-distributable reserve in the consolidated results.

f) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

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

i) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Freehold buildings and infrastructure	10 – 50 years
Leasehold land and buildings	Period of the lease
Other equipment and vehicles	3 – 10 years
Plant and machinery	5 – 12½ years

ii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the carrying amount of the asset.

iii) Capitalisation of borrowing costs

Direct financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use are capitalised up to the time of completion of the project.

g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Group.

Amortisation is recognised together with depreciation in profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

i) Emission allowances

Emission allowances consist of credits that need to be applied to nitrous oxide (N_2O) emissions from internal combustion engines. These engines emit levels of N_2O for which specific allowances are required in certain States of the United States of America. Certain assets acquired through the acquisition of a subsidiary, by Montauk Energy Holdings LLC, qualify for N_2O allowances. These have been recognised at fair value at date of acquisition, have indefinite useful lives and as, a result, are not amortised. These assets are tested annually for impairment. There is currently no indicator for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

i) Licences

Radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act. The directors understand that the revocation of a commercial radio licence has never happened in Australia and have no reason to believe that the licences have a finite life. As a result radio broadcasting licences have been assessed to have indefinite useful lives. Accordingly they are not amortised and are tested for impairment annually or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

ii) Trademarks

Trademarks are recognised initially at cost. Trademarks have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

iii) Customer contracts

These contracts represent a source of income over the life of the contract for the purchase of processed gas. The contract is amortised over a 15-year period on a straight-line method.

iv) Distribution rights

Distribution rights represent multi-territory and multi-platform programming rights that the Group is able to sell to other broadcasters. Distribution rights are initially recognised at cost. Distribution rights are amortised over the products' economic life cycle which is determined on a pro rata basis of the individual title's total cost based on the territory and broadcast platform for which the distribution rights have been sold.

Distribution rights are amortised on a straight-line basis and are tested for impairment annually until they are brought into use.

v) Gas rights

Gas rights with finite lives are amortised over their estimated useful economic life as follows:

Units of production method of depletion over gas rights term, which is between 12 – 20 years.

vi) Interconnection

The interconnection intangible asset is the exclusive right to utilise an interconnection line between the operating plant and a utility substation to transmit produced electricity. Included in that right is full maintenance provided on this line by the utility. The interconnection is amortised over its useful life, which is between 10 – 20 years, on a straight-line method.

h) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Financial assets consist of cash, investments in equity instruments, contractual rights to receive cash or another financial asset, or contractual rights to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms.

Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to off-set recognised amounts of financial assets and liabilities and there is an intention to settle net, the relevant financial assets and liabilities are off-set.

Interest costs are recognised using the effective interest method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the statement of financial position date which are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowance for impairment. A allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables.

Significant financial difficulties of the debtor, a probability that the debtor will enter bankruptcy or financial reorganisation and the default or delinquency of payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

ii) Financial liabilities at amortised cost

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost using the effective interest method, and include accrued interest. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Any difference between proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings.

iii) Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the statement of cash flows as they form an integral part of the Group's cash management.

iv) Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

v) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of trade receivables is described in note (h)(i) above.

i) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future. Derivatives are initially and subsequently measured and recognised at fair value.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the statement of financial position, depending on when they are expected to mature.

j) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average or first-in first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses. Provision is made for slow-moving goods and obsolete materials are written off.

k) Programme rights

Programme rights are stated at the contracted costs incurred in obtaining the rights to transmit the programmes, less the cost of programmes transmitted or written off during the year.

l) Renewable identification numbers (“RINs”)

The Group generates RINs through its production and sale of high-btu gas used for transportation purposes as prescribed under the Federal Renewable Fuel Standard. The RINs that the Group generates are able to be separated and sold independent from the energy produced; therefore no cost is allocated to the RIN when it is generated.

m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account. Where subsidiaries hold shares in the holding company’s equity share capital, the consideration paid to acquire these shares is deducted from total shareholders’ equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity. Shares issued to or held by share incentive plans within the Group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

n) Impairment

This policy covers all assets except inventories (see note (j)), financial assets (see note (h)), and non-current assets classified as held for sale (see note). Impairment reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets the Group estimates the recoverable amount of the cash-generating unit (‘‘CGU’’) to which the asset belongs.

For the purpose of conducting impairment reviews CGUs are considered to be the lowest level of groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When an impairment is recognised, the impairment loss is held first against any specifically impaired assets of the CGU, then recognised against goodwill balances. Any remaining loss is set against the remaining intangible and tangible assets on a pro rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

o) Non-current assets held for sale

Items classified as non-current assets held for sale are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

p) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within interest costs.

Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where a contract is expected to be loss-making (and not merely less profitable than expected).

i) Asset retirement obligations

Long-term environmental obligations are based on the Group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of ongoing current programmes to prevent and control pollution and to rehabilitate the environment is charged against income as incurred.

q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

i) Sale of goods

Revenue is recorded when earned for the sale of renewable natural gas and electricity, along with environmental attributes that are bundled and sold along with the energy, based on output actually delivered.

All other revenue, including environmental attributes that are not bundled and sold along with the energy, are recorded when realised or realisable and earned.

ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate and records the discount as interest income.

iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

r) Leases

The Group is the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

s) Income tax

The tax expense for the period comprises current, deferred tax and secondary tax on companies. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full using the statement of financial position liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised. Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is measured on a non-discounted basis.

t) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the Group's annual financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the reporting date are not recognised as there is no present obligation at the reporting date.

u) Employee benefits

i) Leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the financial year-end date. This liability is included in "Provisions" in the statement of financial position.

ii) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at year-end.

v) Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2013 issued by SAICA.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Principles of critical accounting estimates and assumptions

i) The Group makes estimates and assumptions concerning the future

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Property, plant and equipment, excluding land

Changes in business landscape or technical innovations may impact the useful lives and estimated residual values of these assets. Similar assets are grouped together, but residual values and useful lives may vary significantly between individual assets in a category. Management reviews assets' residual values, useful lives and related depreciation charges annually at each reporting date.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

3.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2015 or later periods which the Group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice versa), the accounting guidance in paragraphs 27 – 29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27 – 29.	The Group will apply the IFRS 5 amendments from annual periods beginning 1 April 2016
IFRS 7: Financial Instruments Disclosures	Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be "continuing involvement" for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.	The Group will apply the IFRS 7 amendments from annual periods beginning 1 April 2016
IFRS 9: Financial Instruments	IFRS 9: Financial Instruments (2014): replaces IAS 39: Financial Instruments – Recognition and Measurement.	The Group will apply the IFRS 9 amendments from annual periods beginning 1 April 2018
IFRS 10: Consolidated Financial Investments	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10: Consolidated Financial Statements and those in IAS 28 (2011): Investments in Associates in dealing with the sale or contribution of a subsidiary.	The Group will apply the IFRS 10 amendments from annual periods beginning 1 April 2016
	• Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31.	The Group will apply the IFRS 10 amendments from annual periods beginning 1 April 2016
	• Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities.	The Group will apply the IFRS 10 amendments from annual periods beginning 1 April 2016
	• Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	The Group will apply the IFRS 10 amendments from annual periods beginning 1 April 2016

Standard	Details of amendment	Annual periods beginning on or after
IFRS 15: Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	The Group will apply the IFRS 15 amendments from annual periods beginning 1 April 2018
IAS 1: Presentation of Financial Statements	• Amendments clarifying IAS 1's specified line items on the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated.	The Group will apply the IAS 1 amendments from annual periods beginning 1 April 2016
	• Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.	The Group will apply the IAS 1 amendments from annual periods beginning 1 April 2016
	• Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	The Group will apply the IAS 1 amendments from annual periods beginning 1 April 2016
IAS 19: Employee Benefits	• Annual Improvements 2012 – 2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency level rather than the country level.	The Group will apply the IAS 19 amendments from annual periods beginning 1 April 2016
IAS 27: Consolidated and Separate Financial Statements	• Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.	The Group will apply the IAS 27 amendments from annual periods beginning 1 April 2016
IAS 38: Intangible Assets	• Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	The Group will apply the IAS 38 amendments from annual periods beginning 1 April 2016

The directors have not yet considered the detailed impact that these changes might have on the Group.