THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis,* throughout this Circular.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

1. If you have disposed of all of your Shares in MICRO*mega*, then this Circular, together with the attached notice of General Meeting and form of proxy should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.
2. The General Meeting convened in terms of this Circular will be held at 10:00 on Tuesday, 20 February 2018 at the registered office of MICRO*mega*, MMG House, 66 Park Lane, Sandton, 2196.
3. **Certificated Shareholders and Dematerialised Shareholders with "own name" registration, who** are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.
   Dematerialised Shareholders, other than Dematerialised Shareholders with "own name" registration, who:
   - are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the Custody Agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
   - wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend, in the form of a letter of representation.
4. **MICRO*mega* does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be concluded thereat.**

MICRO*mega*

HOLDINGS LIMITED

MICRO*mega* Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
Share code: MMG ISIN: ZAE000034435
("MICRO*mega*" or "the Company" or "the Group")

CIRCULAR TO SHAREHOLDERS OF MICRO*mega*

regarding:

- **the proposed disposal by MICRO*mega* of the NOSA Group;**

and enclosing:

- **a notice convening the General Meeting; and**
- **a form of proxy for use by Certificated Shareholders of MICRO*mega* and "own name" registered Dematerialised Shareholders only.**

Corporate Advisor and Sponsor to MICRO*mega*

Merchantec capital

Independent Reporting Accountants and Auditors to MICRO*mega*

Nexia SAB&T
accountants | auditors | consultants

Date of issue: 18 January 2018

Additional copies of this Circular, in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Thursday, 18 January 2018 up to and including, Tuesday, 20 February 2018, or on the Company's website at www.micromega.co.za. Copies of this Circular are available in the English language only.

CORPORATE INFORMATION

MICRO*mega* Holdings Limited

Date of incorporation: 2 March 1998

Place of incorporation: South Africa

Company Secretary and registered address of MICRO*mega*

Ruan Viljoen
MMG House
66 Park Lane
Sandton, 2196
(Private Bag X9966, Sandton, 2146)

Corporate Advisor and Sponsor

Merchantec Capital
(Registration number 2008/027362/07)
2nd Floor, North Block
Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue
Hyde Park, Johannesburg, 2196
(PO Box 41480, Craighall, 2024)

Independent Reporting Accountants and Auditors

Nexia SAB&T
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0157
(PO Box 10512, Centurion, 0046)

Transfer secretaries

Singular Systems Proprietary Limited
(Registration number 2002/001492/07)
28 Fort Street
Birnam
Johannesburg, 2196
(PO Box 785261, Sandton, 2146)

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular includes statements about MICRO*mega* and/or the MICRO*mega* Group that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as “believe”, “aim”, “expect”, “project”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “will”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. MICRO*mega* cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which MICRO*mega* operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by MICRO*mega*, as communicated in publicly available documents by MICRO*mega*, all of which estimates and assumptions, although MICRO*mega* believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to MICRO*mega* or not currently considered material by MICRO*mega*.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of MICRO*mega* not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. MICRO*mega* has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 4 of this circular apply to this section.

IMPORTANT DATES AND TIMES

	2018
Record date to determine which Shareholders are entitled to receive the Circular	Friday, 12 January
Circular posted to shareholders and announced on SENS on	Thursday, 18 January
Last day to trade in respect of the General Meeting	Tuesday, 6 February
General Meeting record date	Friday, 9 February
Last day to lodge forms of proxy for the General Meeting by 10:00 on	Friday, 16 February
General Meeting to be held at 10:00 on	Tuesday, 20 February
Results of General Meeting released on SENS on	Tuesday, 20 February
Results of General Meeting published in the press on	Wednesday, 21 February

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Additional copies of this Circular in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Thursday, 18 January 2018 up to and including, Tuesday, 20 February 2018, or on the Company's website at www.micromega.co.za.
3. Any form of proxy not delivered to the Transfer Secretaries by 10:00 on Friday, 16 February 2018 may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the Shareholder's votes at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa,* words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

"2018 EBITDA"	the consolidated earnings before interest, tax, depreciation and amortisation of the NOSA Group for the financial year ending 31 March 2018, to be determined by PricewaterhouseCoopers based on the audited financial statements of the NOSA Group as at and in respect of the financial year ended 31 March 2018;
"Action Training Academy"	Action Trading Academy Proprietary Limited (Registration number 2009/016952/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of NIH;
"Agreements"	collectively, the First Sale Agreement, the Second Sale Agreement and the IP Sale Agreement;
"Aspirata"	Aspirata Auditing Testing and Certification Proprietary Limited (Registration number 2013/002068/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of NIH;
"Board" or **"Directors"**	the board of directors of MICRO*mega* at the Last Practicable Date, whose details are set out in paragraph 9 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or a public holiday in South Africa;
"Carlyle"	Carlyle Sub-Saharan Africa Fund Limited, a company incorporated under the laws of Mauritius, which is ultimately controlled (directly or indirectly) by The Carlyle Group, L.P., a public entity listed on NASDAQ (ticker symbol: CG);
"Certificated Shareholder"	a MICRO*mega* Shareholder who holds Certificated Shares;
"Certificated Share"	a MICRO*mega* Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
"Circular"	this bound document, dated Thursday, 18 January 2018, including the annexures hereto and incorporating a notice of General Meeting and a form of proxy;
"Closing Date"	the first day of the month following the month in which the last outstanding Suspensive Condition to the Disposal is fulfilled or waived, as the case may be, unless the last such Suspensive Condition is fulfilled or waived, as the case may be, after the 15th calendar day of the month, in which case the Closing Date will be the first day of the second month thereafter, or if such day is not a business day, the immediately succeeding business day;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;
"Competition Act"	the Competition Act, 1998 (Act 89 of 1998), as amended;
"Competition Authorities"	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, appointed by an individual shareholder for the purposes of, and in regard to dematerialisation;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
"Dematerialisation"	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in MICRO*mega*'s Uncertificated Securities Register;

“Dematerialised Shareholder”	a MICRO*mega* Shareholder who holds Dematerialised Shares;
“Dematerialised Share”	a MICRO*mega* Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in MICRO*mega*’s Uncertificated Securities Register;
“Disposal”	collectively, the First Sale, the Second Sale and the IP Sale;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title acceptable to MICRO*mega* in respect of MICRO*mega* Shares;
“Empowerisk”	Empowerisk Proprietary Limited (Registration number 2001/013094/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary (50%) of NIH;
“Financial Markets Act”	Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“First Sale”	Collectively: • the sale by NIH to SA Holdco of all of the shares it holds in each of the SA Target Companies; • the sale by NIH to SA Minority Holdco of all of the shares it holds in each of the Minority Interest Target Companies; and • the sale by NIH to Mauritian Holdco of all of the shares it holds in the Foreign Target Company;
“First Sale Agreement”	the sale of shares agreement entered into between SA Holdco, SA Minority Holdco, Mauritian Holdco, NIH, MICRO*mega* and the Target Companies on 12 October 2017, in terms of which the First Sale is governed;
“FNB”	First National Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Foreign Target Company”	NOSA Global Holdings;
“General Meeting”	the general meeting of MICRO*mega* shareholders to be held at 10:00 on Tuesday, 20 February 2018 at the registered office of MICRO*mega*, MMG House, 66 Park Lane, Sandton, 2196, which meeting is convened in terms of the notice of general meeting attached to this Circular;
“IFRS”	International Financial Reporting Standards;
“Internal Restructuring”	the transfer of the shares held in NOSA Mozambique, NOSA Zambia and NIH Hong Kong from NOSA to NIH;
“IP Sale”	the sale by MICRO*mega* to NOSA of the intellectual property rights relating to the business currently conducted by the NOSA Group;
“IP Sale Agreement”	the sale of intellectual property agreement entered into between NOSA and MICRO*mega* on 12 October 2017, in terms of which NOSA will acquire all of the business related intellectual property held by MICRO*mega,* including without limitation, all registered trademarks and domain names used by the NOSA Group in the conduct of its business;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Friday, 12 January 2018, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Mauritian Holdco”	CSSAF NOSA Holdings (Registration number 149515 C1/GBL), a company duly registered and incorporated in accordance with the laws of Mauritius, or its Subsidiary, both being wholly-owned Subsidiaries of Carlyle;

"Merchantec Capital" or **"Sponsor"**	Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
"MICRO*mega*" or **"the Company"**	MICRO*mega* Holdings Limited (Registration number 1998/003821/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the JSE;
"MICRO*mega* Publications"	MICRO*mega* Publications Proprietary Limited (Registration number 2009/024365/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary (51%) of NIH;
"MICRO*mega* shareholders" or **"shareholders"**	holders of MICRO*mega* Shares;
"MICRO*mega* Shares" or **"Shares"**	ordinary shares currently with a par value of one cent each in the issued share capital of MICRO*mega*;
"Minority Interest Target Companies"	Collectively, Empowerisk, MICRO*mega* Publications, NOSA Agricultural Services, NOSA Logistics and Riskworks;
"NAIS"	NOSA Auditing and Inspection Services Proprietary Limited (Registration number 2005/013692/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of NIH;
"NIH"	NOSA Investment Holdings Proprietary Limited (Registration number 2009/023213/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of MICRO*mega*;
"NIH Hong Kong"	NOSA Investment Holdings Limited (Registration number 1838204), a private company duly registered and incorporated under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
"NIH Subsidiary Companies"	collectively, Action Training Academy, NQA and NAIS;
"NOSA"	NOSA Proprietary Limited (Registration number 2003/029513/07), a private company duly registered and incorporated under the laws of South Africa and a wholly-owned Subsidiary of NIH;
"NOSA Agricultural Services"	NOSA Agricultural Services Proprietary Limited (Registration number 1979/001476/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary (50%) of NIH;
"NOSA Global Holdings"	NOSA Global Holdings Limited (Registration number 869379), a company duly registered and incorporated in accordance with the laws of Hong Kong and a wholly-owned Subsidiary of NIH;
"NOSA Group"	collectively, the Target Companies and the NIH Subsidiary Companies;
"NOSA Logistics"	NOSA Logistics Proprietary Limited (Registration number 2003/010541/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary (50%) of NIH;
"NOSA Mozambique"	NOSA Moz, Limitada (Registration number 100028832), a private company duly registered and incorporated under the laws of Mozambique;
"NOSA Zambia"	NOSA (Zambia) Limited (Registration number 78933), a private company duly registered and incorporated under the laws of Zambia;
"NQA"	National Quality Assurance Proprietary Limited (Registration number 2001/023856/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of NIH;
"Purchase Price"	an amount of R597.8 million, which is subject to adjustment and settlement as set out in paragraph 3.3 below;
"Purchasers"	collectively, SA Holdco, SA Minority Holdco and Mauritian Holdco;
"Rand" or **"R"**	South African Rand, the official currency of South Africa;

"Register"	MICRO*mega*'s securities register, including the Uncertificated Securities Register;
"Riskworks"	Riskworks Proprietary Limited (Registration number 2004/029672/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary (60%) of NIH;
"SA Holdco"	Safety SA Holdco Proprietary Limited (formerly Main Street 1544 Proprietary Limited) (Registration number 2017/254215/07), a private company duly registered and incorporated in accordance with the laws of South Africa and which is a Subsidiary (97.14%) of Mauritian Holdco;
"SA Minority Holdco"	Safety SA Subco Proprietary Limited (formerly Main Street 1550 Proprietary Limited) (Registration number 2017/252394/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of SA Holdco;
"SA Target Companies"	collectively, NOSA and Aspirata;
"Sebata"	Sebata Municipal Solutions Proprietary Limited (Registration number 1994/000005/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of MICRO*mega*;
"Second Sale"	the sale by NIH to NOSA of all of the shares it holds in each of the NIH Subsidiary Companies;
"Second Sale Agreement"	the sale of shares agreement entered into between SA Holdco, NOSA, NIH and MICRO*mega* on Thursday, 12 October 2017, in terms of which the Second Sale is governed;
"SENS"	the Stock Exchange News Service;
"South Africa"	the Republic of South Africa;
"Strate"	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and which company is a registered Central Securities Depository in terms of the Financial Markets Act;
"Subsidiary"	a subsidiary as defined in the Companies Act;
"Suspensive Conditions"	the suspensive conditions to the Disposal as set out in paragraph 3.5 of this Circular;
"Suspensive Conditions Fulfilment and Extension Letter"	the letter dated 15 December 2017 wherein MICRO*mega,* NIH and the Purchasers confirmed the fulfilment/waiver of certain suspensive conditions per the Agreements and agreed to the extension of the date for the fulfilment of the Suspensive Condition set out in paragraph 3.5.1 of this Circular to 31 January 2018;
"Target Companies"	collectively, the SA Target Companies, the Minority Interest Target Companies and the Foreign Target Company;
"Transfer Secretaries"	Singular Systems Proprietary Limited (Registration number 2002/001492/07), a private company duly incorporated in accordance with the laws of South Africa;
"Uncertificated Securities Register"	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register;
"VAT"	value added tax, levied in terms of the provisions of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended; and
"WANOS"	weighted average number of shares.

MICRO*mega*

HOLDINGS LIMITED

MICRO*mega* Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
Share code: MMG ISIN: ZAE000034435
("MICRO*mega*" or "the Company" or "the Group")

Directors

Executive
IG Morris (*Chief Executive Officer*)
C Kemp *(Financial Director)*
RB Dick (*Chief Operations Officer*)
CA King *(Executive Director)*

Non-executive
DA Di Siena *(Chairperson)**
TW Hamill
RC Lewin*
PH Duvenhage
GE Jacobs*
D Passmore*

** Independent*

CIRCULAR TO MICRO*mega* SHAREHOLDERS

1. INTRODUCTION

On Friday, 13 October 2017, it was announced on SENS that MICRO*mega* had, through NIH and NOSA, entered into the Agreements with Carlyle, through its direct and indirect Subsidiaries, SA Holdco, SA Minority Holdco and Mauritian Holdco, to dispose of all of the shares held by NIH and NOSA in each of the companies comprising the NOSA Group for the Purchase Price.

As the foreign entities held by NOSA are not being sold to Carlyle, MICRO*mega* implemented the Internal Restructuring in order to affect the Disposal.

The NOSA Group is the second largest business division in MICRO*mega* in terms of assets and profitability.

The purpose of this Circular is to provide MICRO*mega* Shareholders with the relevant information relating to, *inter alia*, the Disposal, and to give notice of the General Meeting in order for MICRO*mega* Shareholders to consider and, if deemed fit, to pass, *inter alia*, the resolutions necessary to approve and implement the Disposal in accordance with the Listings Requirements. A notice convening such meeting is attached to, and forms part of, this Circular.

2. NATURE OF THE BUSINESS OF MICRO*mega*

MICRO*mega* is an investment holding company, listed on the Main Board of the JSE, with controlling interests in a number of operating subsidiaries. These are primarily focused on education and training, occupational risk (including health and safety) and smart city technologies and support.

MICRO*mega*'s continued success is a result of staying true to its core business values. Strong fiscal disciplines and attentive focus on details are the foundation in managing the consistent growth in the Company's asset portfolio. Further detail in respect of the markets in which MICRO*mega* Group companies operate, is as follows:

Education, Training and Risk Management

Occupational Risk – The Company's Occupational Health and Safety businesses equip over 90 000 learners and professionals, and more than 4 000 organisations to ensure a safe and compliant working environment in emerging markets around the world.

Digital Learning Solutions – Through the utilisation of enabling technologies, the Company's digital learning businesses offer borderless training solutions, with a strong presence in Africa and the Middle East.

Smart City Technology

Public Sector Optimisation – Over 60% of South African local municipalities rely on Sebata's in-house technologies to improve and better manage service delivery to millions of individuals across the country.

Water Management Solutions – To ensure the sustainability of the planets scarcest resource, the Company's water management businesses have built devices that help monitor, measure and control the flow and delivery of water to communities across the globe.

Cloud hosting, Connectivity and Support – The Company's Connectivity and IT Support business' are fast becoming the *de facto* providers of Telecommunication and Managed Solutions to the SME and corporate market in South Africa. The businesses are comprised of dedicated solutions from over 35 Tier 1 Network and Service Providers, with over 20 years' experience in Managed Support.

3. THE DISPOSAL

3.1 Nature of the business of the NOSA Group

The NOSA Group provides occupational health, safety and environmental risk management services and solutions and is the exclusive provider of both the NOSA Five Star Grading System and SAMTRAC™. The NOSA Group was formed in 1951 by the South African Government to reduce injuries and fatalities in the workplace. The business was acquired and restructured by MICRO*mega* in 2005, with a strong focus on creating a national service provider that met the growing demand for occupational health and safety services. The NOSA Group offers over 50 safety, health, environmental and quality training courses, including the industry leader SAMTRAC™.

3.2 Rationale for the Disposal

The rationale for the Disposal is as follows:

3.2.1 Following the acquisition of the NOSA Group over a decade ago, MICRO*mega* has seen the business grow substantially from being a loss-making operation at acquisition to generating after tax profits of R68.8 million for the financial year ended 31 March 2017. In order to maintain the historical growth levels, it has become a business imperative to focus on new products, services and markets, both locally and internationally. At a strategic level, the capital investment required to service growth in these areas does not form part of the MICRO*mega* long-term capital allocation plan. A large, well-capitalised organisation is ideally positioned to make such investment and thereby ensure that the NOSA Group is able to expand its operations and thereby resume the historical growth levels.

3.2.2 For some time now, the value of MICRO*mega*'s underlying businesses has substantially exceeded its market capitalisation. There is no indication that this will change in the foreseeable future and it is therefore incumbent on the Board to look for opportunities to consider disposal if such sales can provide greater value to shareholders – by way of distributed dividends from the sale proceeds – than the prevailing price of the share. The Disposal is well priced to deliver such value for shareholders.

3.2.3 The minority shareholders in the NOSA Group have expressed confidence in Carlyle's future plans for the NOSA Group by retaining their shareholdings in the underlying Subsidiaries.

3.3 Purchase Price

The maximum consideration payable by the Purchasers is an amount of R747.8 million excluding VAT.

The initial purchase price, which is subject to adjustment as set out below, is R597.8 million excluding VAT (Purchase Price) and will be settled in cash on the Closing Date subject to a retention in Escrow of R60 million against the earn out referred to in 3.3.1.1.1 below:

3.3.1 ***Earn out***

3.3.1.1 The Purchase Price is subject to adjustment based on 2018 EBITDA as follows:

3.3.1.1.1 A release from Escrow of up to R60 million if the 2018 EBITDA is more than R90 million but less than R100 million, calculated on a straight line, *pro rata* basis between 2018 EBITDA of R90 million (no adjustment) and 2018 EBITDA of R100 million (R60 million Purchase Price increase);

3.3.1.1.2 no further adjustment if the 2018 EBITDA is between R100 million and R110 million; and

3.3.1.1.3 an additional upwards adjustment of up to R150 million if the 2018 EBITDA is more than R110 million, calculated on a *pro rata* basis between 2018 EBITDA of R110 million (no adjustment) and 2018 EBITDA of R129.3 million (R150 million Purchase Price increase).

3.3.2 ***Minimum operating cash requirement***

3.3.2.1 To the extent that the NOSA Group does not, collectively, have a minimum of R12 million in cash on hand at the Closing Date, the Purchase Price will be adjusted downwards on a Rand for Rand basis by the amount of such shortfall.

3.3.3 ***Net working capital and net debt adjustments***

3.3.3.1 The Purchase Price is further subject to upwards or downwards adjustment on a Rand for Rand basis based on (i) the surplus or shortfall between the net working capital of the NOSA Group on the Closing Date and the predetermined target net working capital and (ii) by the amount of the net debt of the NOSA Group on the Closing date, as stipulated in and calculated in accordance with the Agreements.

3.4 **Application of the sale proceeds**

The net proceeds of the Disposal will be mainly utilised to pay a cash dividend to shareholders, which is anticipated to be not less than R4.00 per share.

3.5 **Suspensive Conditions and effective date of the Disposal**

The Disposal is subject to the fulfilment of the following Suspensive Conditions on or before 15 March 2018 (or such date as is specified in relation to any Suspensive Condition):

3.5.1 the implementation of an Internal Restructuring in accordance with the steps set out in the transaction structuring memorandum prepared by KPMG for MICRO*mega*, to the satisfaction of Carlyle in its sole and absolute discretion. This Suspensive Condition must be fulfilled by 31 January 2018;

3.5.2 the approval of the requisite majority of shareholders of MICRO*mega* and NIH in accordance with the Companies Act and the Listings Requirements;

3.5.3 to the extent necessary, the approval of the Disposal and any other transactions set out in the transaction structuring memorandum prepared by PricewaterhouseCoopers dated 5 October 2017 by the Financial Surveillance Department of the South African Reserve Bank. To the extent that such approval is subject to any condition, this Suspensive Condition will only be deemed to have been fulfilled if each of the parties adversely affected by such condition, acting reasonably and in good faith, agrees in writing to accept such condition within five business days of being notified of such conditional approval; and

3.5.4 the receipt of all requisite regulatory approvals or consents to the extent required.

Each of the Suspensive Conditions is stipulated for the mutual benefit of MICRO*mega*, NIH and the Purchasers who may, by written agreement concluded between them on or before the date specified for its fulfilment, waive (in full or in part) (unless the Suspensive Condition is incapable of waiver), or extend the period for, the fulfilment of such Suspensive Condition.

The effective date of the Disposal will be the day immediately prior to the Closing Date.

4. ***PRO FORMA* FINANCIAL EFFECTS**

The table below sets out the *pro forma* financial information of the Disposal on the reviewed Group results of MICRO*mega* for the six-month period ended 30 September 2017.

The *pro forma* financial information has been prepared to illustrate the impact of the Disposal had the Disposal occurred on 1 April 2017 for purposes of the statement of comprehensive income and on 30 September 2017 for purposes of the statement of financial position.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the reviewed results of MICRO*mega* for the six-month period ended 30 September 2017. The *pro forma* financial information has been presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus.

The *pro forma* financial effects, which are the responsibility of the Directors of the Company, are provided for illustrative purposes only and, because of their *pro forma* nature may not fairly present MICRO*mega*'s financial position, changes in equity, results of operations or cash flow nor the effect and impact of the Disposal going forward.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon contained in **Annexure 2**.

	Before the Disposal[1]	***Pro forma* after the Disposal**[2]	**% change**
Basic earnings per Share (cents)	40.92	302.96	640.4
Headline earnings per Share (cents)	42.64	60.94	42.9
Net asset value per Share (cents)	756.71	1 045.23	38.1
Tangible net asset value per Share (cents)	321.00	609.52	89.9
Weighted average number of Shares in issue (millions)	114 211	114 211	
Total number of Shares in issue (millions)	114 211	114 211	

Notes:

1. Extracted from the reviewed Group results of MICRO*mega* for the six-month period ended 30 September 2017.
2. The *"Pro forma* after the Disposal" column reflects the unaudited *pro forma* financial effects of the Disposal on MICRO*mega* as if it had occurred on 1 April 2017 for statement of comprehensive income purposes and on 30 September 2017 for statement of financial position purposes, and are based on the following principle assumptions:
   - 2.1 Transactions costs amounting to R3.0 million have been expensed;
   - 2.2 Profit on the Disposal has been calculated at R376.8 million and has been included in other net income/(expenses). This is based on the total purchase price of R747.8 million (excluding VAT) and the derecognition of the net asset value of the entities being disposed of at R371.1 million;
   - 2.3 The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax purposes is 22.4%;
   - 2.4 Interest has been calculated on the expected proceeds at 6%;
   - 2.5 R562.6 million (including VAT on the sale of intellectual property) of the purchase price will be received pre 30 September 2017 and included in cash and cash equivalents;
   - 2.6 Based on the management accounts of the NOSA Group the profit on disposal is determined on the assumption that the full earn out will be achieved; and
   - 2.7 R210.0 million of the purchase price will be received post 30 September 2017 and has been included in trade and other receivables.

5. **SHARE CAPITAL OF MICRO*mega***

The share capital of MICRO*mega* as at the Last Practicable Date is set out in the table below:

	R'000
Authorised	
200 000 000 ordinary shares of one cent each	2 000
Issued	
114 915 089 ordinary shares of one cent each	1 149
Share premium	187 263
Total issued share capital	**188 412**

MICRO*mega* holds 704 026 Shares in treasury.

6. **PROSPECTS**

As stated in paragraph 3.4 above, the Board intends to declare a substantial dividend to shareholders from the sale of the NOSA Group, which was the second largest contributor to group profit. Furthermore, the remaining software, services and water technology businesses are of a higher growth quality. The Group can in future redirect its resources into these higher growth opportunities to the considerable benefit of shareholders.

7. **IRREVOCABLE LETTERS OF UNDERTAKING**

To date, irrevocable undertakings to vote in favour of the Disposal have been received from certain MICRO*mega* shareholders holding in aggregate of 88 353 937 MICRO*mega* Shares, representing 76.89% of the voting rights at the General Meeting or any adjournment thereof. The following MICRO*mega* shareholders have provided irrevocable undertakings to vote the stated number of MICRO*mega* Shares in favour of the Disposal:

Shareholder	**Date of irrevocable undertaking**	**Shares subject to undertaking**	**Percentage holding (%)**
Laird Investments (Pty) Limited	12 October 2017	72 634 683	63.21
Kamberg Investment Holdings (Pty) Limited	12 October 2017	12 000 800	10.44
Seratrix (Pty) Limited	12 October 2017	3 375 200	2.94
Russell Bryan Dick	12 October 2017	343 254	0.30
		88 353 937	**76.89**

8. **MAJOR SHAREHOLDERS**

In the preceding five-year period there has been no change in controlling Shareholder in either MICRO*mega* or any of its major Subsidiaries.

Those Shareholders (excluding Directors whose interests are detailed in paragraph 9.2 below) who, as at the Last Practicable Date insofar as is known to MICRO*mega*, directly or indirectly, were beneficially interested in 5% or more of the issued share capital of MICRO*mega* are as follows:

Shareholder	**Number of Shares**	**Percentage shareholding (%)**
Laird Investments (Pty) Limited*	72 634 683	63.21
Total	**72 634 683**	**63.21**

** The King Family Trust is the sole beneficial shareholder of Laird Investments (Pty) Limited.*

9. DIRECTORS OF MICRO*mega*

9.1 Directors' information

The details of the executive and non-executive Directors of the Group at the Last Practicable Date are as follows:

Directors of MICRO*mega*	Capacity
IG Morris	Chief Executive Officer
C Kemp	Financial Director
RB Dick	Chief Operations Officer
CA King	Executive Director
DA Di Siena	Independent Non-executive Chairperson
TW Hamill	Non-executive Director
RC Lewin	Independent Non-executive Director
PH Duvenhage	Non-executive Director
GE Jacobs	Independent Non-executive Director
D Passmore	Independent Non-executive Director

9.2 Directors' interests

At the Last Practicable Date, the Directors held, directly or indirectly, beneficial interests in 13 034 179 Shares in MICRO*mega*, representing approximately 11.41% of the total issued share capital of MICRO*mega* net of treasury Shares, being 114 211 063 MICRO*mega* Shares. The direct and indirect beneficial interests of members of the Board are as follows:

	Beneficial		Total	Total
Director	**Direct**	**Indirect**	**Shares**	**%**
Executive				
IG Morris	–	12 000 800	12 000 800	10.51
C Kemp	13 220	–	13 220	0.01
RB Dick	343 254	–	343 254	0.30
CA King	34 063	–	34 063	0.03
Non-executive				
DA Di Siena	–	–	–	–
TW Hamill	1 500	–	1 500	0.00
RC Lewin	–	641 342	641 342	0.56
PH Duvenhage	–	–	–	–
GE Jacobs	–	–	–	–
D Passmore	–	–	–	–
	392 037	**12 642 142**	**13 034 179**	**11.41**

Notes:

1. There has been no change in the aforementioned interests of the Directors, between the financial year ended 31 March 2017 and the Last Practicable Date.
2. The Directors' interests will not change as a result of the Disposal.

9.3 **Former Directors' interests**

At the Last Practicable Date, Directors who had resigned during the last 18 months held, directly or indirectly, beneficial interests in 75 909 883 Shares in MICRO*mega*, representing approximately 66.47% of the total issued share capital of MICRO*mega* net of treasury Shares, being 114 211 063 MICRO*mega* Shares, as follows:

Director	Beneficial Direct	Beneficial Indirect	Total Shares	Total %
DC King*	–	72 534 683	72 534 683	63.51
DSE Carlisle*	–	3 375 200	3 375 200	2.96
Total	**–**	**75 909 883**	**75 909 883**	**66.47**

Note:

1. DC King and DSE Carlisle resigned on 31 March 2017.

9.4 **Directors' interests in transactions**

None of the Directors have had any beneficial interest, either directly or indirectly, in any transactions effected by MICRO*mega* during the current or preceding financial year or during any earlier financial year which remains outstanding or unperformed in any respect.

9.5 **Directors' emoluments**

9.5.1 Shareholders are referred to note 28 of the Annual Consolidated Financial Statements for the year ended 31 March 2017, which can be found on the Company's website at http://www.micromega.co.za/wp-content/uploads/MMG-AFS-2017-final-171002.pdf. There will be no change in the remuneration of any of the Directors as a consequence of the Disposal.

9.5.2 Save as set out in paragraph 9.5.1 above, the Directors did not receive any emoluments in the form of:

9.5.2.1 fees for services as a Director;

9.5.2.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a Director of the company;

9.5.2.3 basic salaries;

9.5.2.4 bonuses and performance-related payments;

9.5.2.5 sums paid by way of expense allowance;

9.5.2.6 any other material benefits received;

9.5.2.7 contributions paid under any pension scheme;

9.5.2.8 any commission, gain or profit-sharing arrangements;

9.5.2.9 share options or any other right given to a Director of the Company in respect of providing a right to subscribe for shares in the Company; and

9.5.2.10 any shares issued and allotted in terms of a share purchase/option scheme for employees.

9.5.3 Save as set out in paragraph 9.5.1 above, the Directors did not receive any remuneration or benefit in any form from any holding company, Subsidiary, associates of the holding company or Subsidiary, joint venture or other third party management or advisory company.

9.6 **Directors' service contracts**

There are no existing or proposed contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments payable by MICRO*mega* or any of its major Subsidiaries.

No additional Directors are proposed to be appointed as a result of the Disposal.

10. **MATERIAL CONTRACTS**

Save for the Disposal as contemplated in this Circular and the material loans as set out in paragraph 11 below, neither MICRO*mega* nor its Subsidiaries have entered into any material contract otherwise than in the ordinary course of business within two years prior to the Circular, or entered into at any time and containing an obligation or settlement that is material to MICRO*mega* or its Subsidiaries at the date of this Circular.

11. **MATERIAL LOANS**

Save for the material loans set out in the table below, MICRO*mega* and its Subsidiaries had no material loans receivable and had not made any loans or furnished any security to or for the benefit of any director or manager of any associates of any director or manager MICRO*mega*.

Lender	Security	Amount Euro	Terms	Rate (%)
Plush Enterprises Limited	Unsecured	1 990 125	Loan granted 18 July 2017, repayable 31 January 2018	4.5%

12. **MATERIAL CHANGES**

Save for the effects of the Disposal which have been disclosed in the *pro forma* financial information set out in paragraph 4 above and in **Annexure 1** to the Circular, at the Last Practicable Date, there have been no material changes in the financial or trading position of the Company since the reported financial information of the Group for the six-month period ended 30 September 2017.

13. **WORKING CAPITAL STATEMENT**

The Board has considered the effects of the Disposal and is of the opinion that, for a period of 12 months subsequent to the date of this Circular:

– the Group, as impacted by the Disposal, will in the ordinary course of business be able to pay its debts;

– the assets of the Group, as impacted by the Disposal, fairly valued, will be in excess of its liabilities. For this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies applied to the latest audited financial results;

– the share capital and reserves of the Group, as impacted by the Disposal, will be adequate for ordinary business purposes; and

– the working capital of the Group, as impacted by the Disposal, will be adequate for ordinary business purposes.

14. **LITIGATION STATEMENT**

The Board reports that there are no legal or arbitration proceedings, pending or threatened, of which it is aware, that may have or have had, in the 12-month period preceding the date of this Circular, a material effect on the financial position of either MICRO*mega* or its Subsidiaries.

15. **VENDORS**

No material assets were purchased or acquired by the Company, or by any subsidiaries of the Company, during the three years preceding the publication of the Circular, nor are any assets currently proposed to be purchased or acquired.

16. **OPINIONS AND RECOMMENDATION**

The Directors, having considered the terms and conditions of the Disposal, are of the opinion that the Disposal is beneficial to MICRO*mega* Shareholders and that it will have a beneficial financial effect on the Group. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions, to be proposed at the General Meeting, to approve the Disposal. The Directors, who are Shareholders of the Group, intend to vote in favour of such resolutions to be proposed at the General Meeting to approve the Disposal.

17. **RESPONSIBILITY STATEMENT**

The Directors collectively and individually, accept full responsibility for the accuracy of the information contained in the Circular and certify that, to the best of their knowledge and belief the information contained in the Circular is true and that there are no facts that have been omitted which would likely affect the importance of such information or make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

18. **EXPERTS' CONSENTS**

The Corporate Adviser and Sponsor, Independent Reporting Accountants and Auditors and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular in **Annexures 2, 4** and **5** have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

19. **COSTS**

The total costs relating to the Disposal, which amounts to approximately R3 000 000 excluding VAT, are set out in the table below:

	Estimated amount R
Merchantec Capital – Corporate Adviser to MICRO*mega*	600 000
Merchantec Capital – Sponsor to MICRO*mega*	700 000
Nexia SAB&T – Reporting accountants	160 000
KPMG – Tax consultants	1 090 000
PSG Capital – Valuation adviser	130 000
JSE – Documentation inspection fees	44 632
Ince – Printing and postage fees	100 000
Contingencies	175 368
Total	**3 000 000**

20. **FINANCIAL INFORMATION INCORPORATED BY REFERENCE**

In accordance with sections 11.61 and 11.62 of the Listings Requirements, the reviewed condensed consolidated results of MICRO*mega* for the six months ended 30 September 2017 can be accessed on the Company's website, at http://www.micromega.co.za/investor-relations/, and is also available for inspection as set out in paragraph 21 below.

21. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of MICRO*mega* and the office of the Sponsor which addresses are set out in the "Corporate information" section of the Circular, during normal business hours from Thursday, 18 January 2018 up to and including Tuesday, 20 February 2018:

– the Memorandum of Incorporation of the Company and its major Subsidiaries;

– copies of the First Sale Agreement;

– copies of the Second Sale Agreement;

– copies of the IP Sale Agreement;

– copies of the Suspensive Conditions Fulfilment and Extension Letter;

– copies of the irrevocable letters of undertaking referred to in paragraph 7 above;

- the signed independent reporting accountants' limited assurance report on the *pro forma* financial information of MICRO*mega*, the text of which is included as **Annexure 2** to this Circular;
- the signed independent reporting accountants' report on the historical financial information of the NOSA Group for the three financial years ended 31 March 2015, 31 March 2016, 31 March 2017, the text of which is included as **Annexure 4**, to this Circular;
- the audited annual financial statements of the Company for the three financial years ended 31 March 2015, 31 March 2016, 31 March 2017;
- the signed independent reporting accountants' report on the historical interim financial information of the NOSA Group for the six-month period ended 30 September 2017, the text of which is included as **Annexure 5**, to this Circular;
- the reviewed condensed consolidated results of MICRO*mega* for the six months ended 30 September 2017
- the written consent letters referred to in paragraph 18 above; and
- a signed copy of this Circular.

22. GENERAL MEETING

A General Meeting of MICRO*mega* Shareholders will be held at 10:00 on Tuesday, 20 February 2018 at the registered office of MICRO*mega*, MMG House, 66 Park Lane, Sandton, 2196, in order to consider and approve, with or without modification, the resolutions set out in the notice of General Meeting included in this Circular.

A notice convening the General Meeting and a form of proxy for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting, form part of this Circular.

Certificated Shareholders and Dematerialised Shareholders with "own name" registration, who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised Shareholders, other than Dematerialised Shareholders with "own name" registration, who:

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the Custody Agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
- wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary written letter of representation to attend.

SIGNED BY IG MORRIS ON HIS OWN BEHALF AS A DIRECTOR AND ON BEHALF OF ALL THE OTHER DIRECTORS OF MICRO*mega* HOLDINGS LIMITED, BEING DULY AUTHORISED IN TERMS OF POWERS OF ATTORNEY GRANTED TO HIM BY SUCH DIRECTORS.

By order of the Board

IG Morris
Chief Executive Officer

18 January 2018

PRO FORMA FINANCIAL INFORMATION OF MICRO*mega*

The tables below set out the *pro forma* financial information of the Disposal on the reviewed Group results of MICRO*mega* for the six-month period ended 30 September 2017.

The *pro forma* financial information has been prepared to illustrate the impact of the Disposal had the Disposal occurred on 1 April 2017 for purposes of the statement of comprehensive income and on 30 September 2017 for purposes of the statement of financial position.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the reviewed results of MICRO*mega* for the six-month period ended 30 September 2017. The *pro forma* financial information has been presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus.

The *pro forma* financial effects, which are the responsibility of the Directors of the Company, are provided for illustrative purposes only and, because of their *pro forma* nature may not fairly present MICRO*mega*'s financial position, changes in equity, results of operations or cash flow nor the effect and impact of the Disposal going forward.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon contained in **Annexure 2**.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Before the Disposal Note 1	Financial information for the NOSA Group Note 2 Actual	*Pro forma* adjustments – Disposal Note 3 *Pro forma*	*Pro forma* financial information after the Disposal *Pro forma*
Figures in R'000				
Revenue	376 368	–	–	376 368
Cost of sales	(159 783)	–	–	(159 783)
Gross profit	216 585	–	–	216 585
Other net income/(expenses)	26 265	–	376 751	403 016
Admin expenses	(175 532)	–	(3 080)	(178 612)
Distribution expenses	(2 336)	–	–	(2 336)
Operating profit	**64 982**	**–**	**373 671**	**438 653**
Finance income	886	–	32 351	33 237
Finance costs	(2 100)	–	–	(2 100)
Share of profit in investments accounted for using the equity method	159	–	–	159
Profit before taxation	**63 927**	**–**	**406 022**	**469 949**
Tax expense	(10 687)	–	(106 733)	(117 420)
Profit for the year continuing operations	**53 240**	**–**	**299 289**	**352 529**
Profit from discontinued operations	**43 554**	**(28 595)**	**(14 959)**	
Profit for the year	**96 794**	**(28 595)**	**284 330**	**352 529**
Profit for the year attributable to:				
Non-controlling interests – continuing operations	6 510	–	–	6 510
Non-controlling interests – discontinued operations	2 089	(2 089)	–	
Owners of the parent – continuing operations	46 730	–	299 289	346 019
Owners of the parent – discontinued operations	41 465	(26 506)	(14 959)	–
	96 794	**(28 595)**	**284 330**	**352 529**
Earnings per share (cents)				
Basic	40.92			302.96
Diluted basic	40.70			301.33
Headline	42.64			60.94
Diluted headline	42.41			60.62
Issued Third Party Shares	114 211			
WANOS	114 211			
Diluted WANOS	114 830			

RECONCILIATION OF HEADLINE EARNINGS (NET OF TAX):

	Before the Disposal	Financial information for the NOSA Group	*Pro forma* adjustments – Disposal	*Pro forma* financial information after the Disposal
		Actual	*Pro forma*	*Pro forma*
Figures in R'000				
Profit attributable to owners of the parent	88 195	(26 506)	284 330	346 019
(Profit)/loss on disposal of property, plant and equipment	(345)	49	–	(296)
Loss/(profit) on disposal of investment in subsidiaries	2 269	–	(278 371)	(276 102)
Headline earnings	**90 119**	**(26 457)**	**5 959**	**69 621**

Notes:

1. The figures included in the "Before the Disposal" column has been extracted without adjustment from the reviewed consolidated interim results for MICRO*mega* Holdings Limited for the six months ended 30 September 2017.
2. The figures included in the "Financial information for the NOSA Group" has been extracted from the reviewed historical information of the NOSA Group for the six months ended 30 September 2017 set out in **Annexure 3** of this Circular, which has been prepared in terms of the "basis of preparation" note included in **Annexure 3**.
3. The *pro forma* adjustments comprises adjustments based on the following principle assumptions:
   a. Transaction costs amounting to R3.0 million have been expensed;
   b. The 2018 EBITDA of R129.3 million will be achieved, therefore profit on the Disposal has been calculated at R376.8 million and has been included in other net income/(expenses);
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax purposes is 22.4%;
   d. Interest has been calculated on the expected proceeds at 6%; and
   e. Elimination of intercompany transactions to the value of R14.9 million.

***PRO FORMA* STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

	Before the Disposal	Financial information for the NOSA Group	*Pro forma* adjustments – Disposal	*Pro forma* financial information after the Disposal
	Note 1	Note 2	*Note 3*	
		Actual	*Pro forma*	*Pro forma*
Figures in R'000				
ASSETS				
Non-current assets				
Property, plant and equipment	34 983	–	–	34 983
Intangible assets	497 628	–	–	497 628
Investments in associates	50 709	–	–	50 709
Other financial assets	548	–	–	548
Deferred tax assets	29 433	–	(8 127)	21 306
	613 301	**–**	**(8 127)**	**605 174**
Current assets				
Inventories	64 740	–	–	64 740
Current tax	5 052	–	–	5 052
Other financial assets	5 638	–	–	5 638
Related party loans	–	–		–
Trade and other receivables	341 400	–	210 000	551 400
Cash and cash equivalents	23 018	–	539 175	562 193
	439 848	**–**	**749 175**	**1 189 023**
Assets held for sale	**484 306**	**(511 622)**	**27 316**	–
Total assets	**1 537 455**	**(511 622)**	**768 364**	**1 794 197**

	Before the Disposal Note 1	Financial information for the NOSA Group Note 2 Actual	*Pro forma* adjustments – Disposal *Note 3* *Pro forma*	*Pro forma* financial information after the Disposal *Pro forma*
EQUITY AND LIABILITIES				
Equity				
Issued capital	292 452	–	–	292 452
Other reserves	11 052	(3 732)	–	7 320
Retained earnings	560 740	(313 789)	647 046	893 997
	864 244	**(317 521)**	**647 046**	**1 193 769**
Non-controlling interest	95 682	(53 528)	–	42 154
Non-current liabilities				
Other financial liabilities	3 241	–	–	3 241
Deferred vendor payments	13 670	–	–	13 670
Deferred tax liabilities	55 877	–	–	55 877
	72 788	**–**	**–**	**72 788**
Current liabilities				
Trade and other payables	217 453	–	24 780	242 233
Current tax	5 686	–	89 547	95 233
Other financial liabilities	37 155	–	–	37 155
Deferred vendor payments	21 537	–	–	21 537
Bank overdraft	89 328	–	–	89 328
	371 159	**–**	**114 327**	**485 486**
Liabilities directly associated with assets held for sale	**133 582**	**(140 573)**	**6 991**	**–**
Total equity and liabilities	**1 537 455**	**(511 622)**	**768 364**	**1 794 197**
Net asset value per share	756.71			1 045.23
Net tangible asset value per share	321.00			609.52
Issued Third Party Shares	114 211			
WANOS	114 211			
Diluted WANOS	114 830			

Notes:

1. The figures included in the "Before the Disposal" column has been extracted without adjustment from the reviewed consolidated financial statements for MICRO*mega* Holdings Limited for the six months ended 30 September 2017
2. The figures included in the "Financial information for the NOSA Group" has been extracted from the reviewed historical financial information of the NOSA Group for the six months ended 30 September 2017 set out in **Annexure 3** of this Circular, which has been prepared in terms of the "basis of preparation" note included in **Annexure 3**.
3. The *pro forma* adjustments comprises adjustments based on the following principle assumptions:
   a. R562.6 million (including VAT on the sale of intellectual property) of the purchase price will be received at 30 September 2017 and included in cash and cash equivalents;
   b. The profit on disposal is based on management's assumption that the full earn out will be achieved; and
   c. R210.0 million of the purchase price will be received post 30 September 2017 and has been included in trade and other receivables.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF MICRO*mega* HOLDINGS LIMITED

10 January 2018

The Directors
MICRO*mega* Holdings Limited
66 Park Lane
Sandton
Johannesburg
2196

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF MICRO*mega* HOLDINGS LIMITED ("MICRO*mega*" or "the Company")

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of MICRO*mega* by the Directors. The *pro forma* financial information, as set out in **Annexure 1** of the circular to be issued by MICRO*mega* on or about Wednesday, 17 January 2018 ("**the Circular**"), consists of the *pro forma* statement of financial position, net asset value and net tangible asset value per share, the *pro forma* statement of comprehensive income, earnings and headline earnings and diluted earnings and diluted headline earnings per share and related notes (collectively "***Pro Forma* Financial Information**"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements.

The *Pro forma* Financial Information has been compiled by the Directors to illustrate the impact of the disposal of the NOSA Group, as detailed in the circular, on MICRO*mega*'s financial position as at 30 September 2017, as if the transaction had taken place at 30 September 2017 and the financial performance had the transaction taken place on 1 April 2017.

As part of this process, information about the NOSA Group's financial position and financial performance has been extracted by the Directors from the historical financial information of the NOSA Group as included in **Annexure 3**, on which a review conclusion has been published. In addition, the Directors have calculated the net asset value, net tangible asset value, earnings and headline earnings per share as at 30 September 2017 based on financial information extracted from the interim financial statements of MICRO*mega*.

Directors' Responsibility for the *Pro Forma* Financial Information

The Directors are responsible for compiling the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and the SAICA Guide on *Pro Forma* Financial Information ("**Applicable Criteria**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code) which is aligned to the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on the unadjusted financial information of the group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the *Pro Forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *Pro Form*a Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 1** of the circular.

Consent

This report on the *Pro Forma* Financial Information is included solely for the information of the MICRO*mega* Holdings shareholders. We consent to the inclusion of our report on the *Pro Forma* Financial Information, and the references thereto, in the form and context in which they appear in the circular.

Yours faithfully

Nexia SAB&T
Per: **MF Sulaman** – *Director*

JSE Registered Auditor and Reporting Accountant
119 Witch-Hazel Avenue
Highveld Technopark
Centurion

HISTORICAL FINANCIAL INFORMATION OF THE NOSA GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017 AND FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Statement of financial position as at

Figures in R'000	Note(s)	September 2017	March 2017	March 2016	March 2015
ASSETS					
Non-current assets					
Property, plant and equipment	6	30 829	26 342	22 498	22 151
Intangible assets	7	320 238	313 678	294 046	269 410
Deferred tax assets	10	3 296	2 528	2 256	1 747
		354 363	**342 548**	**318 800**	**293 308**
Current assets					
Inventories		3 390	2 735	2 311	1 456
Related party loans	12	27 013	14 289	1 461	1 539
Trade and other receivables	8	111 345	98 809	96 094	73 617
Cash and cash equivalents		15 511	14 191	25 786	53 049
		157 259	**130 024**	**125 652**	**129 661**
Total assets		**511 622**	**472 572**	**444 452**	**422 969**
EQUITY AND LIABILITIES					
Equity					
Issued capital		–	–	–	–
Other reserves		3 732	3 042	7 445	4 657
Retained earnings		313 805	287 299	249 535	215 665
		317 537	**290 341**	**256 980**	**220 322**
Non-controlling interest		53 528	53 801	51 105	48 543
Non-current liabilities					
Other financial liabilities		744	692	1 170	1 202
Deferred vendor payments	9	2 000	6 215	13 333	13 333
Deferred tax liabilities	10	46 760	48 050	46 383	36 482
		49 504	**54 957**	**60 886**	**51 017**
Current liabilities					
Trade and other payables	11	78 688	63 508	56 175	53 393
Current tax		6 862	2 438	5 735	4 709
Related party loans	12	86	86	9 389	5 331
Other financial liabilities		427	313	1 078	818
Deferred vendor payments	9	4 990	7 128	3 104	38 836
		91 053	**73 473**	**75 481**	**103 087**
Total equity and liabilities		**511 622**	**472 572**	**444 452**	**422 969**

Statement of profit and loss

Figures in R'000	Note(s)	September 2017	March 2017	March 2016	March 2015
Revenue	14	238 769	439 365	437 088	333 245
Cost of sales		(102 893)	(189 108)	(195 944)	(132 690)
Gross profit		135 876	250 257	241 144	200 555
Other net income/(expenses)		4 100	(94)	3 211	2 238
Admin expenses		(100 825)	(195 520)	(183 707)	(132 761)
Distribution expenses		(1 337)	(2 675)	(2 938)	(2 621)
Operating profit	15	**37 814**	**51 968**	**57 710**	**67 411**
Finance income		294	649	648	633
Finance costs		(64)	(312)	(640)	(173)
Profit before taxation		**38 044**	**52 305**	**57 718**	**67 871**
Tax expense	16	(9 449)	(10 455)	(21 876)	(18 144)
Profit for the year		**28 595**	**41 850**	**35 842**	**49 727**
Profit for the year attributable to:					
Non-controlling interests		2 089	3 743	1 972	1 371
Owners of the parent		26 506	38 107	33 870	48 356
		28 595	**41 850**	**35 842**	**49 727**

Statement of comprehensive income

Figures in R'000	Note(s)	September 2017	March 2017	March 2016	March 2015
Profit for the period		28 595	41 850	35 842	49 727
Other comprehensive income					
Foreign currency translation differences		690	(3 837)	2 788	3 990
Total comprehensive income for the year		**29 285**	**38 013**	**38 630**	**53 717**
Total comprehensive income attributable to:					
Non-controlling interests		2 089	3 743	1 972	1 371
Owners of the parent		27 196	34 270	36 658	52 346
		29 285	**38 013**	**38 630**	**53 717**

Statement of changes in equity

Figures in R'000	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Non-controlling interest	Total
Balance at 1 April 2014	101	566	167 309	47 172	215 148
Total comprehensive income for the year					
Profit for the year	–	–	48 356	1 371	49 727
Foreign currency translation differences	3 990	–	–	–	3 990
Balance at 31 March 2015	**4 091**	**566**	**215 665**	**48 543**	**268 865**
Balance at 1 April 2015	4 091	566	215 665	48 543	268 865
Total comprehensive income for the year					
Profit for the year	–	–	33 870	1 972	35 842
Foreign currency translation differences	2 788	–	–	–	2 788
Transactions with owners recorded directly in equity					
Acquisition of subsidiaries	–	–	–	1 277	1 277
Dividends paid	–	–	–	(687)	(687)
Balance at 31 March 2016	**6 879**	**566**	**249 535**	**51 105**	**308 085**
Balance at 1 April 2016	6 879	566	249 535	51 105	308 085
Total comprehensive income for the year					
Profit for the year	–	–	38 107	3 743	41 850
Foreign currency translation differences	(3 837)	–	–	–	(3 837)
Transactions with owners recorded directly in equity					
Dividends paid	–	–	(909)	(1 047)	(1 956)
Share-based payment transactions	–	(566)	566	–	–
Balance at 31 March 2017	**3 042**	**–**	**287 299**	**53 801**	**344 142**
Balance at 1 April 2017	3 042	–	287 299	53 801	344 142
Total comprehensive income for the year					
Profit for the year	–	–	26 506	2 089	28 595
Foreign currency translation differences	690	–	–	–	690
Transactions with owners recorded directly in equity					
Dividends paid	–	–	–	(2 362)	(2 362)
Balance at 31 March 2017	**3 732**	**–**	**313 805**	**53 528**	**371 065**

Statement of cash flow

Figures in R'000	Note(s)	September 2017	March 2017	March 2016	March 2015
Cash flows from operating activities					
Cash generated from operations	17	41 647	59 236	48 251	52 114
Finance income		294	649	648	633
Finance costs		(64)	(312)	(640)	(173)
Income tax paid		(7 083)	(12 357)	(11 682)	(10 975)
Net cash from operating activities		**34 794**	**47 216**	**36 577**	**41 599**
Cash flows from investing activities					
Property, plant and equipment acquired		(7 724)	(7 700)	(5 335)	(4 885)
Intangible assets acquired		(7 673)	(16 210)	(23 706)	(12 048)
Proceeds on disposals of property, plant and equipment		(68)	972	383	2 515
Acquisition of subsidiaries		–	(6 750)	(399)	(9 125)
		(15 465)	**(29 688)**	**(29 057)**	**(23 543)**
Cash flows from financing activities					
Other financial liabilities raised		627	765	1 654	2 114
Other financial liabilities repaid		(461)	(2 008)	(1 426)	(984)
Deferred vendor payments raised		–	–	1 573	52 169
Deferred vendor payments repaid		(2 590)	(3 154)	(37 390)	–
Related party loans repaid		(13 223)	(22 770)	1 493	(44 886)
Dividends paid to non-controlling interest		(2 362)	(1 047)	(687)	–
Dividends paid		–	(909)	–	–
		(18 009)	**(29 123)**	**(34 783)**	**8 413**
Decrease in cash and cash equivalents		1 320	(11 595)	(27 263)	26 469
Cash and cash equivalents at beginning of the year		14 191	25 786	53 049	26 580
Cash and cash equivalents at end of the year		**15 511**	**14 191**	**25 786**	**53 049**

ACCOUNTING POLICIES

1. **STATEMENT OF COMPLIANCE**

   The historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), and its interpretations adopted by the International Accounting Standards Board (IASB) and financial reporting guides issued by the accounting practices committee of the South African Institute of Chartered Accountants and the JSE Listings Requirements.

2. **BASIS OF PREPARATION**

   The historical financial information is presented in South African Rand and has been rounded to the nearest thousand, except when otherwise indicated.

   The historical financial information has been prepared in accordance with, and by applying, the accounting policies of MICRO*mega.*

   The historical financial information has been prepared under the historical cost convention.

   The NOSA Group financial information (being the subject matter of the Disposal) has been prepared on a consolidated basis from MICRO*mega*'s consolidated annual financial statements using the historical results of operations, assets and liabilities attributable to the NOSA Group. The consolidated historical financial information includes the assets, liabilities, revenue, expenses and cash flows subject to the Transaction. Goodwill attributable to the acquisition of the companies included in the NOSA Group recognised in the MICRO*mega* consolidated annual financial statements was allocated to the NOSA Group based on the initial purchase price allocations in respect of the acquisitions by MICRO*mega* of these companies, in order to reflect the consolidated position of the NOSA division being disposed.

   The historical financial information is the responsibility of the directors of MICRO*mega.*

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

   The principal accounting policies applied in the preparation of the historical financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These policies are in accordance with the accounting policies of the MICRO*mega* Group.

   3.1 **Business combinations**

   Subsidiaries are all 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

   The group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

   The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

   The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

   Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

3.2 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Useful lives are affected by technology innovations, maintenance programmes and future economic benefits. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation is provided on the straight-line basis which, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Depreciation is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Items of property, plant and equipment are depreciated from the date that they are installed and available for use.

The major categories of property, plant and equipment are depreciated at the following rates:

Plant and equipment	5 – 15 years
Motor vehicles	4 – 5 years
Furniture and fittings	5 – 10 years
Office equipment	5 – 10 years
IT equipment	2 – 5 years
Leasehold improvements	Over the period of the lease

3.3 **Intangible assets**

3.3.1 **Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is recognised as the excess of the purchase price over the fair value of the identifiable assets and liabilities assumed in a business combination.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

Goodwill is measured at cost less accumulated impairment losses.

3.3.2 **Computer software internally generated and computer software under development**

Expenditure of research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or sustainable improved products and processes. Development expenditure is capitalised only if development costs can be, measured reliably, the product or process is technically commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is allocated to computer software under development until such time that the products and processes are ready for use. The relevant items are then transferred from the computer software under development category to the computer software internally generated category within intangible assets.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

3.3.3 Patents, trademarks, brand names, licences and intellectual property

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

3.3.4 Amortisation

The estimated useful lives for the current and comparative years are as follows:

Brand names	Indefinite
Computer software	3 – 5 years
Licences, franchises and customer relationships	2 – 4 years
Patents, trademarks and other rights	10 years
Intellectual property	3 – 5 years

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and it is subsequently carried at cost less accumulated impairment losses.

3.4 Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets (the "**cash-generating unit**"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a *pro rata* basis. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 **Financial assets**

Classification

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' and 'other financial assets' in the statement of financial position.

Impairment of financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would consider otherwise, indications that a debtor or issuer will enter into bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for security.

The company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by companying together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends if the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value and are subsequently measured at the amortised cost.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the group's cash management and are included as a component of cash and cash equivalents.

3.6 **Foreign currency translation**

Functional and presentation currency

Items included in the historical financial information 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 historical financial information are presented in ZAR (R), which is the Company's presentation currency.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to ZAR (South African Rand) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to ZAR (South African Rand) at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains – net'.

3.7 Revenue recognition

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.8 Employee benefits

Defined contribution plans

The company pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short-term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of share options for which the related service and non-market conditions are met, such that the amount ultimately recognised as an expense is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

In the event of expiry of vested share options, the applicable amount held in the non-distributable reserve is transferred to retained earnings.

3.9 Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity in which case current tax and deferred tax are also recognised directly equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a year, and any adjustments in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

At each statement of financial position date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted.

Dividends withholding taxes that arise from the distribution of dividends are recognised when the distributions are made to shareholders that do not qualify for exemption in terms of the Income Tax Act.

3.10 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues, the operating results of which components are regularly reviewed by the group's chief operating decision-makers to make decisions about resources to be allocated and to assess its performance, and for which financial information is available.

The group's identification of its segments and the measurement of segment results are based on the group's internal reporting to management as used for day-to-day decision-making and as reviewed by the chief operating decision maker, which in the group's case is the executive committee. The segments have been identified according to the geographical dispensation as their products and services are of a similar nature.

4. CRITICAL ACCOUNTING JUDGEMENTS, KEY SOURCES OF ESTIMATION UNCERTAINTY AND FAIR VALUE DETERMINATION

Management makes assumptions, estimates and judgements in the process of applying the group's accounting policies that affect the assets, liabilities, income and expenses in the historical financial information prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

4.1 Residual values and useful lives of property, plant and equipment

The useful lives and residual values of items of property, plant and equipment are estimated annually. The actual lives and residual values may vary depending on a variety of factors such as the nature of item, the condition as result of current usage and the expected physical wear and tear of each item of property, plant and equipment.

4.2 Estimated impairment of intangible assets with indefinite useful lives

The group tests annually whether intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 3.3. The recoverable amounts of certain cash-generating units have been determined based on value-in use calculation. These calculations require the use of estimates. Refer note 7 for detail surrounding the estimations utilised in these calculations.

The company assesses on an annual basis whether the classification of indefinite life intangible assets is appropriate.

4.3 Measurement of the recoverable amount of trade receivables

Management has made estimates on the recoverable amount of the group's trade receivables and the ability of the customer to settle outstanding debts when it becomes due. Past payment history and financial wellness are considered part of the estimation uncertainty associated with the measurement of the recoverable amount of trade and other receivables.

4.4 Percentage of completion

Management estimates the costs to complete projects at each reporting period and calculates the percentage of completion based on the costs incurred at that date as a percentage of the total costs to be incurred. The percentage of completion is applied to the expected revenue of the project to measure the revenue to be recognised at the end of each reporting period.

5. **NEW STANDARDS AND INTERPRETATIONS**

At reporting period end, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. The amendments as set out below are considered not to have a material impact on the financial statements:

Standards	**Details of amendment**	**Annual periods beginning on or after**
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	1 January 2018
IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.	1 January 2018

Standards	Details of amendment	Annual periods beginning on or after
	The new standard supersedes: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue; (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfers of Assets from Customers; and (f) SIC-31 Revenue – Barter Transactions Involving Advertising Services.	
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7. Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases – Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019

Figures in R'000

6. **PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated depreciation	Carrying value
September 2017			
Owned assets			
Plant and equipment	21 045	(7 184)	13 861
Motor vehicles	8 062	(5 124)	2 938
Furniture and fittings	8 189	(4 793)	3 396
Office equipment	8 087	(5 470)	2 617
IT equipment	12 039	(9 129)	2 910
	57 422	**(31 700)**	**25 722**
Capitalised leased assets			
Leasehold improvements	8 028	(2 921)	5 107
	8 028	**(2 921)**	**5 107**
	65 450	**(34 621)**	**30 829**
March 2017			
Owned assets			
Plant and equipment	19 878	(5 889)	13 989
Motor vehicles	7 454	(4 903)	2 551
Furniture and fittings	7 804	(4 514)	3 290
Office equipment	7 693	(4 871)	2 822
IT equipment	11 178	(8 200)	2 978
	54 007	**(28 377)**	**25 630**
Capitalised leased assets			
Leasehold improvements	3 353	(2 641)	712
	3 353	**(2 641)**	**712**
	57 360	**(31 018)**	**26 342**
March 2016			
Owned assets			
Plant and equipment	12 156	(3 887)	8 269
Motor vehicles	8 472	(4 668)	3 804
Furniture and fittings	7 001	(3 759)	3 242
Office equipment	7 189	(3 786)	3 403
IT equipment	9 595	(6 458)	3 137
	44 413	**(22 558)**	**21 855**
Capitalised leased assets			
Leasehold improvements	2 926	(2 283)	643
	2 926	**(2 283)**	**643**
	47 339	**(24 841)**	**22 498**
March 2015			
Owned assets			
Plant and equipment	11 375	(2 352)	9 023
Motor vehicles	7 616	(4 124)	3 492
Furniture and fittings	6 514	(3 003)	3 511
Office equipment	5 625	(2 612)	3 013
IT equipment	5 561	(2 710)	2 851
	36 691	**(14 801)**	**21 890**
Capitalised leased assets			
Leasehold improvements	2 228	(1 967)	261
	2 228	**(1 967)**	**261**
	38 919	**(16 768)**	**22 151**

Reconciliation of carrying value

	Opening Balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
September 2017						
Owned assets						
Plant and equipment	13 989	1 168	–	–	(1 296)	13 861
Motor vehicles	2 551	627	–	(37)	(203)	2 938
Furniture and fittings	3 290	585	–	(122)	(357)	3 396
Office equipment	2 822	411	–	–	(616)	2 617
IT equipment	2 978	886	–	(18)	(936)	2 910
Capitalised leased assets						
Leasehold improvements	712	4 674	–	–	(279)	5 107
	26 342	**8 351**	**–**	**(177)**	**(3 687)**	**30 829**
March 2017						
Owned assets						
Plant and equipment	8 269	4 210	3 512	–	(2 002)	13 989
Motor vehicles	3 804	765	–	(1 047)	(971)	2 551
Furniture and fittings	3 242	807	–	–	(759)	3 290
Office equipment	3 403	549	–	–	(1 130)	2 822
IT equipment	3 137	1 707	–	(28)	(1 838)	2 978
Capitalised leased assets						
Leasehold improvements	643	427	–	–	(358)	712
	22 498	**8 465**	**3 512**	**(1 075)**	**(7 058)**	**26 342**
March 2016						
Owned assets						
Plant and equipment	9 023	828	8	–	(1 590)	8 269
Motor vehicles	3 492	1 654	–	(252)	(1 090)	3 804
Furniture and fittings	3 511	256	195	(30)	(690)	3 242
Office equipment	3 013	1 547	8	(40)	(1 125)	3 403
IT equipment	2 851	2 005	–	(49)	(1 670)	3 137
Capitalised leased assets						
Leasehold improvements	261	699	–	–	(317)	643
	22 151	**6 989**	**211**	**(371)**	**(6 482)**	**22 498**
March 2015						
Owned assets						
Plant and equipment	1 042	255	8 190	–	(464)	9 023
Motor vehicles	3 155	2 114	933	(1 747)	(963)	3 492
Furniture and fittings	2 652	303	1 162	(19)	(587)	3 511
Office equipment	1 539	2 727	59	(668)	(644)	3 013
IT equipment	1 835	1 464	723	(41)	(1 130)	2 851
Capitalised leased assets						
Leasehold improvements	409	136	–	–	(284)	261
	10 632	**6 999**	**11 067**	**(2 475)**	**(4 072)**	**22 151**

Assets acquired under mortgage bonds and instalment sale liabilities are encumbered as security for repayment of these borrowings.

7. INTANGIBLE ASSETS

	Cost	Accumulated depreciation	Carrying value
September 2017			
Defined life intangible assets			
Patents and trademarks and other rights	10 469	(2 034)	8 435
Licences, franchises and customer relationships	473	(460)	13
Computer software, internally generated	72 996	(5 336)	67 660
Intellectual property	1 181	(710)	471
Computer software, externally purchased	5 676	(924)	4 752
	90 795	**(9 464)**	**81 331**
Indefinite life intangible assets			
Licences, franchises and customer relationships	181 284	–	181 284
Goodwill	57 623	–	57 623
	238 907	**–**	**238 907**
	329 702	**(9 464)**	**320 238**
March 2017			
Defined life intangible assets			
Patents and trademarks and other rights	10 430	(1 868)	8 562
Licences, franchises and customer relationships	473	(454)	19
Computer software, internally generated	66 211	(4 755)	61 456
Intellectual property	1 181	(710)	471
Computer software, externally purchased	4 827	(531)	4 296
	83 122	**(8 318)**	**74 804**
Indefinite life intangible assets			
Licences, franchises and customer relationships	181 284	–	181 284
Goodwill	57 590	–	57 590
	238 874	**–**	**238 874**
	321 996	**(8 318)**	**313 678**
March 2016			
Defined life intangible assets			
Patents and trademarks and other rights	10 287	(1 440)	8 847
Licences, franchises and customer relationships	446	(446)	–
Computer software, internally generated	53 230	(4 007)	49 223
Intellectual property	1 181	(710)	471
Computer software, externally purchased	1 768	(361)	1 407
	66 912	**(6 964)**	**59 948**
Indefinite life intangible assets			
Licences, franchises and customer relationships	181 284	–	181 284
Goodwill	52 814	–	52 814
	234 098	**–**	**234 098**
	301 010	**(6 964)**	**294 046**
March 2015			
Defined life intangible assets			
Patents and trademarks and other rights	10 094	(1 042)	9 052
Licences, franchises and customer relationships	446	(446)	–
Computer software, internally generated	26 506	(3 854)	22 652
Computer software, under development	3 425	–	3 425
Intellectual property	1 181	(710)	471
Computer software, externally purchased	1 551	(63)	1 488
	43 203	**(6 115)**	**37 088**
Indefinite life intangible assets			
Licences, franchises and customer relationships	181 284	–	181 284
Goodwill	51 038	–	51 038
	232 322	**–**	**232 322**
	275 525	**(6 115)**	**269 410**

The carrying amounts of intangible assets can be reconciled as follows:

	Opening balance	Additions	Additions through business combinations	Transfers and translation differences	Amortisation	Total
September 2017						
Defined life intangible assets						
Patents and trademarks and other rights	8 562	38	–	–	(165)	8 435
Licences, franchises and customer relationships	19	–	–	–	(6)	13
Computer software, internally generated	61 456	6 786	–	–	(582)	67 660
Intellectual property	471	–	–	–	–	471
Computer software, externally purchased	4 296	849	–	–	(393)	4 752
Indefinite life intangible assets						
Patents and trademarks and other rights	181 284	–	–	–	–	181 284
Goodwill	57 590	–	–	33	–	57 623
	313 678	**7 673**	**–**	**33**	**(1 146)**	**320 238**
March 2017						
Defined life intangible assets						
Patents and trademarks and other rights	8 847	143	–	–	(428)	8 562
Licences, franchises and customer relationships	–	26	–	–	(7)	19
Computer software, internally generated	49 223	12 982	–	–	(749)	61 456
Intellectual property	471	–	–	–	–	471
Computer software, externally purchased	1 407	3 059	–	–	(170)	4 296
Indefinite life intangible assets						
Patents and trademarks and other rights	181 284	–	–	–	–	181 284
Goodwill	52 814	–	4 842	(66)	–	57 590
	294 046	**16 210**	**4 842**	**(66)**	**(1 354)**	**313 678**

	Opening balance	Additions	Additions through business combinations	Transfers and translation differences	Amortisation	Total
March 2016						
Defined life intangible assets						
Patents and trademarks and other rights	9 052	129	–	64	(398)	8 847
Computer software, internally generated	22 652	23 490	–	3 361	(280)	49 223
Computer software, under development	3 425	–	–	(3 425)	–	–
Intellectual property	471	–	–	–	–	471
Computer software, externally purchased	1 488	87	–	–	(168)	1 407
Indefinite life intangible assets						
Patents and trademarks and other rights	181 284	–	–	–	–	181 284
Goodwill	51 038	–	1 828	(52)	–	52 814
	269 410	**23 706**	**1 828**	**(52)**	**(846)**	**294 046**
March 2015						
Defined life intangible assets						
Patents and trademarks and other rights	7 865	14	–	1 310	(137)	9 052
Licences, franchises and customer relationships	346	–	–	–	(346)	–
Computer software, internally generated	15 592	2 636	–	4 812	(388)	22 652
Computer software, under development	1 353	8 293	–	(6 122)	(99)	3 425
Intellectual property	471	–	–	–	–	471
Computer software, externally purchased	415	1 105	–	–	(32)	1 488
Indefinite life intangible assets						
Patents and trademarks and other rights	181 284	–	–	–	–	181 284
Goodwill	3 988	–	47 050	–	–	51 038
	211 314	**12 048**	**47 050**	**–**	**(1 002)**	**269 410**

Intangible assets are allocated to their respective underlying cash-generating units, which support the valuation of the intangible asset.

Intangible assets are recognised as indefinite useful life intangible assets when an analysis of the relevant underlying factors confirm there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Goodwill is recognised as the excess of the purchase price over the fair value of the identifiable assets and liabilities assumed in a business combination.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

Goodwill and indefinite life intangible assets are assessed for impairment on an annual basis, which is determined by calculating the recoverable amount of a cash-generating unit based on value-in-use.

Impairment testing based on value-in use

Value-in use calculations use pre-tax cash flow projections based on financial forecasts, approved by management, and cover a five-year period. The estimated growth rates applied are in line with that of the industry in which the cash-generating unit operates and are materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth rate assumptions applied. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined forecasted gross margin based on past performance and its expectations of market developments. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective businesses.

The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 20% in the forecasted operating profit used in the value-in use calculation and a reduction of 5% of the weighted average cost of capital.

The sensitivity analysis did not result in any impairment.

Intangible assets with defined useful lives are tested for impairment if conditions are identified which might be indicative of a potential reduction in the value in use or net realisable value compared to its carrying value.

Key assumptions used for the value in use calculations (which are performed once a year):

	2017	**2016**	**2015**
Growth rate for five-year period	10% – 16%	8% – 12.5%	8% – 10%
Growth rate into perpetuity	3%	3%	2%
Discount rate	9.8% – 13.25%	10.6% – 14.84%	10.6% – 14.42%

8. TRADE AND OTHER RECEIVABLES

	September 2017	**March 2017**	**March 2016**	**March 2015**
Trade debtors	103 441	93 919	93 304	71 914
Prepaid expenses and deposits	5 405	3 505	3 815	3 316
Value Added Tax	487	467	1 250	149
Other	8 788	6 136	3 265	2 438
	118 121	**104 027**	**101 634**	**77 817**
Allowance for doubtful debt	(6 776)	(5 218)	(5 540)	(4 200)
	111 345	**98 809**	**96 094**	**73 617**
Items included in trade and other receivables not classified as financial instruments				
Prepaid expenses and deposits	5 405	3 505	3 815	3 316
Value Added Tax	487	467	1 250	149
	5 892	**3 972**	**5 065**	**3 465**
Trade and other receivables net of non-financial instruments (refer note 31)	**105 453**	**94 837**	**91 029**	**70 152**

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the group has not recognised an allowance for doubtful debts because there has not been significant change in the credit quality of the receivables and the amounts are considered to still be recoverable. The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The carrying amount of trade and other receivables approximates their fair value due to the short-term nature thereof.

Performance categories of trade and other receivables

Trade receivables that are within the prescribed trading terms are considered to be fully performing. Past due and not impaired trade receivables relate to a number of independent customers for whom there is no history of default. Trade receivables impaired and provided for mainly relate to independent customers, which are in difficult economic situations. The risk component of this category has been provided for.

	September 2017	March 2017	March 2016	March 2015
Performance categories:				
Fully performing	48 378	50 759	52 484	33 180
Past due and not impaired	48 287	38 185	35 139	34 527
Impaired and provided for	6 776	4 975	5 683	4 207
	103 441	**93 919**	**93 306**	**71 914**
The aging of amounts past due but not impaired is as follows:				
One month past due	18 076	13 250	9 419	11 350
Two months past due	30 211	24 935	25 720	23 177
	48 287	**38 185**	**35 139**	**34 527**
The aging of amounts impaired and provided for is as follows:				
Three months past due	1 169	552	2 480	317
More than three months past due	5 607	4 423	3 203	3 890
	6 776	**4 975**	**5 683**	**4 207**
Trade and other receivables impaired				
Movement on the doubtful debt allowance is as follows:				
Balance at the beginning of the year	5 218	5 540	4 200	4 171
Impairment loss made during the year	3 631	4 697	2 633	2 548
Reversal of impairment loss from prior year	(2 058)	(3 480)	(1 225)	(2 167)
Balance written off	(15)	(1 539)	(68)	(352)
Balance at the end of the year	**6 776**	**5 218**	**5 540**	**4 200**

Currencies

The carrying amounts of trade and other receivables are denominated in the following currencies (all balances are disclosed in South African Rand):

	September 2017	March 2017	March 2016	March 2015
South African Rand	84 808	69 267	72 690	49 827
Chinese Yuan Renminbi	17 314	21 972	14 615	15 442
Euro	125	222	106	104
Namibia Dollar	99	109	137	296
New Zealand Dollar	178	166	168	130
Swaziland Lilangeni	1 058	569	140	369
United Kingdom Pound	6	–	–	413
United States Dollar	1 843	2 510	3 147	3 495
Other currencies	22	22	26	76
	105 453	**94 837**	**91 029**	**70 152**

	September 2017	March 2017	March 2016	March 2015

9. **DEFERRED VENDOR PAYMENTS**

The amount due to vendors represents the balance of the purchase consideration owing in respect of acquisitions. The loans are settled through the issue of shares and cash resources on achievement of profit warranties. Deferred vendor payments are recognised when there is a reasonable expectation that the predetermined profit warranties will be achieved.

	September 2017	March 2017	March 2016	March 2015
Reconciliation of deferred vendor payments:				
Balance at the beginning of the year	13 343	16 437	52 169	–
Acquisition of subsidiaries	–	–	1 573	52 169
Re-measurement of acquisition vendor	(3 763)	–	–	–
Repayment of vendors	(2 590)	(3 154)	(37 390)	–
Interest accrued	–	60	85	–
Balance at the end of the year	**6 990**	**13 343**	**16 437**	**52 169**
Non-current liabilities	2 000	6 215	13 333	13 333
Current liabilities	4 990	7 128	3 104	38 836
	6 990	**13 343**	**16 437**	**52 169**

The settlement dates for the respective business acquisitions are as follows:

	Net profit after tax not less than	Cash resources
Aspirata Auditing Testing and Certification		
October 2017	8 360	2 890
March 2018	9 196	2 100
March 2019	10 115	1 000
March 2020	11 127	1 000
		6 990

10. **DEFERRED TAX ASSETS AND LIABILITIES**

	September 2017	March 2017	March 2016	March 2015
Reconciliation of deferred tax:				
Balance at beginning of year	(45 522)	(44 127)	(34 735)	(30 799)
Movements consisting of:				
Temporary differences recognised in profit and loss – relating to the current year	2 058	(1 395)	(2 359)	(2 525)
Temporary differences recognised in profit and loss – relating to the prior year	–	–	(38)	(1 707)
Change in rate of tax	–	–	(6 771)	–
Acquisition of businesses	–	–	(224)	296
Balance at end of year	**(43 464)**	**(45 522)**	**(44 127)**	**(34 735)**

The deferred tax asset and liability arises from the following temporary differences:

	September 2017	March 2017	March 2016	March 2015
Intangible assets	(51 084)	(50 159)	(48 468)	(38 453)
Provisions	6 563	3 713	3 609	3 265
Assessed loss	1 057	924	732	453
Other	**(43 464)**	**(45 522)**	**(44 127)**	**(34 735)**
Assets	3 296	2 528	2 256	1 747
Liabilities	(46 760)	(48 050)	(46 383)	(36 482)
	(43 464)	**(45 522)**	**(44 127)**	**(34 735)**

The directors assessed that the deferred tax assets will be recovered based on profitability forecasts.

	September 2017	March 2017	March 2016	March 2015

11. TRADE AND OTHER PAYABLES

	September 2017	March 2017	March 2016	March 2015
Trade creditors	47 777	41 105	35 789	32 253
Unallocated deposits	870	4 122	5 334	7 694
Accrued expenses	3 889	3 461	2 002	–
Leave pay accrual	5 657	2 843	2 311	2 668
Income received in advance	4 025	3 484	3 592	2 097
Lease straight-lining accrual	2 554	2 372	1 701	–
Payroll accruals	10 103	4 025	4 388	5 375
Value Added Tax	3 813	2 096	1 058	3 306
	78 688	**63 508**	**56 175**	**53 393**
Items included in trade and other payables not classified as financial instruments				
Value Added Tax	3 813	2 096	1 058	3 306
Income received in advance	4 025	3 484	3 592	2 097
Lease straight-lining accrual	2 554	2 372	1 701	–
Leave pay accrual	5 657	2 843	2 311	2 668
Trade and other payables net of non-financial instruments	**62 639**	**52 713**	**47 513**	**45 322**

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. Due to the short-term nature of the trade payables, the carrying value represents the fair value of the trade payables.

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to statement of financial position date.

Currencies

The carrying amounts of trade and other payables are denominated in the following currencies (all balances are disclosed in South African Rand):

	September 2017	March 2017	March 2016	March 2015
South African Rand	60 287	49 918	44 820	41 492
Australian Dollar	65	37	13	–
Chinese Yuan Renminbi	–	378	1 012	(297)
Euro	89	134	–	–
Hong Kong Dollar	496	346	–	365
Namibia Dollar	660	267	524	409
New Zealand Dollar	44	351	799	53
Swaziland Lilangeni	708	138	199	649
United Kingdom Pound	24	42	10	–
United States Dollar	266	1 102	136	2 651
	62 639	**52 713**	**47 513**	**45 322**

	September 2017	March 2017	March 2016	March 2015
12. **RELATED PARTY LOANS PAYABLE/(RECEIVABLE)**				
Non-interest-bearing loans				
ESGA Proprietary Limited	–	–	5 676	–
MICRO*mega* Holdings Limited	(21 169)	(8 414)	6 767	4 065
MECS Africa Proprietary Limited	–	–	–	1 266
NOSA Technologies Proprietary Limited	–	–	(1 461)	(1 430)
NOSA Investment Holdings Hong Kong	86	86	–	(109)
Interest-bearing loans				–
MICRO*mega* Holdings Limited	(5 844)	(5 875)	(3 054)	–
	(26 927)	**(14 203)**	**7 928**	**3 792**
Current assets	27 013	14 289	1 461	1 539
Current liabilities	86	86	9 389	5 331
	26 927	**14 203**	**7 928**	**3 792**

The interest-bearing loans bear interest at a rate between 5.3% and 7.5%. All loans are unsecured and repayable in the ordinary course of business.

The carrying amount of related party loans approximate their fair value.

13. **COMMITMENTS**

Capital commitments

There were no capital expenditure contracted for at the reporting date which have not yet been incurred and recognised in the financial statements.

Operating lease commitments

The company leases various assets under non-cancellable operating lease agreements. The leases have varying terms and escalation clauses.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 2017	March 2017	March 2016	March 2015
Not later than one year	14 561	16 123	14 231	8 600
Later than one year and not later than five years	22 673	24 142	31 956	15 239
Later than five years	–	–	374	–
	37 234	**40 265**	**46 561**	**23 839**

Contingencies

The company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from contingent liabilities.

	September 2017	March 2017	March 2016	March 2015
Bank guarantees issued:				
Department of Higher Education in favour of students enrolled at NOSA	250	250	250	250
Lease guarantee	100	100	100	100
	350	**350**	**350**	**350**

14. **REVENUE**

	September 2017	March 2017	March 2016	March 2015
Services rendered	238 769	439 365	437 088	333 245
	238 769	**439 365**	**437 088**	**333 245**

	September 2017	March 2017	March 2016	March 2015

15. EXPENDITURE BY NATURE

	September 2017	March 2017	March 2016	March 2015
Major expense items include the following:				
Audit fees	535	1 141	1 018	756
Advertising cost	3 574	7 475	6 568	6 242
Employee compensation and benefit expense	43 472	69 746	67 496	51 634
Operating lease charges	14 031	25 975	22 844	16 866
Travel	3 116	8 463	9 076	7 279

16. INCOME TAX EXPENSE

	September 2017	March 2017	March 2016	March 2015
Current tax				
Current year	11 507	8 371	13 906	15 709
Prior year	–	709	(1 198)	(1 798)
Deferred taxation				
Current year	(2 058)	1 361	2 359	2 526
Prior year	–	14	38	1 707
Rate adjustment	–	–	6 771	–
	9 449	**10 455**	**21 876**	**18 144**

Reconciliation of rate of taxation	%	%	%	%
South African normal taxation rate	28.00	28.00	28.00	28.00
Adjusted for:				
Income not subject to tax	(6.30)	(0.40)	(6.80)	(0.20)
Expenses not deductible for tax	2.30	0.10	0.60	0.00
Current tax – prior year adjustment	–	(1.30)	(1.90)	(2.70)
Deferred tax – prior year adjustment	–	0.00	0.10	2.50
Tax rate adjustment on capital gains tax	–	0.00	11.10	0.00
Foreign taxation	0.80	(6.40)	6.80	(0.90)
Net reduction	(3.20)	(8.00)	9.90	(1.30)
Effective rate of taxation	24.80	20.00	37.90	26.70

17. CASH GENERATED FROM OPERATIONS

	September 2017	March 2017	March 2016	March 2015
Profit before tax	38 044	52 305	57 718	67 871
Adjusted for:				
Depreciation and amortisation	4 833	8 412	7 328	5 074
Loss/(profit) on disposal of property, plant and equipment	68	103	(12)	(40)
Re-measurement of acquisition vendor	(3 763)	–	–	–
Movement in foreign currency translation reserve	690	(3 837)	2 788	3 990
Finance income	(294)	(649)	(648)	(633)
Finance costs	64	312	640	173
Movement in working capital				
Increase in inventories	(655)	(424)	(855)	(1 370)
Increase in trade and other receivables	(12 536)	(2 715)	(19 823)	(20 248)
(Decrease)/increase in trade and other payables	15 196	5 729	1 115	(2 703)
	41 647	**59 236**	**48 251**	**52 114**

18. **BUSINESS COMBINATIONS**

March 2017

The CSIR

On 16 September 2016, the group acquired the CSIR Food and Beverage Laboratories for a consideration of R6.8 million. Goodwill to the value of R4.8 million was accounted for. The amount of net assets acquired amounted to R1.9 million. The CSIR Food and Beverage Laboratories business has been incorporated into Aspirata Audit Testing & Certification Proprietary Limited ("**Aspirata**").

The CSIR Food and Beverage Laboratories provide chemical analytical services that focus on routine chemical analysis of food, fish and beverage products for external customers in the private and public sectors. The laboratories offer a full range of analytical requirements for the South African and southern African food and fishing industries. Together with Aspirata, it will complement and enhance risk management, training, consulting and auditing services currently provided by the group.

The CSIR contributed revenue of R9.3 million and profit after tax of R2.1 million since the acquisition date.

Net cash flows from acquisitions

	The CSIR	**Total**
Property, plant and equipment	3 512	3 512
Trade and other payables	(1 604)	(1 604)
Total net assets acquired	1 908	1 908
Goodwill	4 842	4 842
Purchase consideration	6 750	6 750
Net cash flow from acquisitions	**6 750**	**6 750**

The carrying value of trade and other receivables recognised on date of acquisition equals the fair value thereof.

The goodwill is attributable to the workforce acquired and the significant synergies expected to arise after the group's acquisition of the acquired subsidiaries.

March 2016

Yonke Education and Training Solutions Proprietary Limited

On 1 September 2015, the group acquired 50% interest in Yonke Education and Training Solutions Proprietary Limited for a consideration of R3.1 million. Goodwill to the value of R1.8 million was accounted for. The amount of net assets acquired amounted to R2.6 million and non-controlling interest of R1.3 million was raised.

Yonke Education and Training Solutions contributed revenue of R9.3 million and profit after tax of R1.8 million since the acquisition date. If the acquisition had occurred on 1 April 2015, group revenue would have been R15.2 million more, and profit after tax would have increased by R1.5 million.

The group has effective control of the board of directors of Yonke Education and Training Solutions Proprietary Limited by means of an additional deciding vote.

The fair value of assets acquired and liabilities assumed relating to the above business combinations is subject to change should additional information become available within the 12-month re-measurement period from date of acquisition.

Net cash flows from acquisitions

	Yonke Education and Training Solutions Proprietary Limited	Total
Property, plant and equipment	211	211
Intangible assets	–	–
Trade and other receivables	2 654	2 654
Cash and cash equivalents	1 133	1 133
Trade and other payables	(1 667)	(1 667)
Tax receivable/(payable)	222	222
Total net assets acquired	2 553	2 553
Goodwill	1 828	1 828
Non-controlling interest	(1 276)	(1 276)
Purchase consideration	3 105	3 105
Deferred vendor payments	(1 573)	(1 573)
Cash acquired	(1 133)	(1 133)
Net cash flow from acquisitions	**399**	**399**

The carrying value of trade and other receivables recognised on date of acquisition equals the fair value thereof.

The goodwill is attributable to the workforce acquired and the significant synergies expected to arise after the group's acquisition of the acquired subsidiaries.

March 2015

Action Training Academy Proprietary Limited and Action Training Consulting Proprietary Limited

On 1 September 2014, the group acquired 100% interest in Action Training Academy Proprietary Limited and Action Training Consulting Proprietary Limited for a consideration of R28.9 million. Goodwill to the value of R25.6 million was accounted for. The amount of net assets acquired amounted to R3.3 million.

Aspirata Auditing Testing and Certification Proprietary Limited

On 1 March 2015, the group acquired 100% interest in Aspirata Auditing Testing and Certification Proprietary Limited for a consideration of R41.8 million. Goodwill to the value of R21.4 million was accounted for. The amount of net assets acquired amounted to R20.3 million.

The fair value of assets acquired and liabilities assumed relating to the above business combinations is subject to change should additional information become available within the 12-month re-measurement period from date of acquisition.

Net cash flows from acquisitions

	Action Training Academy Proprietary Limited and Action Training Consulting Proprietary Limited	Aspirata Auditing Testing and Certification Proprietary Limited	Total
Property, plant and equipment	1 131	9 936	11 067
Trade and other receivables	4 112	10 317	14 429
Cash and cash equivalents	1 134	2 203	3 337
Trade and other payables	(2 753)	(2 597)	(5 350)
Other financial liabilities	(655)	–	(655)
Deferred tax	106	348	454
Tax receivable/(payable)	187	112	299
Total net assets acquired	3 262	20 319	23 581
Goodwill	25 600	21 450	47 050
Purchase consideration	28 862	41 769	70 631
Issue of MICRO*mega* shares	(6 000)	–	(6 000)
Deferred vendor payments	(10 400)	(41 769)	(52 169)
Cash acquired	(1 134)	(2 203)	(3 337)
Net cash flow from acquisitions	**11 328**	**(2 203)**	**9 125**

The carrying value of trade and other receivables recognised on date of acquisition equals the fair value thereof.

The goodwill is attributable to the workforce acquired and the significant synergies expected to arise after the group's acquisition of the acquired subsidiaries.

19. FINANCIAL INSTRUMENTS

Financial assets are classified in the following categories

	Loans and receivables held at amortised cost	Total
September 2017		
Related party loans	27 013	27 013
Trade and other receivables	105 453	105 453
Cash and cash equivalents	15 511	15 511
	147 977	**147 977**
March 2017		
Related party loans	14 289	14 289
Trade and other receivables	94 837	94 837
Cash and cash equivalents	14 191	14 191
	123 317	**123 317**
March 2016		
Related party loans	1 461	1 461
Trade and other receivables	91 029	91 029
Cash and cash equivalents	25 786	25 786
	118 276	**118 276**
March 2015		
Related party loans	1 539	1 539
Trade and other receivables	70 152	70 152
Cash and cash equivalents	53 049	53 049
	124 740	**124 740**

Financial liabilities are classified in the following categories

	Loans payable at amortised cost	Total
September 2017		
Other financial liabilities	1 171	1 171
Deferred vendor payments	6 990	6 990
Related party loans	86	86
Trade and other payables	62 639	78 704
	70 886	**86 951**
March 2017		
Other financial liabilities	1 005	1 005
Deferred vendor payments	13 343	13 343
Related party loans	86	86
Trade and other payables	52 713	63 508
	67 147	**77 942**
March 2016		
Other financial liabilities	2 248	2 248
Deferred vendor payments	16 437	16 437
Related party loans	9 389	9 389
Trade and other payables	47 513	56 175
	75 587	**84 249**
March 2015		
Other financial liabilities	2 020	2 020
Deferred vendor payments	52 169	52 169
Related party loans	5 331	5 331
Trade and other payables	45 322	53 393
	104 842	**112 913**

The estimated fair values of financial assets and financial liabilities as at 31 March have been determined using available market information and appropriate valuation methodologies. The fair value of all financial instruments equals their carrying value, either because of the short-term nature and normal trade terms thereof, or the market-related interest rates attached to it.

20. RISK MANAGEMENT

Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk
- interest rate risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financials.

The directors have overall responsibility for the establishment and oversight for the group's risk management framework. The directors are responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

The Board oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's trade receivables from customers and deposits with banks.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. There is no concentration of credit risk in a single customer.

The Board of Directors has established a credit policy under which each new customer is analysed individually for credit worthiness before the company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the company's benchmark credit worthiness may transact with the company only on a prepayment basis.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Credit quality of trade and other receivables can be analysed as follows:

	September 2017	**March 2017**	**March 2016**	**March 2015**
Group 1	22 540	11 982	20 921	16 169
Group 2	15 130	37 212	44 766	43 703
Group 3	64 848	44 451	22 370	12 042
Group 4	923	274	5 249	–
Total	**103 441**	**93 919**	**93 306**	**71 914**

Group 1 – new customers (less than six months).

Group 2 – existing customers (more than six months) with no defaults (no bad debt write-off/hand-overs) in the past.

Group 3 – existing customers (more than six months) with some defaults.

Group 4 – customers with defaults, no trading and hand over. This category of trade receivables related mainly to contractors and sub-contractors exposed to government and parastatal bodies. Appropriate security policies are in place to limit this category.

Management does not expect any losses from non-performance by these counterparties as the disclosure above is the maximum exposure due from credit risk.

Trade receivables are held as collateral on the overdraft facility with the bank.

Deposits with banks

The credit risk policy for financial institutions and service providers has the objective to minimise losses that could result from counterparty failure. All such counterparties are assessed on an annual basis to ensure credit worthiness and the evaluations will be based on the financial strength of the counterparty as published by a recognised rating agency.

Short-term credit ratings with banks where balances are held:

	Moody's	**Fitch**
Absa Bank Limited	P – 2	F3
First National (a division of FirstRand Bank Limited)	P – 2	F3
HSBC Bank Plc	P – 1	F1
Nedbank Limited	P – 2	F3
Standard Chartered Bank	P – 1	F1

Moody's Rating Scale

P – 1: *Issuers have a superior ability to repay short-term debt obligations.*

P – 2: *Issuers have a strong ability to repay short-term debt obligations.*

Fitch Rating Scale

F1: *Best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitments.*

F3: *Fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments.*

Management does not expect any losses from non-performance by these counterparties.

Other financial assets

Other financial assets vary from being short term to five-year term debt with market related interest rates, terms and conditions. Loans to associates are provided based on the credit risk assessment of the entity. Liquidity and solvency tests are assessed as part of the loan approval process. The exposure are monitored on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash/liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group's statement of financial position remains lowly geared and thus the directors are comfortable with the ability to receive lines of credit.

The table below analyses the group's financial liabilities that will be expected to be settled on a net basis into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within one year	Between one and five years	Over five years	Total
September 2017				
Other financial liabilities	529	826	–	1 355
Deferred vendor payments	4 990	2 000	–	6 990
Related party loans	86	–	–	86
Trade and other payables	62 639	–	–	62 639
	68 244	**2 826**	**–**	**71 070**
March 2017				
Other financial liabilities	400	761	–	1 161
Deferred vendor payments	7 128	6 215	–	13 343
Related party loans	86	–	–	86
Trade and other payables	52 713	–	–	52 713
	60 327	**6 976**	**–**	**67 303**
March 2016				
Other financial liabilities	1 232	1 279	–	2 511
Deferred vendor payments	3 104	13 333	–	16 437
Related party loans	9 389	–	–	9 389
Trade and other payables	47 513	–	–	47 513
	61 238	**14 612**	**–**	**75 850**
March 2015				
Other financial liabilities	943	906	346	2 195
Deferred vendor payments	38 836	13 333	–	52 169
Related party loans	5 331	–	–	5 331
Trade and other payables	45 322	–	–	45 322
	90 432	**14 239**	**346**	**105 017**

Interest rate risk

The group exposure on fair value interest rate risk mainly arises from its fixed deposits with banks. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

In order to manage the cash flow interest rate risk, the group will repay the corresponding borrowings when it has surplus funds.

Sensitivity analysis based on balances at reporting date:

	September 2017	March 2017	March 2016	March 2015
Cash and cash equivalents	15 511	14 191	25 786	53 049
Other financial liabilities	(1 171)	(1 005)	(2 248)	(2 020)
Deferred vendor payments	(6 990)	(13 343)	(16 437)	(52 169)
Less: Non-interest-bearing deferred vendor payments	6 990	13 343	16 437	52 169
Net interest-bearing assets/ (liabilities)	**14 340**	**13 186**	**23 538**	**51 029**
Interest rate change	2%	2%	2%	2%
Potential after tax impact on earnings	206	190	339	735

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the next annual balance sheet date.

Currency risk

The group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the group.

In respect of purchases and payables, the group controls its volume of purchase orders to a tolerable level and avoids concentrating the purchases in a single foreign currency by diversifying such foreign currency risk exposure.

In respect of sales and receivables, the group sets a prudent credit limit to individual customers who transact with it in other foreign currencies. The directors' approval is required on the exposure to an individual customer or transaction that exceeds the limit.

Summary of the average and closing rates:

	Average rate	Closing rate
September 2017		
Australian Dollar	10.14327	10.60754
British Pound	17.04034	18.14215
Chinese Yan Renminbi	1.947133	2.035567
Euro	14.98062	15.93987
Hong Kong Dollar	1.688616	1.734104
New Zealand Dollar	9.450772	9.758937
US Dollar	13.17267	13.54731
March 2017		
Australian Dollar	10.56556	10.24509
British Pound	18.41043	16.73661
Chinese Yan Renminbi	2.089932	1.944876
Euro	15.43256	14.3173
Hong Kong Dollar	1.810661	1.724853
New Zealand Dollar	9.948927	9.372643
US Dollar	14.04952	13.40366
March 2016		
Australian Dollar	10.1054	11.3646
British Pound	20.6996	21.2941
Chinese Yan Renminbi	2.1683	2.29751
Euro	15.2003	16.8338
Hong Kong Dollar	1.7745	1.9111
New Zealand Dollar	9.3073	10.2484
US Dollar	13.767	14.8208
March 2015		
Australian Dollar	9.64871	9.26715
British Pound	17.8017	17.9926
Chinese Yan Renminbi	1.7965	1.98244
Euro	13.9841	13.0924
Hong Kong Dollar	1.4262	1.56749
New Zealand Dollar	8.92937	9.09383
US Dollar	11.0591	12.1548

Sensitivity analysis

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

A 10% weakening of the Rand against the currencies referred in the trade and other receivables, cash and cash equivalents and trade and other payables notes would have increased/(decreased) equity and post-tax profit by:

	September 2017	**March 2017**	**March 2016**	**March 2015**
Australian Dollar	(65)	(37)	(13)	–
Chinese Yuan Renminbi	22 115	25 366	29 956	19 586
Euro	36	88	109	103
Hong Kong Dollar	(462)	567	1 113	7 783
Namibia Dollar	(87)	456	517	759
New Zealand Dollar	238	78	(418)	544
Swaziland Lilangeni	940	487	159	(8)
United Kingdom Pound	(18)	(42)	(10)	413
United States Dollar	1 577	1 408	3 011	844
Other currencies	4	22	26	76
Net foreign currency exposure	**24 278**	**28 393**	**34 450**	**30 100**
Potential after tax impact on earnings	1 748	2 044	2 480	2 167

A 10% strengthening of the Rand against the above currencies as at reporting date would have had the equal but opposite effect on the above currencies to the amounts shown, on the basis that all variables remain constant.

Equity price risk

The group is not exposed to equity price risk.

21. CAPITAL MANAGEMENT

The board's policy is to maintain a strong capital base to maintain creditor and shareholder confidence and to sustain future development of the business. The board monitors return on capital, which the group defines as net operating income divided by total shareholders equity. The board also monitors the level of dividends to ordinary shareholders. There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

22. SEGMENT INFORMATION

Geographic locations

	Asia	**Africa**	**Total**
September 2017			
Revenue	12 487	226 282	238 769
Depreciation, amortisation and impairments	43	4 790	4 833
Employee costs	775	42 697	43 472
Operating lease charges	531	13 500	14 031
Finance income/(expenses)	6	224	230
Tax expense	7 386	2 063	9 449
Earnings attributable to owners of the parent	805	25 701	26 506
Assets	25 527	459 082	484 609
Liabilities	5 306	108 238	113 544

	Asia	Africa	Total
March 2017			
Revenue	34 773	404 592	439 365
Depreciation, amortisation and impairments	38	8 374	8 412
Employee costs	290	69 456	69 746
Operating lease charges	1 280	24 695	25 975
Finance income/(expenses)	27	310	337
Tax expense	441	10 014	10 455
Earnings attributable to owners of the parent	9 630	28 477	38 107
Assets	23 441	449 131	472 572
Liabilities	4 409	124 021	128 430
March 2016			
Revenue	36 386	400 702	437 088
Depreciation, amortisation and impairments	2	7 326	7 328
Employee costs	548	66 948	67 496
Operating lease charges	1 247	21 597	22 844
Finance income/(expenses)	32	(24)	8
Tax expense	3 450	18 426	21 876
Earnings attributable to owners of the parent	8 871	24 999	33 870
Assets	35 320	409 132	444 452
Liabilities	9 775	126 592	136 367
March 2015			
Revenue	27 241	306 004	333 245
Depreciation, amortisation and impairments	29	5 045	5 074
Employee costs	157	51 477	51 634
Operating lease charges	1 017	15 849	16 866
Finance income/(expenses)	26	434	460
Tax expense	2 115	16 029	18 144
Earnings attributable to owners of the parent	7 973	40 383	48 356
Assets	24 954	398 015	422 969
Liabilities	10 987	143 117	154 104

23. GOING CONCERN

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

24. EVENTS AFTER REPORTING DATE

All events subsequent to the date of the historical financial information and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any other matters or circumstances arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the group.

25. RELATED PARTIES

The group entered into transactions and had balances with related parties as listed below. The transactions that are eliminated on the NOSA Group consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

Refer to note 12 for the related party loan accounts payable/receivable.

The following significant transactions were carried out with related parties:

	September 2017	March 2017	March 2016	March 2015
Management fees paid				
MICRO*mega* Holdings Limited	12 960	37 378	38 416	27 500
Trade receivable				
NOSA Consulting Services Proprietary Limited	–	4 750	–	–
Trade receivable				
NOSA Consulting Services Proprietary Limited	–	10 304	–	–

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE NOSA GROUP FOR THE YEARS ENDED 31 MARCH 2017, 31 MARCH 2016 AND 31 MARCH 2015

10 January 2018

The Directors
MICRO*mega* Holdings Limited
66 Park Lane
Sandton
Johannesburg
2196

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE NOSA GROUP FOR THE YEARS ENDED 31 MARCH 2017, 31 MARCH 2016 AND 31 MARCH 2015

At your request and for the purposes of the circular to be dated on or about Wednesday, 17 January 2018 ("**the Circular**"), we present our audit report on the historical financial information of the NOSA Group for the years ended 31 March 2017, 31 March 2016 and 31 March 2015, in compliance with the JSE Listings Requirements.

The historical financial information for the NOSA Group has been extracted from the consolidated financial results of MICRO*mega*, in order to present a single set of historic financial statements for the NOSA Group.

Opinion

We have audited the historical financial information of the NOSA Group set out in **Annexure 3** of the circular, which comprises the Statement of Financial Position as at 31 March 2017, 31 March 2016 and 31 March 2015 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and notes to the historical financial information, including a summary of significant accounting policies.

In our opinion, the historical financial information present fairly, in all material respects, and for the purposes of the circular, the financial position of the group as at 31 March 2017, 31 March 2016 and 31 March 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and intangible assets with an indefinite useful life	
The Group recognised Goodwill and Intangible Assets with an indefinite useful life in the amount of R57 million (2016: R53 million) (2015: R51 million) and R181 million (2016: R181 million) (2015: R181 million) respectively as disclosed in note 7 to the historical financial information. As required by the applicable accounting standards, the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets. This is performed using discounted cash flow models, as disclosed in note 7. There are a number of key sensitive judgements made in determining the inputs into these models which include: • revenue growth; • operating margins; and • discount rates applied to the projected cash flows.	Our audit included the testing of the impairment of goodwill and indefinite useful life intangible assets on the key assumptions made by the directors. Our procedures included: • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash-generating unit to which the goodwill and indefinite useful life intangible assets relate; • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections; and • Evaluating the inputs used by the directors in determining the discount rate against independent sources.
Recoverability of long outstanding receivables	
The group reflected R94 million (2016: R94 million) (2015: R72 million) worth of receivables as disclosed in note 8 to the historical financial information against which an allowance for doubtful debts of R5 million (2016: R5 million) (2015: R4 million) has been recognised. Where there is objective evidence of impairment, the group is required to determine and recognise an appropriate allowance for doubtful debts. Due to the nature of the group's operations, debtors are expected to be settled within the financial year they arise in and therefore debtors outstanding beyond this period would be at risk of non-recovery. Determining the value of provisioning required against the debtors' book requires a high degree of judgement and estimate. In determining the allowance for doubtful debts, the director's valuation utilises a number of key judgements which include the projection of the amount and timing of future cash inflows related to the receivables.	Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of the allowance for doubtful debts. The procedures on key judgements included: • Comparison of historical collections against projected collections to determine whether probability of recoverability is considered to be reasonable; • Comparison of the ageing of receivables over a period of time to identify unusual trends, taking into account longer payment terms for certain governmental institutions; • Analysing projected cash flows to determine if they are supportable given current economic conditions and future expected performance; • Inspection of post year end receipts against outstanding receivables balance; and • Testing the mathematical accuracy of the model to ensure the recoverability is considered to be reasonable.

Directors' Responsibility for the historical financial information

The Directors are responsible for the preparation, contents and presentation of the circular and the fair presentation of the historical financial information in accordance International Financial Reporting Standards ("**IFRS**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations issued and effective at the time of preparing the historical financial information and for such internal control as the Directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountant's Responsibility

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

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

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the historical financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Consent

We consent to the inclusion of this report and the reference to our opinion in the circular in the form and context in which it appears.

Yours faithfully

Nexia SAB&T
Per: **MF Sulaman** – *Director*

JSE Registered Auditor and Reporting Accountant
119 Witch-Hazel Avenue
Highveld Technopark
Centurion

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL INTERIM FINANCIAL INFORMATION OF THE NOSA GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

10 January 2018

The Directors
MICRO*mega* Holdings Limited
66 Park Lane
Sandton
Johannesburg
2196

Dear Sirs

At your request, and for the purposes of the circular to be dated on or around Wednesday, 17 January 2018 ("**the Circular**"), we present our review report on the historical financial information of the NOSA Group for the six months ended 30 September 2017, in compliance with the JSE Listings Requirements.

The historical financial information for the NOSA Group has been extracted from the interim consolidated financial results of MICRO*mega*, in order to present a single set of historic financial statements for the NOSA Group.

We have reviewed the historical interim financial information of the NOSA Group, which comprise the condensed consolidated statement of financial position as at 30 September 2017 and the condensed consolidated statements of profit and loss, other comprehensive income, changes in equity and 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 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 the historical interim financial information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the historical interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 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 historical 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 performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical interim financial statements of the NOSA Group included in the circular 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 Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Consent

We consent to the inclusion of this report and the reference to our opinion in the circular in the form and context in which it appears.

Yours faithfully

Nexia SAB&T
Per: **A Darmalingam** – *Director*

JSE Registered Auditor and Reporting Accountant
119 Witch-Hazel Avenue
Highveld Technopark
Centurion

MICRO*mega*

HOLDINGS LIMITED

MICRO*mega* Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
Share code: MMG ISIN: ZAE000034435
("MICRO*mega*" or "the Company")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 4 of the Circular to which this notice of General Meeting is attached, apply *mutatis mutandis* to this notice of General Meeting and to the ordinary resolutions ("Resolutions") set out herein.

If you are in any doubt as to what action you should take in respect of the following Resolutions, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that a General Meeting of Shareholders of the Company will be held at 10:00 on Tuesday, 20 February 2018 at the registered office of MICRO*mega*, MMG House, 66 Park Lane, Sandton, 2196, to consider, and, if deemed fit, to pass, with or without modification, the following Resolutions.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 9 February 2018. Accordingly, the last day to trade MICRO*mega* shares in order to be recorded in the Company's securities register to be entitled to vote will be Tuesday, 6 February 2018.

ORDINARY RESOLUTION NUMBER 1 – THE DISPOSAL

"RESOLVED THAT, in compliance with the Listings Requirements, the Disposal be and is hereby approved by the Shareholders."

Explanatory note

The Disposal constitutes a category 1 transaction in terms of the Listings Requirements and accordingly is subject to approval thereof by Shareholders by way of an ordinary resolution.

The reason for and effect of this Ordinary Resolution Number 1 is to approve and authorise the Disposal as a category 1 transaction, as required by the Listings Requirements.

In terms of the Listings Requirements, a simple majority of the votes (ie more than 50%) entitled to be cast by Shareholders present or represented by proxy at the General Meeting, must be cast in favour of Ordinary Resolution Number 1 for it to be approved.

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY GRANTED TO DIRECTORS

"**RESOLVED THAT** each Director of MICRO*mega* be and is hereby individually authorised, on behalf of MICRO*mega*, to enter into, sign and/or despatch any and all such agreements, documents and notices, as may be necessary, expedient or desirable (in each case in the opinion of such Director) and do all such other things and procure the doing of all such things as may be necessary for or incidental to the implementation of the Disposal, and should any such agreements, documents or notices have been signed, or any such action have been taken, before the date of this Ordinary Resolution Number 2, such signature or action, to the extent legally permissible, be and is hereby ratified and approved."

Explanatory note

The reason for this Ordinary Resolution Number 2 is to authorise any Director of the Company to sign all documents and do all such further acts and things as he may in his discretion consider appropriate to implement and give effect to all of the resolutions set out in this Notice of General Meeting.

The effect of Ordinary Resolution Number 2 is to authorise any Director to sign all documents and take all actions necessary as he may in his discretion consider appropriate to implement and give effect to all of the resolutions set out in this Notice of General Meeting.

In terms of the Companies Act and the MOI, the percentage of voting rights that is required for Ordinary Resolution Number 2 to be adopted is more than 50% (fifty percent) of the votes exercised on such ordinary resolution by Shareholders present or represented by proxy at the General Meeting.

VOTING AND PROXIES

For an Ordinary Resolution to be adopted at the General Meeting, it must be supported by more than 50% of the voting rights exercised on the Resolution, excluding any Related Party/ies and associates, as the case may be.

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of registered Shareholders of the Company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those Shareholders who:

- hold Shares in MICRO*mega* in Certificated form; or
- are recorded on the electronic sub-register in “own-name” Dematerialised form.

Shareholders who have Dematerialised their Shares through a CSDP or broker without “own name” registration and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote.

If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Shareholders who hold Dematerialised Shares which are registered in their name or if they are the registered holder of Certificated Shares may attend the General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be a Shareholder of the Company to represent them at the General Meeting by completing the attached form of proxy in accordance with the instructions it contains. Forms of proxy should be forwarded to reach the Transfer Secretaries, Singular Systems Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the General Meeting. Any form of proxy not delivered by this time may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the Shareholder’s votes at the General Meeting.

Meeting participants, which include proxies, are required to provide identification reasonably satisfactory to the Chairperson of the General Meeting before being entitled to attend, participate in or vote a Shareholders’ meeting. The Company will regard the presentation of participants’ original drivers’ licences, identity documents or passports to be satisfactory “identification”.

By order of the Board

RJ Viljoen
Company Secretary

Johannesburg
18 January 2018

Registered office
MMG House, 66 Park Lane, Sandton, 2196

Transfer Secretaries
Singular Systems Proprietary Limited
28 Fort Street, Birnam, 2196
(PO Box 785261, Sandton, 2146)

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MICROmega

HOLDINGS LIMITED

MICRO*mega* Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
Share code: MMG ISIN: ZAE000034435
("MICRO*mega*" or "the Company")

FORM OF PROXY

For use only by MICRO*mega* Shareholders who:

- hold Shares in Certificated form ("**Certificated Shareholders**"); or
- have Dematerialised their Shares ("**Dematerialised Shareholders**") and are registered with "own-name" registration,

at the General Meeting of Shareholders of the Company to be held at 10:00 on Tuesday, 20 February 2018 at the registered office of MICRO*mega*, MMG House, 66 Park Lane, Sandton, 2196.

Dematerialised Shareholders holding Shares other than with "own-name" registration, who wish to attend the General Meeting must inform their Central Securities Depository Participant ("**CSDP**") or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote. If they do not wish to attend the General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or broker. **These Shareholders must not use this form of proxy**.

I/We

(full name/s in block letters)

of (address)

Telephone work (   )   Telephone home (   )

Cellphone number   Email address

being the holder/custodian of ______________ shares of the Company, hereby appoint (see note):

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the General Meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponement or adjournment thereof, and to vote for and/or against such resolutions, and/or to abstain from voting for and/or against the resolutions, in respect of the Shares registered in my/our name in accordance with the following instructions:

	Number of shares		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 – The Disposal			
Ordinary Resolution Number 2 – Authority granted to Directors			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

Signed at   on   2018

Signature

Assisted by (where applicable)

Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.

Notes:

1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act")

   In terms of section 58 of the Companies Act:

   - **a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;**
   - **a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;**
   - **irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;**
   - **irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;**
   - **if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and**
   - **a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 6).**

2. The form of proxy must only be used by Shareholders who hold Shares in certificated form or who are recorded on the sub-register in electronic form in "own-name".
3. All other beneficial owners who have Dematerialised their Shares through a CSDP or broker and wish to attend the General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or broker.
4. A Shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two alternate proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
5. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary Share held. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the Shares held by the Shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or the proxy is not obliged to use all the votes exercisable by the Shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the Shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's Transfer Secretaries, Singular Systems Proprietary Limited, not less than 48 (forty-eight) hours before the commencement of the General Meeting.
7. If a Shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A Shareholder's authorisation to the proxy including the Chairperson of the General Meeting, to vote on such Shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or is waived by the Chairperson of the General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries.
13. Where there are joint holders of Shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Company's register of ordinary Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
14. Forms of proxy should be lodged with or mailed to the Transfer Secretaries:

    Hand deliveries to:

    Singular Systems Proprietary Limited
    28 Fort Street
    Birnam
    2196

    Postal deliveries to:

    Singular Systems Proprietary Limited
    PO Box 785261
    Sandton
    2146

    Email:

    micromega@singular.co.za

    to be received by no later than 10:00 on Friday, 16 February 2018 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of JSE Limited) or may be handed to the Chairperson of the meeting immediately before the appointed proxy exercises any of the Shareholder's votes at the General Meeting.
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.