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23. SUBSIDIARIES

A list of the group's significant subsidiaries, their country of incorporation and principal place of business, the group's percentage shareholding and an indication of their nature of business is included on annexure A of these financial statements.

There are no material non-controlling interests in the group.

24. SHARE-BASED PAYMENTS

Bidcorp's current management share incentive plans comprise the Bidvest Incentive Scheme (BIS), Bid Corporation Limited Share Appreciation Rights (SARs) Plan, and Bidcorp Conditional Share Plan (CSP).

The Bidvest Incentive Scheme (BIS)

BIS participants were treated fairly on the unbundling of Bidcorp from The Bidvest Group Limited, as participants of the BIS who were granted options in terms of the BIS and who had not exercised their options at the unbundling date, exchanged each one of their Bidvest Group Limited options for one right over one Bid Corporation Limited share and one The Bidvest Group Limited share (replacement right(s)).

The original option price was not adjusted, but on exercise of the replacement right, the original option price is deducted from the combined value of Bidcorp shares and Bidvest Group shares. The vesting date and lapse dates of the replacement rights are the same as that of the original options. Replacement right(s) vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Replacement right(s) not exercised within a 10-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

Replacement right(s) holders are only entitled to exercise their replacement right(s) if they are in the employment of the Bidcorp group in accordance with the terms referred to hereafter, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of replacement right(s) granted to staff are:

	2017		2016	
	Number	**Average price R**	Number	Average price R
Beginning of year	**3 133 225**	**233,88**	2 364 875	205,36
Granted	**–**	**–**	688 000	301,54
Transfer as a result of unbundling	**–**	**–**	985 845	193,00
Lapsed	**(53 289)**	**239,56**	(106 015)	210,07
Exercised	**(656 000)**	**187,92**	(799 480)	160,51
End of year	**2 423 936**	**246,01**	3 133 225	233,88
Share options outstanding at June 30 by year of grant are:				
2011	**41 675**	**135,00**	67 050	135,00
2012	**167 625**	**134,56**	423 125	134,56
2013	**344 625**	**208,91**	479 250	208,91
2014	**556 750**	**237,54**	834 500	237,54
2015	**632 261**	**250,73**	641 300	250,73
2016	**681 000**	**301,54**	688 000	301,54
	2 423 936	**246,01**	3 133 225	233,88

The replacement right(s) outstanding at June 30 2017 have an exercise price in the range of R135,00 to R301,54 (2016: R135,00 to R301,54) and a weighted average contractual life of 3,4 to 8,5 years (2016: 4,4 to 9,5 years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the replacement right(s) is used as an input into this model.

24. SHARE-BASED PAYMENTS *(continued)*

Bid Corporation Limited Share Appreciation Rights (SARs) Plan

SARs participants were granted share awards (awards) that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Awards not exercised within a seven-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised. Award holders are only entitled to exercise their awards if they are in the employment of the Bidcorp group in accordance with the terms referred to hereafter, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of awards granted to staff are:

	2017		2016	
	Number	**Average price R**	Number	Average price R
Beginning of year	**949 500**	**238,04**	–	–
Granted	**855 000**	**263,44**	949 500	238,04
End of year	**1 804 500**	**250,07**	949 500	238,04
Share awards outstanding at June 30 by year of grant are:				
2016	**949 500**	**238,04**	949 500	238,04
2017	**855 000**	**263,44**	–	–
	1 804 500	**250,07**	949 500	238,04

The awards outstanding at June 30 2017 have an exercise price in the range of R238,04 to R263,91 (2016: R238,04) and a weighted average contractual life of 6,0 to 6,9 years (2016: seven years). The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the awards is used as an input into this model.

The fair value of the shares allotted on the below mentioned dates and the assumptions used are:

	June 5 2017	June 20 2016
Fair value at measurement date (rand)	**90,07**	94,33
Exercise price (rand)	**263,91**	238,04
Expected volatility (%)	**22,59**	24,38
Option life (years)	**3,50 – 5,50**	4,00 – 6,00
Distribution yield (%)	**2,06**	1,75
Risk-free interest rate (based on South African government bonds) (%)	**7,18**	8,41

The volatility is based on the recent historic volatility of Bid Corporation Limited and The Bidvest Group Limited share.

Conditional share plan (CSP)

The CSP awards executives of Bidcorp a conditional right to receive Bidcorp shares free of any cost. Due to the unbundling, the 2015 CSP awards for executive directors were restructured into replacement conditional rights and each conditional right in terms of the 2015 awards was exchanged for a right over a Bid Corporation Limited share. CSP replacement rights are subject to revised performance conditions for the period starting July 1 2016 and ending June 30 2019.

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24. SHARE-BASED PAYMENTS *(continued)*

Bidcorp CSP

Executive directors were awarded conditional share awards in terms of the 2016 Bidcorp CSP, approved by shareholders at the general meeting in April 2016.

These share awards do not carry voting rights attributable to ordinary shareholders. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest by the share price at the date of the award less discounted by anticipated future distribution flows. A total number of 263 695 of the 348 000 CSP and CSP replacement right awards are expected to vest, taking into account the performance of the group to date and forecasts to the end of the performance period against the targets set at the time of the award.

The number of conditional share awards in terms of the conditional share plan scheme are:

	Balance at June 30 2016	CSP replacement rights awarded	Forfeited	**Closing balance June 30 2017**
CSP replacement right awards				
Director				
BL Berson	–	45 000	–	**45 000**
DE Cleasby	–	24 500	–	**24 500**
B Joffe	–	90 000	–	**90 000**
	–	159 500	–	**159 500**

	Balance at June 30 2016	CSP awarded	Forfeited	**Closing balance June 30 2017**
CSP awards				**June 30**
Director				**2017**
BL Berson	–	90 000	–	**90 000**
DE Cleasby	–	26 000	–	**26 000**
B Joffe	–	72 500	–	**72 500**
	–	188 500	–	**188 500**

There were no conditional share awards or CSP replacement rights forfeited (2016: 82 746) as a result of performance conditions not being met. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R220,91 per share. These awards will vest in the next two years.