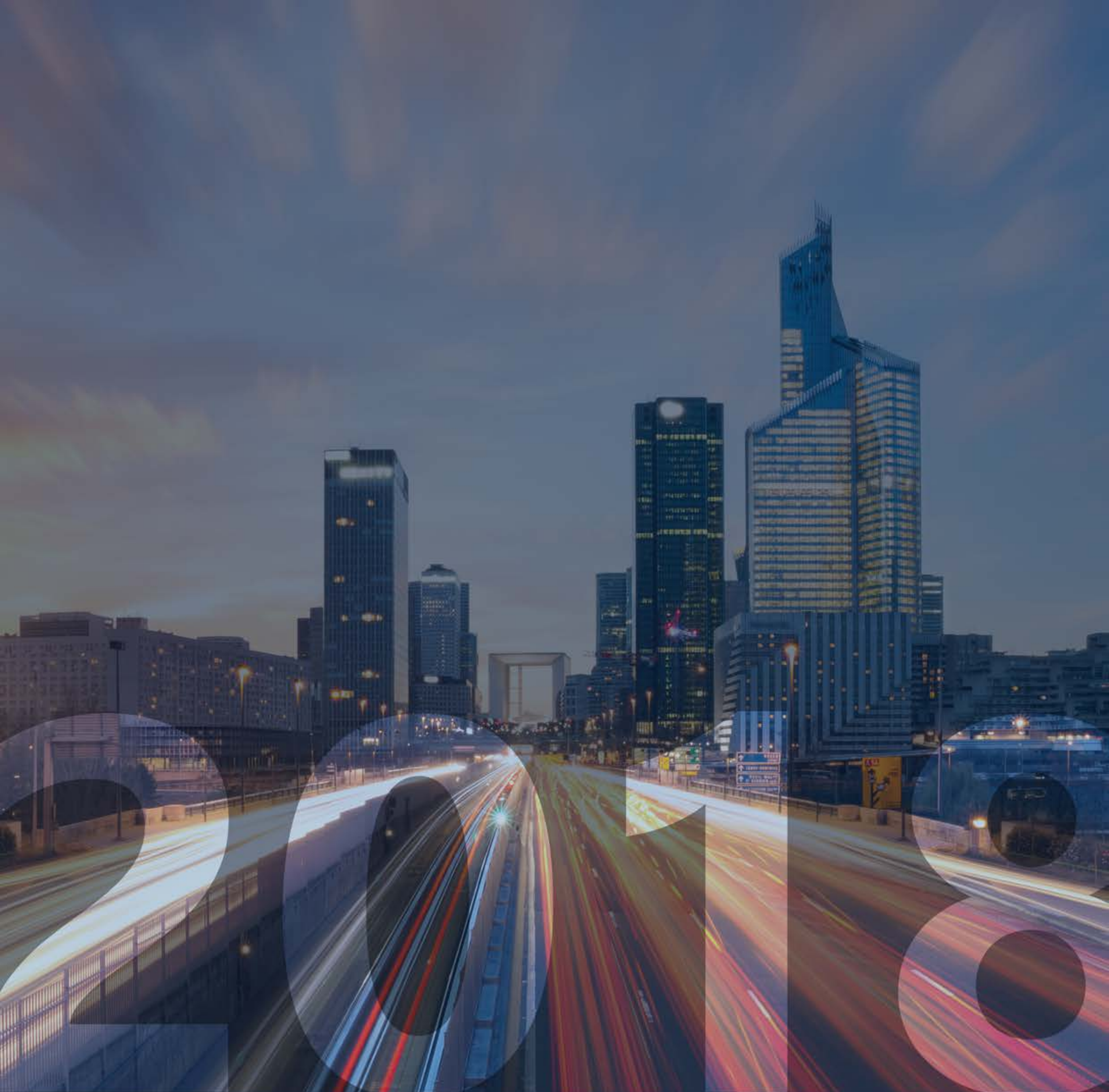

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

MMG

MICROmega

HOLDINGS LIMITED

INDEX

The reports and statements set out below comprise the annual consolidated financial statements presented to the shareholders:

Audited annual consolidated financial statements in compliance with the Companies Act of South Africa

Prepared: Cornelia Kemp CA(SA)
Position: Financial Director

Audited: Nexia SAB&T
Position: Registered Auditors

LEVEL OF ASSURANCE

These annual consolidated financial statements have been prepared and audited in compliance with the applicable requirements of the Companies Act of South Africa.

CERTIFICATION BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act of South Africa, that for the year ended 31 March 2018, the Group lodged with the Companies and Intellectual Property Commission all such returns as are true, correct and up to date.

RJ VILJOEN
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OR MICRO*mega* HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the annual consolidated financial statements of MICRO*mega* Holdings Limited and its subsidiaries (the Group) set out on pages 13 to 69, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the annual consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements 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 our audit of the annual consolidated financial statements of the current period. These matters were addressed in the context of our audit of the annual consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF GOODWILL

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognised Goodwill in the amount of R106 million (2017: R175 million) as disclosed in note 7 to the annual consolidated financial statements. Management performs an annual impairment test on the recoverability of the goodwill as required by International Financial Reporting Standards which is subjective in nature due to judgements having to be made of future performance. As disclosed in note 7 the Group uses discounted cash flow models to determine value in use for each appropriate cash generating unit, on the basis of the following key assumptions: • Revenue growth; • Operating margins; and • Discount rates applied to the projected cash flows. Accordingly, the impairment tests of goodwill are considered to be a key audit matter due to the impact of the above assumptions.	Our audit included the evaluation of the key assumptions made by the directors in assessing the goodwill for impairment and checking the calculations. Our procedures included: • Evaluating the determination of the cash generating units; • 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 relates; • 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, as well as testing the underlying calculations; and • Evaluating the inputs used by the directors in determining the discount rate against independent sources.

DETERMINATION OF RESIDUAL VALUES OF INTANGIBLE ASSETS

Key Audit Matter	How our audit addressed the Key Audit Matter
Included in intangible assets is internally generated computer software amounting to R427 million (2017: R465 million), representing a significant part of the Group's total assets. The residual values of computer software that is internally generated are considered to be significant. The estimation of the useful lives is based on historic performance as well as expectation about its future use and therefore requires a degree of judgement to be applied by management. Residual values are determined taking into account generally accepted industry-based market forecasts, adjusted where necessary, to take into account factors specific to the asset. Note 7 to the annual consolidated financial statements provides key assumptions used in calculating the residual values.	Our audit procedures included, amongst others, the following: • Interrogating the Group's assessment of residual values by evaluating the consistency and appropriateness of key assumptions and methodologies used by the Group by comparing it to prior year information as well as considering the market conditions, environmental factors and macroeconomic factors underpinning the Group's determination of the residual risk provision against our understanding of the business, industry and the economy; • Assessing the Group's ability to accurately value assets by comparing the historical residual valuation of similar assets from previous disposals in the market; and • Assessing the adequacy of the disclosures made in the financial statements.

RECOVERABILITY OF RECEIVABLES

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group reflected receivables of R275 million (2017: R355 million) as disclosed in note 12 to the annual consolidated financial statements against which an allowance for doubtful debts of R21 million (2017: R17 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 from 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; • Considered the consistency of judgments regarding the recoverability of receivables made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgment areas; • 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 balances; and • Testing the mathematical accuracy of the model to ensure the recoverability amounts are considered to be reasonable.

RECOVERABILITY OF DEFERRED TAX ASSETS

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognised R43 million (2017: R46 million) of deferred taxation assets as disclosed in note 19 to the annual consolidated financial statements. Where there is objective evidence that the Group would be able to recover the income tax losses against future taxable profits, tax credits have been recognised in the Group's annual consolidated financial statements, taking into consideration the recoverability of the deferred tax assets. This is performed using discounted cash flow models. 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. Accordingly, the assessments of the recoverability of deferred tax assets are considered to be a key audit matter.	Our audit procedures included the evaluation of the key judgements and estimates used in the directors' determination of the future taxable profits against which the tax losses can be utilised. These included the following procedures: • Recalculating the deferred tax asset calculations to confirm the accuracy thereof; • Evaluating management's assessment on the sufficiency of future taxable income in support of the recognition of the deferred tax assets by comparing management's forecast of future taxable profits to historical results and evaluating the assumptions used in those forecasts; and • Obtaining communication between the Group and tax authorities regarding the tax position.

CLASSIFICATION, VALUATION AND DISCLOSURE OF DISPOSAL GROUP'S CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group announced their intention to dispose of their investment in NOSA during the financial year and classified this investment as held for sale and discontinued operations as of 31 March 2018. The classification and valuation of assets held for sale, amounting to R501 million, is a key focus area of the directors given the complexity of the accounting requirements, the judgement needed in estimating disposal proceeds for impairment assessment purposes, as well as the complex and lengthy process required to effectively dispose of a large number of diverse operations. We focused on this area since classification and measurement of assets held for sale require significant judgements and estimates by management and the amounts have a significant impact on the financial position of the Group.	Our audit procedures included, but were not limited to: • Review of the Group's actions to dispose of the investment in subsidiaries; • Assessing and challenging the directors' assumptions on the classification of assets as held for sale through understanding the status of the various sales processes and reviewing correspondence from prospective purchasers; • Challenging the directors' assumptions as to the valuation of assets classified as held for sale by assessing the evidence available to support the estimated sales proceeds for these disposal Group's; • Verifying the accuracy of management's calculations; and • Assessing the presentation of disposed businesses, disposal Group's held for sale and discontinued operations against the relevant criteria in IFRS 5.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the annual consolidated financial statements and our auditor's report thereon.

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual consolidated financial statements in accordance with International Financial Reporting Standards 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 annual consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual consolidated financial statements, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements 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 ISAs 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 these annual consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, 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 annual consolidated financial statements 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 annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent 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 annual consolidated financial statements. 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 annual consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of MICRO*mega* Holdings Limited and its subsidiaries for 7 years.

Nexia SAB&T

Nexia SAB&T
28 June 2018

Director: A. Darmalingam
Centurion
Registered Auditor

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual consolidated financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The annual consolidated financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual consolidated financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Group will not be a going concern in the foreseeable future. The annual consolidated financial statements support the viability of the Group.

The annual consolidated financial statements have been audited by the independent auditing firm, Nexia SAB&T, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on pages 1 to 5.

The annual consolidated financial statements as set out on pages 13 to 69 were approved by the board on 28 June 2018 and were signed on their behalf by:

DA DI SIENA
Independent Non-Executive Chairperson

IG MORRIS
Chief Executive Officer

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2018 to the board of directors and to all company stakeholders.

This report is in compliance with the requirements of the Companies Act of South Africa, No. 71 of 2008 and the King Code of Governance for South Africa.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

Following the announcement on 31 March 2017 that DC King and DSE Carlisle resigned as Executive Chairman and Executive Director respectively, DA Di Siena was appointed as Independent Chairperson of the Company's Board of Directors resulting in GE Jacobs replacing DA Di Siena as Chairman of the Audit Committee. Subsequently, RC Lewin was appointed as a member of the Audit Committee.

The committee comprised of three Independent Non-Executive Directors and the Chairman of the committee was not the Chairman of the board for the 2018 financial year.

The following directors served on the committee during the year under review:

1. GE Jacobs (Chairperson of the Audit Committee)
2. RC Lewin
3. D Passmore

The Audit Committee is required to meet at least twice a year. During the 2018 financial year, the Committee met four times and attendance thereat is set out below.

NAME	25/5/2017	5/10/2017	2/11/2017	8/3/2018
GE Jacobs (Chairperson)	Yes	Yes	Yes	Yes
RC Lewin	Yes	Yes	Yes	Yes
D Passmore	Yes	Yes	Yes	Yes
Invitees				
DA Di Siena	Yes	Yes	Yes	Yes
IG Morris	Yes	Yes	Yes	Yes
RB Dick	Yes	Yes	Yes	Yes
C Kemp	Yes	Yes	Yes	Yes
CA King	Yes	Yes	Yes	Yes
PH Duvenhage	Yes	Yes	Yes	Yes
TW Hamill	Yes	Yes	Yes	Yes
RC Lewin	Yes	Yes	Yes	Yes
M Ntsandeni	Yes	Yes	Yes	Yes
Nexia SAB&T	Yes	Yes	Yes	Yes
RJ Viljoen (Company Secretary)	Yes	Yes	Yes	Yes

The executive directors and representatives from the independent external auditor, Nexia SAB&T, are invited to attend all Audit Committee meetings. The Internal Audit Manager was changed as a result of 2 resignations in this position during the 2017 financial year. A process to appoint a replacement was completed this year, with MD (Dee Dee) Ntsandeni being appointed. Owing to the high turnover rate in this position over the previous year, the process undertaken was extremely comprehensive, and many strong candidates were considered. Thus, the Committee is extremely satisfied with its appointment and looks forward to Dee Dee's successful tenure with MICRO*mega*.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MANDATE

In accordance with the Audit Committee's approved terms of reference, the Committee discharged, *inter alia*, the following responsibilities during the 2018 financial period:

- Reviewed the interim results, annual consolidated financial statements, trading updates, SENS announcements and other similar documents, and provided comments thereon to the Board of Directors.
- Made submissions to the Board on matters concerning MICRO*mega*'s accounting policies, financial controls and reporting.
- Generally reviewed the Group's financial risk management and controls and held discussions with the independent external auditor Nexia SAB&T
- Satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function
- Monitored the Group's combined assurance model and ensured that significant risks facing the Group were adequately addressed and passed on to the Risk Committee where applicable.
- Ensured that Nexia SAB&T maintained its independence and objectivity at all times.
- Assessed the quality and effectiveness of the audit process and approved the fees paid to the independent external auditor for the 2018 financial period.
- Reviewed the Directors report to be included in the financial statements prior to endorsement by the Board of Directors.
- Evaluated significant judgements and reporting decisions in the annual integrated report and the clarity and completeness of the proposed financial and sustainability disclosures.

At the request of the Board, the Committee considers whether the annual report is fair, balanced, understandable and whether it provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Committee reports to the board on its activities, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken thereupon.

EXTERNAL AUDITORS

Input from the independent external auditors at Audit Committee meetings provides Committee members with greater insight into the financial management of the Group. The Audit Committee is therefore satisfied that the annual consolidated financial statements of the Group comply with International Financial Reporting Standards and are consistent with the previous annual consolidated financial statements and that no matters of significance have been raised during the 2018 financial year.

The Group has a formal policy on the provision of non-audit services by the independent external auditor which specifies those services that the auditor is prohibited from providing to the MICRO*mega* Group as well as those that require pre-approval by the Audit Committee.

During the year under review, Nexia SAB&T did not provide any non-audit services to MICRO*mega*. The Audit Committee duly satisfied itself that, in accordance with section 94 (8) of the Companies Act, Nexia SAB&T, the external auditors of the Group remain independent. Nexia SAB&T has confirmed to the committee its continuing independence and compliance with the MICRO*mega* policy on auditor independence.

FINANCE FUNCTION

The Audit Committee has considered the appropriateness of the expertise and experience of the Group Financial Director Cornelia Kemp, together with MICRO*mega*'s finance team, and is satisfied that Cornelia Kemp and the finance team have the necessary knowledge, skills and expertise to perform the finance function for the Group.

INTERNAL AUDIT

MICRO*mega*'s internal audit department provides the Group with an independent and objective assurance function and continues to operate in accordance with the internal audit charter and internal audit plan approved by the board of directors. The internal audit department reports directly to the Audit Committee and has unrestricted access to the Chairman of the Audit Committee.

AUDIT COMMITTEE REPORT

The Internal auditor provides the Audit Committee with updates as to the progress made by the department and brings any significant risks or issues to the attention of the Audit Committee at every Audit Committee meeting or when required.

MICRO*mega*'s internal audit department has operated successfully in the past financial period in accordance with the internal audit plan. This plan is a rolling three-year strategic and flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management.

The board of directors is responsible for the internal financial controls and systems in use throughout the Group and the internal audit department has assisted the board of directors in evaluating the effectiveness of those internal controls. The identification of possible risks and the implementation of adequate internal financial controls are delegated to the Managing Directors of each subsidiary, while the board of directors has the ultimate authority and responsibility for ensuring that systems of internal financial controls are effectively implemented and monitored. The Audit Committee is satisfied that during the 2018 financial period MICRO*mega* maintained adequate systems of internal control over the financial reporting of the Group and has ensured that Group assets were adequately safeguarded and nothing has come to the attention of the committee members that indicate a material breakdown in the functioning of the Group's internal control systems.

WHISTLE BLOWING POLICY

MICRO*mega* implemented a whistle blowing policy in 2011 in order to demonstrate its commitment to working towards a culture of fairness, openness and transparency. In conjunction with the whistle blowing policy, the MICRO*mega* Holdings Ethics Hotline, which is independently operated by Vuvuzela, provides employees and clients with a mechanism to anonymously bring any unethical business practices to the attention of management. Vuvuzela replaced KPMG as the appointed service provider for the whistle blowing and ethics hotline. Communication in respect of these changes was circulated to all Group employees at the time of the change, and constant reminders are sent out via the monthly Group newsletter.

All reports received from the Ethics Hotline are forwarded to the designated representatives at MICRO*mega* and to the Audit Committee for review, and consideration is made as to whether the action taken by the designated representative was appropriate or whether further action is required.

GENERAL

The Audit Committee reviews the going concern status of the Group by considering the documentation prepared by management and the assurance provided by the financial director at each meeting, and therefore supports the going concern statement by the board of directors.

MICRO*mega*'s combined assurance model aims to optimize the assurance coverage obtained on the risks affecting the Group. Within the Group there is interplay between a number of key assurance providers which includes both the Audit and Risk Committee as well as both the Internal and External audit function. This is supported by the assurance provided on an operational and structural level by both the executive management and the management at an individual subsidiary level.

The management team of each subsidiary in the Group identifies and addresses the risks on the day-to-day operations of that particular business. Monthly management meetings are held with the Group executives where these issues are discussed. The internal audit department examines, evaluates and reports on the activities and appropriateness of the systems of internal control, risk management and governance processes, while the external auditor performs the annual audit in accordance with international auditing standards and reports in detail on the results of the audit to the subsidiary management, the Audit Committee and the board of directors. Lastly, the Risk Committee is responsible for monitoring the appropriateness of the combined assurance model.

During the year under review the Audit Committee facilitated a full review of the Group's IT policy framework and its reporting and controls structure. This was undertaken by the Group vCIO and was extremely successful and beneficial. The Audit Committee is now fully satisfied with the current IT policy and control environment.

The Audit Committee are satisfied that the current combined assurance model utilised by the Group ensures that significant risks facing the Group are adequately addressed.

In accordance with the principles of King IV, the Audit Committee fulfilled its oversight role in respect of MICRO*mega*'s annual integrated report and the reporting process and considered and assessed the information disclosed in the integrated report against the financial, operational, governance and other information known to the Committee and is satisfied that the information is reliable and consistent with the financial results.

GE Jacobs
Chairperson
Audit Committee

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 MARCH 2018.

1. REPORTING ENTITY AND REVIEW OF ACTIVITIES

MICRO*mega* Holdings Limited is a Group domiciled in the Republic of South Africa. The address of the Group's registered office is 66 Park Lane, Sandton. The annual consolidated financial statements of the Group as at and for the year ended 31 March 2018, comprise the Group and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

MICRO*mega* is a holding company with controlling interests in a number of operating subsidiaries and is listed on the main board of the South African Johannesburg Stock Exchange (JSE) under the support services sector. Our businesses are primarily focused on the provision of information technology.

The operating results and consolidated statement of financial position of the Group are fully set out in the attached annual consolidated financial statements and do not in our opinion require any further comment.

2. GOING CONCERN

The annual consolidated financial statements have 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.

3. EVENTS AFTER REPORTING DATE

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

On 3 April 2018, the Group disposed of the NOSA Group. Full details of this transaction is included in note 10 and note 29.

The directors have declared a special dividend of R3 per share on the above transaction. This dividend has not been included in these annual consolidated financial statements as it was declared subsequent to the year end.

The directors are not aware of any other matter or circumstance 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.

4. DIRECTORS' INTEREST IN CONTRACTS

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. AUTHORISED AND ISSUED SHARE CAPITAL

No changes were approved or made to the authorised or issued share capital of the Group during the year under review other than the changes noted in note 14.

6. BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Group, the directors may exercise all the powers of the Group to borrow money, as they consider appropriate.

7. DIVIDENDS

Dividends of R 63.3 million were declared and paid during the year (2017: R 49.5 million).

8. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

- IG Morris
- DA Di Siena
- GE Jacobs
- RC Lewin
- PH Duvenhage
- TW Hamill
- D Passmore
- C King
- C Kemp
- RB Dick (Resigned 18 April 2018)

9. SECRETARY

The company's designated secretary is RJ Viljoen.

10. INDEPENDENT AUDITORS

Nexia SAB&T were the independent auditors for the year under review.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

Figures in R'000	Notes	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	36 245	59 677
Intangible assets	7	560 104	735 664
Investments in associates	8	17 806	15 550
Other financial assets	9	25 000	-
Deferred tax assets	19	25 547	27 260
		664 702	**838 151**
CURRENT ASSETS			
Inventories	11	53 114	44 777
Current tax	21	6 335	5 806
Other financial assets	9	39 777	6 288
Trade and other receivables	12	295 571	409 018
Cash and cash equivalents	13	39 620	50 544
		434 417	**516 433**
ASSETS HELD FOR SALE	10	**501 463**	-
TOTAL ASSETS		**1 600 582**	**1 354 584**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	14	295 937	292 452
Other reserves	15	7 114	6 909
Retained earnings		650 059	534 917
		953 110	**834 278**
Non-controlling interest	16	98 339	114 512
NON-CURRENT LIABILITIES			
Other financial liabilities	17	1 745	4 359
Deferred vendor payments	18	8 566	7 126
Deferred tax liabilities	19	67 138	91 893
		77 449	**103 378**
CURRENT LIABILITIES			
Trade and other payables	20	177 255	202 016
Current tax	21	6 271	6 397
Other financial liabilities	17	35 320	2 795
Deferred vendor payments	18	6 571	32 644
Bank overdraft	13	118 728	58 564
		344 145	**302 416**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	10	**127 539**	-
TOTAL EQUITY AND LIABILITIES		**1 600 582**	**1 354 584**

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2018

Figures in R'000	Notes	2018	2017 Represented
REVENUE	23	797 957	808 176
Cost of sales		(354 790)	(418 029)
GROSS PROFIT		**443 167**	**390 147**
Other net income/(expenses)	24	41 349	6 824
Administration expenses	25	(344 033)	(267 871)
Distribution expenses	25	(4 489)	(2 659)
OPERATING PROFIT		**135 994**	**126 441**
Finance income	26	2 073	1 816
Finance costs	27	(8 210)	(3 325)
Share of profit in investments accounted for using the equity method	8	1 271	1 902
PROFIT BEFORE TAX		**131 128**	**126 834**
Tax expense	28	(37 269)	(30 781)
PROFIT FROM CONTINUING OPERATIONS		**93 859**	**96 053**
Profit from discontinued operations	29	95 989	119 120
PROFIT FOR THE YEAR		**189 848**	**215 173**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent - continuing operations		83 795	81 030
Owners of the parent - discontinued operations		92 656	95 806
Non-controlling interest - continuing operations		10 064	15 023
Non-controlling interest - discontinued operations		3 333	23 314
		189 848	**215 173**
EARNINGS PER SHARE (CENTS)	31		
BASIC			
Continuing operations		73.37	71.29
Discontinued operations		81.13	84.30
DILUTED BASIC			
Continuing operations		73.15	70.83
Discontinued operations		80.89	83.75

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

Figures in R'000	Notes	2018	2017
PROFIT FOR THE PERIOD		189 848	215 173
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL BE RECLASSIFIED INTO PROFIT OR LOSS			
Foreign currency translation differences	15	1 502	(5 667)
Disposal of subsidiaries		(1 730)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**189 620**	**209 506**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests		13 397	38 337
Owners of the parent		176 223	171 169
		189 620	**209 506**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Figures in R'000	Note(s)	Share capital	Share premium	Other reserves	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total
BALANCE AT 1 APRIL 2016		1 128	265 724	6 595	5 738	411 651	690 836	75 672	766 508
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year		-	-	-	-	176 836	176 836	38 337	215 173
Foreign currency translation differences		-	-	(5 667)	-	-	(5 667)	-	(5 667)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**(5 667)**	**-**	**176 836**	**171 169**	**38 337**	**209 506**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY									
Dividends paid		-	-	-	-	(49 487)	(49 487)	(3 139)	(52 626)
Treasury shares purchased	14	(8)	(10 833)	-	-	-	(10 841)	-	(10 841)
Share-based payment transactions	15	3	2 831	-	243	1 770	4 847	-	4 847
Acquisition of subsidiaries	35	19	33 588	-	-	-	33 607	-	33 607
		14	**25 586**	**-**	**243**	**(47 717)**	**(21 874)**	**(3 139)**	**(25 013)**
CHANGES IN OWNERSHIP INTEREST WITHOUT A CHANGE IN CONTROL									
Disposals on non-controlling interest without a change in control		-	-	-	-	(5 853)	(5 853)	3 642	(2 211)
BALANCE AT 31 MARCH 2017		**1 142**	**291 310**	**928**	**5 981**	**534 917**	**834 278**	**114 512**	**948 790**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

Figures in R'000	Note(s)	Share capital	Share premium	Other reserves	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total
BALANCE AT 1 APRIL 2017		1 142	291 310	928	5 981	534 917	834 278	114 512	948 790
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Profit for the year		-	-	-	-	176 451	176 451	13 397	189 848
Foreign currency translation differences		-	-	1 502	-	-	1 502	-	1 502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**1 502**	**-**	**176 451**	**177 953**	**13 397**	**191 350**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY									
Dividends paid		-	-	-	-	(62 934)	(62 934)	(5 332)	(68 266)
Share-based payment transactions	15	4	4 019	-	433	1 625	6 081	-	6 081
Disposal of subsidiaries		-	-	(1 730)	-	-	(1 730)	(24 238)	(25 968)
Treasury shares purchased	14	-	(538)	-	-	-	(538)	-	(538)
		4	**3 481**	**(1 730)**	**433**	**(61 309)**	**(59 121)**	**(29 570)**	**(88 691)**
BALANCE AT 31 MARCH 2018		**1 146**	**294 791**	**700**	**6 414**	**650 059**	**953 110**	**98 339**	**1 051 449**
Notes		14	14	15	15			16	

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2018

Figures in R'000	Notes	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	261 541	216 994
Finance income		1 968	2 140
Finance costs		(324)	(1 475)
Income tax paid	21	(28 309)	(30 182)
NET CASH FROM OPERATING ACTIVITIES		**234 876**	**187 477**
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment acquired	33	(42 506)	(19 938)
Intangible assets acquired	7	(168 919)	(158 197)
Proceeds on disposal of property, plant and equipment		2 120	3 918
Acquisition of subsidiaries	35	(4 376)	(6 750)
Disposal of non-controlling interest without a change in control		-	(2 128)
Cash (forfeited)/received on disposal of subsidiaries and businesses	36	(13 765)	17 018
Loans receivable repaid		1 511	799
		(225 935)	**(165 278)**
CASH FLOW FROM FINANCING ACTIVITIES			
Treasury shares repurchased		(544)	(10 841)
Other financial liabilities raised	34	31 960	-
Other financial liabilities repaid	34	(4 625)	(5 035)
Deferred vendor payments repaid	18	(19 497)	(1 607)
Dividends paid to non-controlling interest		(5 332)	(3 139)
Dividends paid		(62 934)	(49 487)
		(60 972)	**(70 109)**
Decrease in cash and cash equivalents		(52 031)	(47 910)
Cash and cash equivalents reallocated to assets held for sale		(19 057)	-
Cash and cash equivalents at beginning of the year		(8 020)	39 890
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**(79 108)**	**(8 020)**

ACCOUNTING POLICIES

1. STATEMENT OF COMPLIANCE

The annual consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), and its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and financial reporting guides issued by the accounting practices committee of the South African Institute of Chartered Accountants, the JSE Limited Listing Requirements and the requirements of the Companies Act of South Africa.

2. BASIS OF PREPARATION

The annual consolidated financial statements are presented in South African Rand, which is the Group's functional currency. All financial information presented in South African Rand had been rounded to the nearest thousand, except when otherwise indicated.

The annual consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, and have been consistently applied by Group entities.

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.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

DISPOSAL OF SUBSIDIARIES

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

ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit and loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive income.

Profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

InterGroup balances and transactions, and any unrealised income and expenses arising from interGroup transactions, are eliminated in preparing the annual consolidated financial statements.

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. All 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 programs 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of profit and loss.

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 Group's 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 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, BRANDNAMES, LICENSES 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:

Computer software purchased and internally generated	3 - 5 years
Licences, franchices and customer relationships	2 - 4 years
Patents, trademarks and other rights	10 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 first assessed individually and then if the asset does not generate cash flows individually, the asset is 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-generating 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 NON-CURRENT ASSETS (OR DISPOSAL GROUP'S) HELD FOR SALE

Non-current assets (or disposal Group's) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3.6 INVENTORIES

Inventories are initially measured at cost and subsequently at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period when the write-down or loss occurs.

Where necessary, provision is made for obsolete, slow-moving and defective inventories.

3.7 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 Group'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

ASSETS CARRIED AT AMORTISED COST

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired.

A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit and loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3.7.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts.

3.7.3 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 the 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.

FINANCIAL LIABILITIES

3.7.4 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.7.5 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

3.7.6 SHARE CAPITAL

ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.8 EMPLOYEE BENEFITS DEFINED CONTRIBUTION PLANS

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group 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 Group 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 Group 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 Group 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 Group as the Group 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 Group 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 REVENUE RECOGNITION

3.10.1 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.

3.10.2 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.

3.11 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.12 FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method, other than borrowing costs directly attributable to asset being developed, which is accounted for as part of the asset.

3.13 FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the annual consolidated financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The annual consolidated financial statements are presented in ZAR (R), which is the Group’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 profit and loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit and loss within 'Other (losses)/gains – net'.

3.14 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

The Group calculates headline earnings per share (HEPS) data for its ordinary shares. Headline earnings are determined by excluding certain items from profit or loss attributable to ordinary shareholders through making use of the table and requirements contained in Circular 02/2015 issued by the South African Institute of Chartered Accountants.

3.15 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 nature of their respective products and services.

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

The Group's 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 annual consolidated financial statements 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.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 RESIDUAL VALUES AND USEFUL LIVES OF TANGIBLE AND INTANGIBLE ASSETS

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 GOODWILL AND 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 Group 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. Refer to note 12.

4.4 SHARE-BASED PAYMENT TRANSACTIONS

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instrument, expected dividends and the risk free rate. Refer to note 15.

4.5 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

The Group has chosen not to early adopt the following standards and interpretations, and will do so in future financial periods.

The amendments as set out below have been assessed and 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 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. The Group expects to adopt IFRS 9 in the 2019/2020 financial year.	1 January 2018

Standards	Details of amendment	Annual periods beginning on or after
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. 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. The Group expects to adopt IFRS 15 in the 2019/2020 financial year.	1 January 2018

Standards	Details of amendment	Annual periods beginning on or after
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. The Group expects to adopt IFRS 16 in the 2019/2020 financial year.	1 January 2019

There were no new standards adopted in the current financial year.

6. PROPERTY, PLANT AND EQUIPMENT

Figures in R'000	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
OWNED ASSETS						
Plant and equipment	7 252	(4 152)	3 100	26 725	(9 125)	17 600
Motor vehicles	26 821	(14 680)	12 141	23 226	(12 148)	11 078
Furniture and fittings	15 047	(8 721)	6 326	21 316	(11 342)	9 974
Office equipment	3 970	(3 026)	944	11 792	(7 648)	4 144
IT equipment	29 965	(21 722)	8 243	37 667	(26 626)	11 041
CAPITALISED LEASED ASSETS						
Land and buildings	11 012	(5 521)	5 491	12 425	(6 585)	5 840
	94 067	**(57 822)**	**36 245**	**133 151**	**(73 474)**	**59 677**

The carrying amounts of property, plant and equipment can be reconciled as follows:

2018

Figures in R'000	Carrying value at beginning of year	Additions	Additions through business combinations	Disposals	Disposal of subsidiaries and assets reclassified as held for sale	Depreciation	Carrying value at end of year
OWNED ASSETS							
Plant and equipment	17 600	6 718	1 148	(79)	(18 127)	(4 160)	3 100
Motor vehicles	11 078	8 042	1 379	(1 049)	(2 969)	(4 340)	12 141
Furniture and fittings	9 974	1 388	1 121	(146)	(3 574)	(2 437)	6 326
Office equipment	4 144	625	-	(8)	(2 186)	(1 631)	944
IT equipment	11 041	7 037	159	(211)	(3 279)	(6 504)	8 243
CAPITALISED LEASED ASSETS							
Land and buildings	5 840	19 180	-	(19)	(16 943)	(2 567)	5 491
	59 677	**42 990**	**3 807**	**(1 512)**	**(47 078)**	**(21 639)**	**36 245**

2017

Figures in R'000	Carrying value at beginning of year	Additions	Additions through business combinations	Disposals	Disposal of subsidiaries	Depreciation	Carrying value at end of year
OWNED ASSETS							
Plant and equipment	11 890	5 502	3 512	-	(135)	(3 169)	17 600
Motor vehicles	12 573	4 631	-	(1 701)	(424)	(4 001)	11 078
Furniture and fittings	9 724	2 422	-	(9)	(35)	(2 128)	9 974
Office equipment	4 300	1 507	-	(2)	(51)	(1 610)	4 144
IT equipment	9 865	7 209	-	(186)	(57)	(5 790)	11 041
CAPITALISED LEASED ASSETS							
Land and buildings	5 206	2 511	-	(20)	-	(1 857)	5 840
	53 558	**23 782**	**3 512**	**(1 918)**	**(702)**	**(18 555)**	**59 677**

Assets acquired under mortgage bonds and instalment sale liabilities are encumbered as security for repayment of these borrowings (refer note 17).

7. INTANGIBLE ASSETS

Figures in R'000	2018 Cost	2018 Accumulated amortisation	2018 Carrying value	2017 Cost	2017 Accumulated amortisation	2017 Carrying value
DEFINED LIFE INTANGIBLE ASSETS						
Patents and trademarks and other rights	-	-	-	10 430	(1 905)	8 525
Licences, franchises and customer relationships	-	-	-	473	(454)	19
Computer software, internally generated	444 152	(16 710)	427 442	77 485	(21 394)	56 091
Computer software, under development	22 767	-	22 767	22 597	-	22 597
Intellectual property	-	-	-	710	(710)	-
Computer software, externally purchased	6 453	(2 106)	4 347	10 564	(1 855)	8 709
	473 372	**(18 816)**	**454 556**	**122 259**	**(26 318)**	**95 941**
INDEFINITE LIFE INTANGIBLE ASSETS						
Patents and trademarks and other rights	34	-	34	181 300	-	181 300
Brandnames	-	-	-	2 397	-	2 397
Computer software, internally generated	-	-	-	280 589	-	280 589
Intellectual property	-	-	-	275	-	275
Goodwill	105 514	-	105 514	175 162	-	175 162
	105 548	**-**	**105 548**	**639 723**	**-**	**639 723**
	578 920	**(18 816)**	**560 104**	**761 982**	**(26 318)**	**735 664**

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

2018

Figures in R'000	Carrying value at beginning of year	Additions	Additions through business combinations	Transfers	Disposal of subsidiaries & assets reclassified as held for sale	Amortisation	Carrying value at end of year
DEFINED LIFE INTANGIBLE ASSETS							
Patents and trademarks and other rights	8 525	67	-	-	(8 259)	(333)	-
Licences, franchises and customer relationships	19	-	-	-	(7)	(12)	-
Computer software, internally generated	56 091	158 566	-	275 154	(60 437)	(1 932)	427 442
Computer software, under development	22 597	8 687	-	-	(8 517)	-	22 767
Computer software, externally purchased	8 709	1 565	-	-	(4 106)	(1 821)	4 347
Goodwill	-	-	-	-	-	-	-
	95 941	**168 885**	**-**	**275 154**	**(81 326)**	**(4 098)**	**454 556**
INDEFINITE LIFE INTANGIBLE ASSETS							
Patents and trademarks and other rights	181 300	34	-	-	(181 300)	-	34
Brandnames	2 397	-	-	-	(2 397)	-	-
Computer software, internally generated	280 589	-	-	(275 154)	(5 435)	-	-
Intellectual property	275	-	-	-	(275)	-	-
Goodwill	175 162	-	25 656	-	(95 304)	-	105 514
	639 723	**34**	**25 656**	**(275 154)**	**(284 711)**	**-**	**105 548**
	735 664	**168 919**	**25 656**	**-**	**(366 037)**	**(4 098)**	**560 104**

2017

Figures in R'000	Carrying value at beginning of year	Additions	Additions through business combinations	Translation differences	Disposal of subsidiaries	Amortisation	Carrying value at end of year
DEFINED LIFE INTANGIBLE ASSETS							
Patents and trademarks and other rights	8 847	143	-	-	-	(465)	8 525
Licences, franchises and customer relationships	-	26	-	-	-	(7)	19
Computer software, internally generated	51 462	5 378	-	-	-	(749)	56 091
Computer software, under development	15 077	7 520	-	-	-	-	22 597
Computer software, externally purchased	6 325	3 216	-	-	-	(832)	8 709
	81 711	**16 283**	**-**	**-**	**-**	**(2 053)**	**95 941**
INDEFINITE LIFE INTANGIBLE ASSETS							
Patents and trademarks and other rights	181 300	-	-	-	-	-	181 300
Brandnames	2 397	-	-	-	-	-	2 397
Computer software, internally generated	138 675	141 914	-	-	-	-	280 589
Intellectual property	275	-	-	-	-	-	275
Goodwill	176 918	-	4 842	(28)	(6 570)	-	175 162
	499 565	**141 914**	**4 842**	**(28)**	**(6 570)**	**-**	**639 723**
	581 276	**158 197**	**4 842**	**(28)**	**(6 570)**	**(2 053)**	**735 664**

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

Goodwill and indefinite life intangible assets are allocated to the following Group's of cash-generating units:

	Goodwill		Intangible assets	
Figures R'000	2018	2017	2018	2017
Occupational health and safety	-	95 304	-	189 407
Revenue management solutions	76 874	51 218	-	215 172
MICRO*mega* H2O	22 441	22 441	-	46 312
Networks	6 199	6 199	34	13 670
	105 514	**175 162**	**34**	**464 561**

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.

A summary of the key assumptions used for the value-in use calculations are as follows:

	Growth rate for 5 year period %	Growth rate into perpetuity %	Discount rate %
2018			
Revenue management solutions	10.00 -20.00	6.00	9.87-13.24
MICRO*mega* H2O	5.00 - 15.00	5.00	12.50-14.72
Networks	6.00 - 8.00	3.00	12.44 -13.24
2017			
Testing inspection and certification services	10.00 - 16.00	3.00	9.80 - 13.25
Information technology	12.50 - 21.00	6.00	9.00 - 14.45

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 5% reduction in 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.

The aggregate amount of research and development costs recognised as an expenses in the statement of profit and loss were R0.1 million (2017: -).

8. INVESTMENTS IN ASSOCIATES

Figures in R'000	2018	2017
Carrying value of investment in associate	**17 806**	**15 550**
Balance at the beginning of the year	15 550	13 648
Share of profit/(loss) in investments accounted for using the equity method	1 271	1 902
Recognition of equity accounted investment	35 000	-
Disposal of investment in associate	(34 015)	-
	17 806	**15 550**

On 1 April 2017, the Group disposed of 31% of its 51% interest in TTRO. This resulted in a loss of control of the subsidiary and the remaining investment being accounted for as an associate.

On 31 March 2018, the Group disposed of the remaining 20% interest in TTRO. Refer to note 36 for more details on the transaction.

KYOSTAX PROPRIETARY LIMITED

The Group owns 30% of an associate whose shares are not publicly traded. Kyostax is an investment property company. Summarised financial information of the associate is set out below:

Figures in R'000	2018	2017
Total non-current assets	84 000	84 000
Total current assets	15 092	18 810
Total non-current liabilities	(25 300)	(67 910)
Total current liabilities	(25 828)	(15 582)
Net assets	**47 964**	**19 318**
Revenue	14 251	14 804
Profit for the year	7 208	6 341

Kyostax's principal place of business is 28 Edward Road, Sandown, 2106.

9. OTHER FINANCIAL ASSETS

Figures in R'000	2018	2017
Instalment sale assets	137	648
Kyostax Proprietary Limited	4 640	5 640
Other financial assets	60 000	-
	64 777	**6 288**
Current	39 777	6 288
Non-current	25 000	-
	64 777	**6 288**

All loans receivable are denominated in South African Rand. The loans are carried at their amortised cost. The fair value of other financial assets have been assessed, taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values.

INSTALMENT SALE ASSETS

Assets under instalment sale agreements are repayable over two to five years at effective interest rates ranging from prime lending plus 3% per annum to prime lending plus 4.5% per annum. The loans are secured by the assets subject to the agreements.

MINIMUM PAYMENTS UNDER INSTALMENT SALE ASSETS:

Figures in R'000	2018	2017
No later than one year	142	719
	142	**719**
Future finance charges	(5)	(71)
Present value of instalment sale assets	**137**	**648**

KYOSTAX PROPRIETARY LIMITED

The loan is unsecured, interest free and is repayable in the normal course of business in accordance with the shareholders agreement.

OTHER FINANCIAL ASSETS

Other financial assets relate to receivables on the disposal of investments and businesses. Refer to note 36.

Final settlement of the above receivable is due no later than 30 September 2019 and will incur interest at the prime lending rate.

10. ASSETS HELD FOR SALE

On 13 October 2017, the Group announced the proposed disposal of NOSA Group. The assets, together with the liabilities associated with the assets of the NOSA Group has been re-allocated to non-current assets held for sale.

The proceeds of disposals are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the assets classified as held for sale. The effective date of the disposal is 3 April 2018.

The major classes of assets and liabilities in the disposal Group classified as held for sale are as follows:

Figures in R'000	2018
ASSETS	
Property, plant and equipment	45 634
Intangible assets	324 407
Inventory	3 273
Trade and other receivables	109 092
Cash and cash equivalents	19 057
	501 463
LIABILITIES	
Acquisition vendors	4 100
Deferred Tax	45 445
Tax payable	1 414
Trade and other payables	76 580
	127 539

11. INVENTORIES

Figures in R'000	2018	2017
Raw materials	19 328	14 339
Finished goods	33 786	30 438
	53 114	**44 777**
No inventories are pledged as security.		
The amount of inventories recognised as an expense during the year:		
Carrying amount of inventories sold	166 743	118 893
Write-down of inventories	4 439	384

12. TRADE AND OTHER RECEIVABLES

Figures in R'000	2018	2017
Trade debtors	274 568	355 232
Prepaid expenses and deposits	5 125	15 488
Other	36 485	55 523
	316 178	426 243
Allowance for doubtful debt	(20 607)	(17 225)
	295 571	**409 018**
ITEMS INCLUDED IN TRADE AND OTHER RECEIVABLES NOT CLASSIFIED AS FINANCIAL INSTRUMENTS		
Prepaid expenses and deposits	5 125	15 488
	5 125	**15 488**
Trade and other receivables net of non-financial instruments (refer note 37)	**290 446**	**393 530**

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.

Figures in R'000	2018	2017
PERFORMANCE CATEGORIES:		
Fully performing	172 376	223 147
Past due and not impaired	79 429	122 940
Impaired and provided for	22 763	9 145
	274 568	**355 232**

Figures in R'000	2018	2017
The aging of amounts past due but not impaired is as follows:		
1 month past due	25 921	45 787
2 months past due	53 508	77 153
	79 429	122 940
The aging of amounts impaired and provided for is as follows:		
3 months past due	16 708	969
More than 3 months past due	6 055	8 176
	22 763	9 145
TRADE AND OTHER RECEIVABLES IMPAIRED		
MOVEMENT ON THE DOUBTFUL DEBT ALLOWANCE IS AS FOLLOWS:		
Balance at the beginning of the year	17 225	24 665
Impairment loss made during the year	15 113	9 086
Reversal of impairment loss from prior year	(3 914)	(16 526)
Reallocated to held for sale assets	(7 817)	-
Balance at the end of the year	20 607	17 225

CURRENCIES

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

Figures in R'000	2018	2017
South African Rand	287 822	352 343
Chinese Yan Renminbi	-	15 341
Euro	-	222
Namibian Dollar	2 594	109
New Zealand Dollar	-	166
US Dollar	-	24 724
Other currencies	30	625
	290 446	393 530

13. CASH AND CASH EQUIVALENTS

Figures in R'000	2018	2017
FAVOURABLE CASH BALANCES		
Cash on hand	57	185
Current accounts	31 433	39 523
Call accounts	2 867	2 477
Deposit accounts	5 263	8 359
	39 620	**50 544**
OVERDRAFT		
Bank overdraft	**118 728**	**58 564**
Current assets	39 620	50 544
Current liabilities	(118 728)	(58 564)
	(79 108)	**(8 020)**
The following facilities are available:		
Working capital financing	120 000	90 000
Asset financing	10 000	10 000
Guarantees	2 450	2 450

Cash and cash equivalents comprise cash held. The carrying amount of these assets approximates their fair value. Interest at variable rates linked to the prime lending rate is earned on these balances.

The credit quality of cash at bank, excluding cash on hand, 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 (Refer note 38.1).

CURRENCIES

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

Figures in R'000	2018	2017
South African Rand	(80 839)	(14 243)
Australian Dollar	-	25
Chinese Yan Renminbi	-	3 772
Euro	-	12
Hong Kong Dollar	-	758
Namibian Dollar	12	614
New Zealand Dollar	-	263
US Dollar	1 719	589
Other currencies	-	190
	(79 108)	**(8 020)**

14. SHARE CAPITAL

Figures in R'000	2018	2017
AUTHORISED		
200 000 000 Ordinary shares of R0.01 each	2 000	2 000
ISSUED		
114 597 202 Ordinary shares of R0.01 each	1 146	1 142
Share premium	294 791	291 310
	295 937	292 452

SHARE RECONCILIATION

	2018 Number of shares	2017 Number of shares
Shares outstanding - beginning of the period	114 211 063	112 832 661
Treasury shares purchased during the year	(43 300)	(751 034)
Share-based payment transactions	429 439	278 666
Acquisition of subsidiaries	-	1 850 770
Shares outstanding - end of the period	114 597 202	114 211 063

The directors are authorised, until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit, subject to the provision of section 38 and 41 of the Companies Act of South Africa and Johannesburg Stock Exchange requirements.

During the year the Group repurchased 43,300 (2017: 751,034) treasury shares on the open market at an average price of 1,083 (2017: 1,443) cents to be utilised to settle future vendor payments and vested share options. An amount of 429,439 (2017: 278,666) treasury shares were issued to employees during the year for vested and exercised options at an average price of 936 (2017: 1,017) cents and nil (2017: 1,850,770) shares were issued at an average price of nil (2017: 978) cents in the acquisition of various subsidiaries.

15. OTHER RESERVES

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

SHARE-BASED PAYMENT RESERVE

MICRO*mega* Holdings Limited established the MICRO*mega* Share Incentive Trust in 2001 together with a detailed share incentive scheme. The purpose of this scheme is to provide employees of the MICRO*mega* Group with the opportunity to acquire an interest in equity of MICRO*mega* Holdings Limited, thereby providing such employees with a further incentive to advance the Group's interests, and promoting an identity of interests between such employees and the shareholders of the Group.

The scheme is equity settled and in terms of the scheme, share options may not be exercised until after the period, provided that the employee remains in the employment of the MICRO*mega* Group, calculated from the acceptance date, of:

- more than three years shall have elapsed, in which event not more than one third thereof;
- more than four years shall have elapsed, in which event not more than a further one third thereof, representing two thirds thereof cumulatively;
- more than five years shall have elapsed, in which event not more than a further one third thereof, representing 100% thereof cumulatively.

The share options lapse if employment terminates before share options have vested.

The share options expire on the expiry of the option period, being eight years from grant date.

OUTSTANDING OPTIONS

The following options have been granted in terms of the MICRO*mega* Share Incentive Trust to employees and are still outstanding.

	2018	2017
	Number of ordinary share options	
Options granted at the beginning of the year	4 343 940	4 929 874
Movement during the year:		
- New options granted during the year	-	1 049 715
- Options exercised during the year	(429 438)	(278 666)
- Options lapsed during the year	(151 948)	(661 806)
- Options expired during the year	-	(695 177)
	3 762 554	**4 343 940**

Comprising:	Grant Date	Remaining contractual useful life	Number of ordinary share options 2018	Number of ordinary share options 2017
Share options at an exercise price of R 1.45 per share	March 2010	0 years	-	150 000
Share options at an exercise price of R 2.35 per share	Sep 2015	3.5 years	403 229	582 668
Share options at an exercise price of R 8.00 per share	April 2014	4 years	100 000	200 000
Share options at an exercise price of R 20.00 per share	Jan 2015	5 years	1 807 523	1 816 995
Share options at an exercise price of R 20.00 per share	Aug 2015	6 years	297 087	364 562
Share options at an exercise price of R 10.00 per share	Nov 2015	6 years	180 000	180 000
Share options at an exercise price of R 10.00 per share	Dec 2015	6 years	180 000	180 000
Share options at an exercise price of R 20.00 per share	Dec 2016	7 years	82 215	107 215
Share options at an exercise price of R 20.00 per share	Feb 2017	7 years	712 500	762 500
			3 762 554	**4 343 940**

	2018	2017
SHARE-BASED RESERVE RECOGNISED IN EQUITY	**6 414**	**5 981**
SHARE-BASED EXPENDITURE RECOGNISED IN PROFIT AND LOSS	**1 794**	**1 549**

16. NON-CONTROLLING INTEREST

Figures in R'000	2018	2017
Non-controlling interest	98 339	114 512

A summary of the significant non-controlling interests are included below:

FRESHMARK SYSTEMS PROPRIETARY LIMITED

Freshmark systems' principle place of business is South Africa and is owned 55% by the Group. The table below is a summary of Freshmark Systems' financial information.

Figures in R'000	2018	2017
Non-current assets	14 646	11 685
Current assets	13 919	12 043
Non-Current liabilities	3 345	2 796
Current liabilities	3 260	4 129
Accumulated non-controlling interest included in the statement of profit and loss	9 835	7 565
Revenue	16 458	14 390
Profit for the year	5 156	5 975
Profit for the year allocated to non-controlling interest	2 320	2 689

MUBESKO AFRICA PROPRIETARY LIMITED

Mubesko Africa's principle place of business is South Africa and is owned 50% by the Group and has control over the board with an additional deciding vote. The table below is a summary of Mubesko Africa's financial information.

Figures in R'000	2018	2017
Non-current assets	1 901	1 097
Current assets	40 447	36 835
Non-Current liabilities	-	-
Current liabilities	3 211	2 794
Accumulated non-controlling interest included in the statement of profit and loss	19 779	15 465
Revenue	48 349	40 020
Profit for the year	8 999	9 310
Profit for the year allocated to non-controlling interest	4 500	4 655
Dividends paid to non-controlling interest	2 500	-

USC METERING PROPRIETARY LIMITED

USC Metering's principle place of business is South Africa and is owned 83% by the Group. The table below is a summary of USC Metering's financial information.

Figures in R'000	2018	2017
Non-current assets	59 729	46 320
Current assets	142 384	132 501
Non-Current liabilities	11 721	8 709
Current liabilities	91 069	81 343
Accumulated non-controlling interest included in the statement of profit and loss	14 082	11 852
Revenue	216 506	206 428
Profit for the year	10 555	27 521
Profit for the year allocated to non-controlling interest	2 230	6 941
Dividends paid to non-controlling interest	-	1 667

2017

During the prior year the Group disposed of 49% of its 100% interest in TTRO Proprietary Limited. The Group retained a 51% interest in TTRO Proprietary. This resulted in a transaction with owners without a change in control, which has been accounted for in equity to the value of R3.6 million.

17. OTHER FINANCIAL LIABILITIES

Figures in R'000	2018	2017
NON-CURRENT LIABILITIES		
Instalment sale liabilities	1 745	4 359
CURRENT LIABILITIES		
Instalment sale liabilities	5 556	2 795
Other borrowings	29 764	-
	35 320	2 795
TOTAL OTHER FINANCIAL LIABILITIES	37 065	7 154
Interest bearing borrowings	37 065	7 154

Other financial liabilities are denominated in South African Rand, except for other borrowings to the value of R29.8 million, which is denominated in Euro and bear interest at 4.5%. This loan is repayable within 6 months after year end.

The fair value of other financial liabilities have been assessed taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values.

INSTALMENT SALE LIABILITIES

Liabilities under instalment sale agreements are repayable over periods between two and five years, at an average effective rate of 8.5%. These liabilities are secured by motor vehicles and plant and equipment with a carrying value of R 3.7 million (2017: R6.6 million).

MINIMUM PAYMENTS UNDER INSTALMENT SALE LIABILITIES:

Figures in R'000	2018	2017
No later than one year	6 170	3 264
Later than one year no later than five years	1 997	4 673
	8 167	7 937
Future finance charges	(866)	(783)
Present value of instalment sale liabilities	7 301	7 154

18. 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.

Figures in R'000	2018	2017
RECONCILIATION OF DEFERRED VENDOR PAYMENTS:		
Balance at the beginning of the year	39 770	62 752
Acquisition of subsidiaries (refer to note 35)	31 865	-
Reallocation to liabilities associated with assets held for sale	(4 100)	(18 106)
Repayment of vendors through the distribution of cash resources	(19 496)	(1 607)
Interest accrued	1 536	1 915
Remeasurement of fair value liability	(34 438)	(5 184)
Balance at the end of the year	**15 137**	**39 770**
Non-current liabilities	8 566	7 126
Current liabilities	6 571	32 644
	15 137	**39 770**
THE DEFERRED VENDOR PAYMENTS WILL BE SETTLED AS FOLLOWS:		
Through the issue of shares	5 364	10 383
Through the distribution of cash resources	9 773	29 387
	15 137	**39 770**

THE SETTLEMENT DATES FOR THE RESPECTIVE BUSINESS ACQUISITIONS ARE AS FOLLOWS:

Figures R'000	Net profit after tax not less than	Shares	Cash resources
TURRITO NETWORKS			
March 2019	12 625	493	493
IPES - UTILITY MANAGEMENT SERVICES PTY LTD			
June 2018	21 000	1 081	5 489
March 2019	25 000	4 200	4 200
		5 774	**10 182**
FUTURE FINANCE CHARGES @ 9.25% PER ANNUM		(410)	(409)
		5 364	**9 773**

19. DEFERRED TAX ASSETS AND LIABILITIES

Figures in R'000	2018	2017
RECONCILIATION OF DEFERRED TAX:		
Balance at beginning of year	(64 633)	(33 318)
Movements consisting of:		
Temporary differences recognised in profit and loss	(20 978)	(30 012)
Foreign currency translation differences	(373)	366
Acquisition of businesses	(262)	-
Disposal of businesses	(790)	(1 669)
Reallocated to assets held for sale	45 445	-
Balance at end of year	**(41 591)**	**(64 633)**
THE DEFERRED TAX ASSET AND LIABILITY ARISES FROM THE FOLLOWING TEMPORARY DIFFERENCES:		
Property, plant and equipment	15	(48)
Intangible assets	(98 580)	(125 611)
Income received in advance	2 366	4 298
Provisions	8 729	7 015
Lease straightlining accrual	2 836	3 957
Assessed loss	43 043	45 756
	(41 591)	**(64 633)**
Deferred tax assets	25 547	27 260
Deferred tax liabilities	(67 138)	(91 893)
	(41 591)	**(64 633)**

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

20. TRADE AND OTHER PAYABLES

Figures in R'000	2018	2017
Trade creditors	90 863	126 048
Unallocated deposits	427	5 142
Accrued expenses	34 177	15 014
Leave pay accrual	7 079	8 576
Income received in advance	8 449	15 229
Lease straightlining accrual	10 128	14 207
Payroll accruals	13 524	11 143
Value Added Tax	8 097	4 157
Sundry creditors	4 511	2 500
	177 255	**202 016**

20.1 ITEMS INCLUDED IN TRADE AND OTHER PAYABLES NOT CLASSIFIED AS FINANCIAL INSTRUMENTS

Figures in R'000	2018	2017
Value Added Tax	8 097	4 157
Lease smoothing accrual	10 128	14 207
Income received in advance	8 449	15 229
Leave pay accrual	7 079	8 576
	33 753	**42 169**
TRADE AND OTHER PAYABLES NET OF NON-FINANCIAL INSTRUMENTS (REFER NOTE 37)	**143 502**	**159 847**

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):

Figures in R'000	2018	2017
South African Rand	142 860	148 194
Australian Dollar	-	37
British Pound	-	34
Chinese Yan Renminbi	-	378
Hong Kong Dollar	-	486
Namibian Dollar	297	330
New Zealand Dollar	-	351
US Dollar	334	8 881
Other currencies	11	1 156
	143 502	**159 847**

21. CURRENT TAX RECEIVABLE/(PAYABLE)

Figures in R'000	2018	2017
CURRENT TAX IN THE STATEMENT OF FINANCIAL POSITION REPRESENTS:		
CURRENT YEAR		
Provision for tax for the year	(32 187)	(24 207)
Provisional tax paid	23 945	22 477
PRIOR YEARS		
Provision for tax relating to previous years	(591)	(5 304)
Final tax payments/(refunds) during the year relating to previous years	4 364	7 705
(Under)/over provision in prior years accounted for in current year	(668)	(1 556)
Interest and penalties received/(incurred)	239	(153)
OTHER		
Withholding tax	4 110	1 058
Acquisition of businesses	(10)	-
Disposal of subsidiaries	(552)	(611)
Re-allocation of assets held for sale	1 414	-
	64	**(591)**
Tax receivable	6 335	5 806
Tax payable	(6 271)	(6 397)
	64	**(591)**
Total tax payments	28 309	30 182

22. 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 Group leases various assets under non-cancellable operating lease agreements. The leases have varying terms and escalation clauses. The lease expenditure charged to profit and loss is disclosed in note 25.

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

Figures in R'000	2018	2017
Not later than one year	16 257	32 723
Later than one year and not later than five years	49 583	69 732
Later than five years	741	-
	66 581	**102 455**

CONTINGENCIES

The Group 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.

BANK GUARANTEES ISSUED:

Figures in R'000	2018	2017
Department of Higher Education in favour of students enrolled at NOSA	-	250
Lease guarantee	339	100
	339	**350**

23. REVENUE

Figures in R'000	2018	2017
Sale of goods	296 478	263 347
Services rendered	501 479	544 829
	797 957	**808 176**

24. OTHER NET INCOME/(EXPENSES)

Figures in R'000	2018	2017
Profit/(loss) on foreign exchange	390	(825)
Profit/(loss) on sale of subsidiaries	1 259	(1 083)
Government grants on learnerships	57	143
Profit on sale of property, plant and equipment	615	2 108
Re-measurement of deferred vendor payments	34 438	5 184
Rent received	1 594	157
Sundry income	2 996	1 140
	41 349	**6 824**

25. EXPENDITURE BY NATURE

Figures in R'000	2018	2017
Employee compensation and benefit expense	201 262	169 006
Operating lease charges - premises	22 158	18 059
Operating lease charges - equipment and other	1 128	5 419
Motor vehicle expenses	4 489	2 659
Repairs and maintenance	2 018	1 539
Telephone and fax	8 018	3 757
Security	675	553
Insurance	3 709	2 264
Computer expense	15 711	7 389
Advertising expense	4 987	3 838
Audit fees	2 143	2 917
Courier and postage	577	503
Depreciation and amortisation	13 879	11 258
Printing and stationary	2 368	1 947
Travel - Local	11 247	5 536
Travel - International	1 743	2 166
Consulting fees	8 859	1 817
Electricity	3 403	3 227
Bank charges	1 773	1 515
Legal fees	2 239	706
Administration and management fee	129	938
Bad debts written off and provided	5 747	2 852
Cleaning	620	567
Sponsorship, enterprise development and donations	4 404	4 152
Entertainment	3 384	2 330
Fines and penalties	154	221
Other	21 698	13 395
	348 522	**270 530**
Administration expenses	344 033	267 871
Distribution expenses	4 489	2 659
	348 522	**270 530**

26. FINANCE INCOME

Figures in R'000	2018	2017
Bank	1 027	725
Instalment sale assets	3	120
Trade receivables	415	535
Tax Receivable	239	21
Other	389	415
	2 073	**1 816**

27. FINANCE COSTS

Figures in R'000	2018	2017
Other financial liabilities	2 152	769
Bank overdrafts and acceptances	1 303	109
Trade payables	17	16
Deferred vendor payments	1 536	1 915
Related parties	2 939	-
Other	263	16
	8 210	**3 325**

28. INCOME TAX EXPENSE

Figures in R'000	2018	2017
CURRENT TAX		
Current year	15 633	2 604
Prior year	501	(437)
DEFERRED TAX		
Current year	21 390	27 614
Prior year	(255)	1 000
	37 269	**30 781**

RECONCILIATION OF RATE OF TAX

%	2018	2017
South African normal tax rate	28.00	28.00
Adjusted for:		
Income not subject to tax	(0.80)	(8.10)
Expenses not deductible for tax	0.90	0.60
Current tax - prior year adjustment	0.50	(1.20)
Deferred tax - prior year adjustment	(0.20)	0.40
Foreign taxation	(0.08)	3.57
Capital gains tax	0.10	1.00
Net reduction	**0.42**	**(3.73)**
Effective rate of tax	**28.42**	**24.27**

29. DISCONTINUED OPERATION

NOSA GROUP - TESTING INSPECTION AND CERTIFICATION SEGMENT

On 13 October 2017, the Group announced the disposal of NOSA Group. The Group treated these operations in accordance with IFRS 5.

THE TRAINING ROOM ONLINE PROPRIETARY LIMITED ("TTRO") - TESTING INSPECTION AND CERTIFICATION SEGMENT

The Group disposed of 31% of its interest in The Training Room Online on 1 April 2017. The Group treated these operations in accordance with IFRS 5.

The following table details the results of these discontinued operations included in the Group statement of profit and loss:

	NOSA Group		TTRO	
Figures in R'000	**2018**	**2017**	**2018**	**2017**
REVENUE	490 979	439 304	-	109 649
Cost of sales	(200 645)	(185 845)	-	(50 318)
GROSS PROFIT	**290 334**	**253 459**	**-**	**59 331**
Other net income/(expenses)	2 399	(175)	-	(349)
Distribution expenses	(3 100)	(2 675)	-	(66)
Administration expenses	(177 247)	(146 586)	-	(18 931)
OPERATING PROFIT	**112 386**	**104 023**	**-**	**39 985**
Finance income	787	312	-	12
Finance cost	(543)	(186)	-	(32)
PROFIT BEFORE TAX	**112 630**	**104 149**	**-**	**39 965**
Tax expense	(16 641)	(24 971)	-	(23)
PROFIT FROM DISCONTINUED OPERATIONS	**95 989**	**79 178**	**-**	**39 942**
PROFIT FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO:				
Owners of the parent	92 656	75 435	-	20 371
Non-controlling interest	3 333	3 743	-	19 571
	95 989	**79 178**	**-**	**39 942**

The following table details the cash flow of these discontinued operations included in the Group cash flow statement:

Figures in R'000	**2018**	**2017**
Cash flow from operating activities	116 057	47 216
Cash flow from investing activities	(39 450)	(29 688)
Cash flow from financing activities	(22 542)	(6 353)

30. DIRECTORS' EMOLUMENTS

Name Figures R'000	Number of share options available - 2018	Number of share options available - 2017	Salary	Bonuses and performance related payments	Directors fees	Total 2018	Total 2017
IG Morris	-	-	2 422	-	-	2 422	2 270
RB Dick	208 334	416 667	2 520	1 200	-	3 720	3 173
C Kemp	150 000	-	1 424	250	-	1 674	-
C King	100 000	-	1 000	250	-	1 250	-
DA Di Siena	-	-	-	-	143	143	180
GE Jacobs	-	-	-	-	208	208	180
RC Lewin	-	-	-	-	156	156	168
PH Duvenhage	-	-	-	-	142	142	168
TW Hamill	-	-	-	-	137	137	168
D Passmore	-	-	-	-	169	169	168
DC King	-	-	-	-	-	-	2 538
DSE Carlisle	-	-	-	-	-	-	1 913
Members of key management	320 294	634 000	24 915	4 168	-	29 083	29 582
	778 628	**1 050 667**	**32 281**	**5 868**	**955**	**39 104**	**40 508**

31. EARNINGS PER SHARE

The calculation of earnings per ordinary share for continuing operations of 73.37 cents (2017: 71.29 cents) is based on the earnings attributable to ordinary shareholders of R72.4 million (2017: R81.0 million) and a weighted average of 114,209,291 (2017: 113,655,802) ordinary shares in issue throughout the year.

The calculation of earnings per ordinary share for discontinued operations of 81.13 cents (2017: 84.30 cents) is based on the earnings attributable to ordinary shareholders of R92.6 million (2017: R95.8 million) and a weighted average of 114,209,291 (2017: 113,655,802) ordinary shares in issue throughout the year.

The calculation of diluted earnings per ordinary share for continuing operations of 73.15 cents (2017: 70.83 cents) is based on earnings attributable to ordinary shareholders of R72.4 million (2017: R81.0 million) and a diluted weighted average of 114,549,178 (2017: 114,393,644) ordinary shares in issue throughout the year.

The calculation of diluted earnings per ordinary share for discontinued operations of 80.89 cents (2017: 83.75 cents) is based on earnings attributable to ordinary shareholders of R92.6 million (2017: R95.8 million) and a diluted weighted average of 114,549,178 (2017: 114,393,644) ordinary shares in issue throughout the year.

RECONCILIATION BETWEEN WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AND DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES:

Figures in R'000	2018	2017
Weighted average ordinary shares	114 209 291	113 655 802
Share options	339 887	737 842
Weighted average diluted ordinary shares	**114 549 178**	**114 393 644**

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The weighted average number of shares is the number of shares outstanding at the beginning of the period, adjusted for any additional shares issued during the period, appropriately weighted for the time the shares are outstanding. Furthermore, any treasury shares held by the Group are deducted from this amount.

The calculation of headline earnings per share for continuing operations of 72.13 cents (2017: 73.52 cents) is based on earnings of R71.0 million (2017: R83.6 million) and a weighted average of 114,209,291 (2017: 113,655,802) ordinary shares in issue throughout the year.

The calculation of headline earnings per share for discontinued operations of 81.13 cents (2017: 84.24 cents) is based on earnings of R92.7 million (2017: R95.7 million) and a weighted average of 114,209,291 (2017: 113,655,802) ordinary shares in issue throughout the year.

The calculation of diluted headline earnings per share from continuing operations of 71.91 cents (2017: 73.05 cents) is based on earnings of R71.0 million (2017: R83.6 million) and a weighted average of 114,549,178 (2017: 114,393,644) ordinary shares in issue throughout the year.

The calculation of diluted headline earnings per share for discontinued operations of 80.89 cents (2017: 83.69 cents) is based on earnings of R92.7 million (2017: R95.7 million) and a weighted average of 114,549,178 (2017: 114,393,644) ordinary shares in issue throughout the year.

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS:

Figures R'000	Profit before tax 2018	Taxation 2018	Non-controlling interest 2018	Net Profit 2018	Net Profit 2017
CONTINUING OPERATIONS					
Profit attributable to owners of the parent	131 128	(37 269)	(10 064)	83 795	81 030
Loss/(profit) on disposal of property, plant and equipment	(615)	172	-	(443)	(1 371)
Loss/(profit) on disposal of investments in subsidiaries and businesses	(1 259)	282	-	(977)	3 906
	129 254	**(36 815)**	**(10 064)**	**82 375**	**83 565**
DISCONTINUED OPERATIONS					
Profit attributable to owners of the parent	112 630	(16 641)	(3 333)	92 656	95 806
Loss/(profit) on disposal of property, plant and equipment	7	(2)	-	5	(69)
	112 637	**(16 643)**	**(3 333)**	**92 661**	**95 737**

32. CASH GENERATED FROM OPERATIONS

Figures in R'000	2018	2017
Profit before tax from continuing operations	131 128	126 834
Profit before tax from discontinued operations	112 630	144 114
Adjusted for:		
Share of profit from equity accounted associates	(1 271)	(1 902)
Depreciation and amortisation	25 737	20 608
Profit on disposal of property, plant and equipment	(608)	(2 000)
Loss/(profit) on disposal of subsidiaries	(1 259)	1 083
Adjustment to acquisition vendors	(34 437)	(5 184)
Share-based payment expense	5 844	4 847
Movement in foreign currency translation reserve	(1 425)	(6 005)
Finance income	(1 967)	(2 140)
Finance costs	1 621	3 543
MOVEMENT IN WORKING CAPITAL		
Increase in inventories	(11 752)	(2 926)
Increase in trade and other receivables	(19 263)	(132 638)
Decrease in trade and other payables	56 563	68 760
	261 541	**216 994**

33. CASH FLOW ON ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Figures in R'000	2018	2017
Total additions to property, plant and equipment	42 990	23 782
Less: acquired property, plant and equipment financed	(484)	(3 844)
Cash outflow on additions to property, plant and equipment	**42 506**	**19 938**

34. CASH FLOW ON OTHER FINANCIAL LIABILITIES

Figures in R'000		2018	2017
Movement on other financial liabilites			
Other borrowings advanced	Cash flow	31 960	-
Purchase of property, plant and equipment	Non-cash flow	484	3 844
Repayment of instalment sale liabilties	Cash flow	(4 625)	(5 035)
Acquisition of business	Non-cash flow	2 092	-
Disposal of business	Non-cash flow	-	(894)
Interest accrued	Non-cash flow	2 152	769
Foreign exchange on conversion	Non-cash flow	(2 152)	-
		29 911	**(1 316)**

35. BUSINESS COMBINATIONS

2018

IPES - UTILITY MANAGEMENT SYSTEMS PROPRIETARY LIMITED ("UMS")

On 1 April 2017, the Group acquired 100% equity in UMS for a consideration of R31.9 million. Goodwill to the value of R25.7 million was accounted for. The amount of net assets acquired amounted to R6.2 million.

UMS specialises in the development, implementation and management of sustainable revenue enhancement and revenue protection services to municipalities and utilities. UMS has, for the past 21 years, been extensively involved in the financial viability of municipalities and has sound knowledge of municipal and utility finances as well as technical aspects of service delivery. Together with Sebata, this acquisition provides distinct synergies that can be leveraged to better position collective technologies and service offering to the public sector.

UMS contributed revenue of R97 million and profit after tax of R3.8 million since the acquisition date.

NET CASH FLOWS FROM ACQUISITIONS

Figures in R'000	UMS	Total
Property, plant and equipment	3 807	3 807
Inventories	10	10
Trade and other receivables	19 333	19 333
Cash and cash equivalents	(1 589)	(1 589)
Trade and other payables	(10 201)	(10 201)
Borrowings	(2 092)	(2 092)
Deferred tax	(262)	(262)
Tax receivable/(payable)	(10)	(10)
Total net assets acquired	8 996	8 996
Goodwill	25 656	25 656
Purchase consideration	34 652	34 652
Deferred vendor payments	(31 865)	(31 865)
Cash acquired	1 589	1 589
Net cash flow from acquisitions	**4 376**	**4 376**

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.

The amount due to vendors represents the balance of the purchase consideration owing in respect of acquisitions refer note 18.

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 Proprietary Limited.

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

Figures in R'000	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 goodwill is attributable to the workforce acquired and the significant synergies expected to arise after the Group's acquisition of the acquired subsidiaries.

36. DISPOSAL OF BUSINESSES

2018

THE TRAINING ROOM ONLINE PROPRIETARY LIMITED ("TTRO") - SUBSIDIARY DISPOSAL

On 1 April 2017, the Group disposed of its 31% interest in TTRO for a consideration of R25.0 million, which resulted in a loss of control of TTRO. This resulted in the re-measurement of the deferred vendor payments to the value of R24.8 million and a profit on disposal of R5.0 million recorded in profit and loss. The remaining 20% interest was measured at R35.0 million and recorded as an investment in associate.

THE TRAINING ROOM ONLINE PROPRIETARY LIMITED ("TTRO") - DISPOSAL OF AN ASSOCIATE

On 29 March 2018, the Group disposed of its remaining 20% interest in TTRO fro a consideration of R35.0 million.

PROFIT REFORM PROPRIETARY LIMITED ("COID SUPPORT")

On 1 August 2017, the Group disposed of its 51% interest in COID Support for a consideration of R2.2 million, which resulted in a loss of control of COID Support. This event resulted in the derecognition of goodwill to the value of R4.3million and other net assets of R1.5million, which is included in the loss on disposal of R3.6 million.

NET CASH FLOWS FROM DISPOSALS

Figures R'000	TTRO - Associate	TTRO - Subsidiary	COID Support	Total
Property, plant and equipment	-	1 434	11	1 445
Goodwill	-	37 347	4 283	41 630
Investment in associate	35 165	-	-	35 165
Inventories	-	152	-	152
Trade and other receivables	-	34 297	2 454	36 751
Cash and cash equivalents	-	14 690	344	15 034
Trade and other payables	-	(13 424)	(602)	(14 026)
Other financial liabilities	-	(34 975)	-	(34 975)
Deferred tax	-	1 054	(264)	790
Tax receivable/(payable)	-	501	51	552
Total net assets disposed	35 165	41 076	6 277	82 518
Profit/(loss) on disposal	(165)	4 987	(3 563)	1 259
Foreign currency translation reserve	-	1 730	-	1 730
Non-controlling interest	-	(22 793)	(1 445)	(24 238)
Consideration	35 000	25 000	1 269	61 269
Cash disposed	-	(14 690)	(344)	(15 034)
Deferred payment	(35 000)	(25 000)	-	(60 000)
Net cash flow from disposals	**-**	**(14 690)**	**925**	**(13 765)**

2017

MECS AFRICA PROPRIETARY LIMITED AND MECS GROWTH PROPRIETARY LIMITED ("MECS")

On 31 January 2017, the Group disposed of its 100% interest in MECS Africa Proprietary Limited for a consideration of R16.5 million, which resulted in a loss of control of MECS Africa Proprietary Limited. This event resulted in a loss of R6.6 million recorded in profit and loss.

MICRO*MEGA* SECURITIES PROPRIETARY LIMITED

On 31 January 2017, the Group disposed of its 100% interest in MICRO*mega* Securities Proprietary Limited for a consideration of R22.1 million, which resulted in a loss of control of MICRO*mega* Securities Proprietary Limited. This event resulted in a profit of R6.6 million recorded in profit and loss.

SAICMB PROPRIETARY LIMITED (AUSTRALIA)

On 31 January 2017, the Group disposed of its 50% interest in SAICMB Australia Proprietary Limited for a consideration of R2.9 million, which resulted in a loss of control of SAICMB Australia Proprietary Limited. This event resulted in a loss of R1.1 million recorded in profit and loss and the re-cycling of R0.6 million to non-controlling interest in equity.

NET CASH FLOWS FROM DISPOSALS

Figures R'000	MECS Africa Proprietary Limited	MICRO*mega* Securities Proprietary Limited	SAICMB Proprietary Limited (Australia)	Total
Property, plant and equipment	344	304	54	702
Goodwill	6 570	-	-	6 570
Investment in other assets	-	-	322	322
Trade and other receivables	28 178	9 395	760	38 333
Cash and cash equivalents	(6 023)	10 866	3 553	8 396
Trade and other payables	(9 683)	(3 618)	(298)	(13 599)
Other financial liabilities	-	-	(894)	(894)
Deferred tax	916	572	181	1 669
Tax receivable/(payable)	2 912	(1 716)	(585)	611
Total net assets disposed	23 214	15 803	3 093	42 110
Profit/(loss) on disposal	(6 599)	6 638	(1 122)	(1 083)
Non-controlling interest	(83)	-	-	(83)
Consideration	16 532	22 441	1 971	40 944
Cash disposed	6 023	(10 866)	(3 553)	(8 396)
Deferred payment	(14 113)	(1 417)	-	(15 530)
Net cash flow from disposals	**8 442**	**10 158**	**(1 582)**	**17 018**

37. FINANCIAL INSTRUMENTS

The Group has classified its financial assets in the following categories:

Figures R'000	Loans and receivables held at amortised cost	Total
2018		
Other financial assets	64 777	64 777
Trade and other receivables	290 446	290 446
Cash and cash equivalents	39 620	39 620
	394 843	**394 843**
2017		
Other financial assets	6 288	6 288
Trade and other receivables	393 530	393 530
Cash and cash equivalents	50 544	50 544
	450 362	**450 362**

The Group has classified its financial liabilities in the following categories:

Figures R'000	Loans payable at amortised cost	Total
2018		
Other financial liabilities	37 065	37 065
Deferred vendor payments	15 137	15 137
Trade and other payables	143 502	143 502
Bank overdraft	118 728	118 728
	314 432	**314 432**
2017		
Other financial liabilities	7 154	7 154
Deferred vendor payments	39 770	39 770
Trade and other payables	159 847	159 847
Bank overdraft	58 564	58 564
	265 335	**265 335**

The estimated fair values of financial assets and financial liabilities as at 31 March 2018 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.

38. 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.

38.1 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 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 Group's 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:

Figures in R'000	2018	2017
Group 1	22 386	38 867
Group 2	152 498	235 323
Group 3	99 348	77 163
Group 4	336	3 879
TOTAL	**274 568**	**355 232**

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:

	31 March 2018	31 March 2018	31 March 2017	31 March 2017
	Moody's	Fitch	Moody's	Fitch
ABSA Bank Limited	P - 2	F3	P - 2	F3
First National (a division of FirstRand Bank Limited)	P - 2	F3	P - 2	F3
HSBC Bank Plc	P - 1	F1	P - 1	F1
Nedbank Limited	P - 2	F3	P - 2	F3
Standard Chartered Bank	P - 1	F1	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.

38.2 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 Group's 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:

Figures R'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2018				
Other financial liabilities	35 934	1 997	-	37 931
Deferred vendor payments	14 250	14 986	-	29 236
Trade and other payables	143 502	-	-	143 502
Bank overdraft	118 728	-	-	118 728
	312 414	**16 983**	**-**	**329 397**
2017				
Other financial liabilities	3 264	4 673	-	7 937
Deferred vendor payments	33 551	7 201	-	40 752
Trade and other payables	159 847	-	-	159 847
Bank overdraft	58 564	-	-	58 564
	255 226	**11 874**	**-**	**267 100**

38.3 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:

Figures in R'000	2018	2017
Other financial assets	64 777	6 288
Cash and cash equivalents	39 620	50 544
Bank overdraft	(118 728)	(58 564)
Other financial liabilities	(37 065)	(7 154)
Deferred vendor payments	(15 137)	(39 770)
Less: Non-interest bearing financial assets	(64 640)	(5 640)
Net interest-bearing assets/(liabilities)	**(131 173)**	**(54 296)**
Interest rate change	2 %	2 %
Potential after tax impact on earnings	(1 889)	(782)

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.

38.4 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.

The exposure to currency risk as at year end is disclosed in note 12 trade and other receivables, note 13 cash and cash equivalents and note 20 trade and other payables.

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	Average rate	Closing rate
	2018		2017	
Australian Dollar	10.04006	9.082096	10.565556	10.245088
British Pound	17.198237	16.58572	18.410427	16.736614
Chinese Yan Renminbi	1.95853	1.882059	2.089932	1.944876
Euro	15.173831	14.588014	15.432562	14.3173
Hong Kong Dollar	1.662736	1.50724	1.810661	1.724853
New Zealand Dollar	9.27003	8.567373	9.948927	9.372643
US Dollar	12.9842	11.831755	14.049524	13.40366

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:

Figures in R'000	2018	2017
Australian Dollar	-	(12)
British Pound	-	(34)
Chinese Yan Renminbi	-	18 735
Euro	-	234
Hong Kong Dollar	-	272
New Zealand Dollar	-	78
US Dollar	1 385	16 432
Other currencies	19	(341)
Net foreign currency exposure	**1 404**	**35 364**
Potential after tax impact on earnings	101	2 546

A 10% strengthening of the Rand against the above currencies as at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown, on the basis that all variables remain constant.

39. CAPITAL MANAGEMENT

The boards 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.

40. SEGMENT INFORMATION

The operating segments are based on reports reviewed by the executive committee who makes the strategic-decisions of the Group, and who is therefore the chief operating decision-making body of the Group.

REPORTABLE SEGMENTS

The executive committee assesses the performance of these operating segments based on attributable earnings to the Group.

2018

Figures in R'000	Testing, inspection and certification services	Labour supply	Information technology	Financial services	Holding and consolidated *	Total
Revenue	3 491	-	813 354	-	(18 888)	797 957
Depreciation, amortisation and impairments	89	-	10 365	-	3 425	13 879
Employee costs	1 958	-	178 691	-	20 613	201 262
Operating lease charges	193	-	11 921	-	11 172	23 286
Finance income/(expenses)	-	-	2 491	-	(8 628)	(6 137)
Share of profit of equity accounted associates	-	-	-	-	1 271	1 271
Tax expense	(314)	-	(46 417)	-	9 462	(37 269)
Earnings attributable to owners of the parent	412	-	121 646	-	(38 263)	83 795
Assets	501 463	-	903 170	-	195 949	1 600 582
Liabilities	127 539	-	478 269	-	(56 675)	549 133

2017 REPRESENTED

Figures in R'000	Testing, inspection and certification services	Labour supply	Information technology	Financial services	Holding and consolidated *	Total
Revenue	14 427	116 921	649 607	46 681	(19 460)	808 176
Depreciation, amortisation and impairments	89	127	7 233	102	3 707	11 258
Employee costs	5 399	6 959	129 772	2 545	21 292	165 967
Operating lease charges	564	397	7 680	4 495	9 621	22 757
Finance income/(expenses)	-	(52)	3 198	109	(4 911)	(1 656)
Share of profit of equity accounted associates	-	-	-	-	1 902	1 902
Tax expense	(171)	457	(41 597)	(2 883)	13 413	(30 781)
Earnings attributable to owners of the parent	3 661	4 055	118 859	7 312	(52 857)	81 030
Assets	550 024	-	739 916	-	64 644	1 354 584
Liabilities	151 631	-	416 757	-	(162 594)	405 794

* Holdings and consolidated mainly comprise the corporate office and reconciling items. These predominantly include elimination of interGroup sales, profits and interGroup receivables and payables and other unallocated assets and liabilities contained in the integrated Group. Holdings and consolidated is not considered to be an operating segment.

The Group is organised into four reportable segments:

- Testing, inspection and certification services: Consists of delivery of occupational health and safety products, services and solutions. Our occupational health and safety activities are spearheaded by the NOSA Group, one of the largest training providers in South Africa.
- Labour supply: Consists of the labourbrokering and labour supply services. This segment was disposed of in the 2017 financial year.
- Information technology: Consist of the services relating to the supply of information technology products and services.
- Financial services: Consists of inter dealer brokering in the financial services industry. This segment was disposed of in the 2017 financial year.

Intersegment transactions are entered into under the normal commercial terms and conditions. The revenue from external parties is measured in a manner consistent with that of the statement of profit and loss.

Segment assets consist primarily of property, plant and equipment, intangible assets, investments in associates, defered tax assets, inventories, trade and other receivables and cash and cash equivalents.

Segment liabilities comprise primarily of other financial liabilities, deferred tax liabilities, trade and other payables, bank overdrafts and income tax liabilities.

The majority of the Group companies are domiciled in South Africa and mainly serve the South African market. The result of revenue from external customers in South Africa is R797.9 million (2017: R1.2 billion) and is allocated to each segment as per the table above.

The total non-current assets, other than financial instruments and deferred tax assets located in South Africa, is R614.2 million (2017: R809.6 million). The total non-current assets, other than financial instruments and deferred tax assets located in Hong Kong and China is nil (R2017: R1.3 million).

There is only one major customer within the Group. The revenue from this customer was included in the information technology segment and totalled R144.4 million. There were no customers where the revenue exceeded 10% of revenue for the 2017 financial year.

41. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into transactions and had balances with related parties as listed below. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on 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 30 for the detailed directors emoluments.

A listing of the Group's principal and fellow subsidiaries, joint ventures and associates is set out in note 42.

THE FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH RELATED PARTIES:

Figures in R'000	2018	2017
KYOSTAX PROPRIETARY LIMITED		
Associate		
Revenue	15 718	14 804
Other financial assets	4 640	5 640
GFI SECURITIES NYON SARL		
Joint operation		
Revenue	-	23 119
KAMBERG INVESTMENT HOLDINGS PROPRIETARY LIMITED		
Shareholder		
Trade receivables	104	5 176
Shareholders for dividend	1 370	-
Interest paid	298	-
LAIRD INVESTMENTS PROPRIETARY LIMITED		
Shareholder		
Shareholders for dividend	26 934	-
Interest paid	2 641	-
TALACAR HOLDINGS PROPRIETARY LIMITED		
Consulting fees	2 538	-

42. LIST OF SUBSIDIARIES, ASSOCIATES

Name	Interest held 2018	Interest held 2017	Issued capital 2018	Country
SUBSIDIARIES - DIRECT AND INDIRECT INTEREST				
Action Training Academy Proprietary Limited	100%	100%	100	RSA
Action Training Consulting Proprietary Limited	100%	100%	100	RSA
Amanzi Proprietary Limited	75%	75%	200	RSA
Arbez Advanced Solutions Proprietary Limited	100%	100%	1 000	RSA
Aspirata Auditing Testing and Certification Proprietary Limited	100%	100%	1	RSA
Cloudware Proprietary Limited	100%	100%	100	RSA
Empowerisk Management Services Proprietary Limited	50%	50%	120	RSA
Empowerisk Proprietary Limited	50%	50%	1 000	RSA
ESGA Proprietary Limited	100%	100%	100	RSA
Freshmark Systems Proprietary Limited	55%	55%	100	RSA
Intermap Proprietary Limited	100%	100%	1 000	RSA
MICRO*mega* Accounting and Professional Services Proprietary Limited	100%	100%	16	RSA
MICRO*mega* Financial Services Proprietary Limited	100%	100%	100	RSA
MICRO*mega* H2O Proprietary Limited	83%	83%	100	RSA
MICRO*mega* Publications Proprietary Limited	51%	51%	100	RSA
MICRO*mega* Revenue Management Solutions Proprietary Limited	100%	100%	100	RSA
MICRO*mega* Services and Support DRC	100%	100%	69 282	DRC
MICRO*mega* Technologies Proprietary Limited	100%	100%	100	RSA
MICRO*mega* Treasury Solutions Proprietary Limited	100%	100%	8 404 751	RSA
MIS Consulting Proprietary Limited	100%	100%	100	RSA
Mubesko Africa Proprietary Limited	50%	50%	100	RSA
National Quality Assurance Proprietary Limited	100%	100%	100	RSA
Nerdworks Proprietary Limited	88%	51%	954 878	RSA
NOSA Agricultural Services Proprietary Limited	50%	50%	100	RSA
NOSA Auditing and Inspection Services Proprietary Limited	100%	100%	120	RSA
NOSA Certification Authority Proprietary Limited	100%	100%	120 000	RSA
NOSA Global Holdings Proprietary Limited	100%	100%	16 220	Hong Kong
NOSA Investment Holdings Proprietary Limited (Hong Kong)	100%	100%	1	Hong Kong
NOSA Investment Holdings Proprietary Limited (South Africa)	100%	100%	100	RSA
NOSA Mozambique Proprietary Limited	100%	100%	7 418	Mozambique
NOSA Namibia Proprietary Limited	100%	100%	1	Namibia
NOSA New Zealand Proprietary Limited	100%	100%	5 542	New Zealand
NOSA Proprietary Limited	100%	100%	120	RSA
NOSA Technologies Proprietary Limited	84%	84%	100	RSA
NOSA Travel Agency Proprietary Limited	100%	100%	1	RSA
NOSA Zambia Proprietary Limited	100%	100%	6 955	Zambia
Ocneblok Proprietary Limited	100%	100%	200	RSA
Profit Reform Proprietary Limited	0%	50%	100	RSA
R-Data Proprietary Limited	100%	100%	1 000	RSA
Riskworks Proprietary Limited	60%	60%	200	RSA
Sciam Professional Solutions Proprietary Limited	100%	100%	100	Swaziland

Name	Interest held 2017	Interest held 2016	Issued capital 2017	Country
Sebata Municipal Solutions Proprietary Limited	100%	100%	7 931 095	RSA
Sebata Municipal Solutions Proprietary Limited (Namibia)	100%	100%	100	Namibia
Shenzhen Proprietary Limited	70%	70%	1 733 948	China
Stable-Net Proprietary Limited	100%	100%	120	RSA
Swazi Occupational Safety and Health Proprietary Limited	100%	100%	100	Swaziland
Turrito Networks Proprietary Limited	88%	100%	100	RSA
USC Manufacturing Proprietary Limited	100%	100%	100	RSA
USC Metering Proprietary Limited	100%	100%	120	RSA
Yonke Proprietary Limited	50%	50%	100	RSA
ASSOCIATES - DIRECT AND INDIRECT INTEREST				
Kyostax Proprietary Limited	30%	30%	100	RSA
The Training Room Online Proprietary Limited	0%	100%	1 000	RSA

The Group has effective control of the board of directors of Empowerisk Proprietary Limited, Empowerisk Management Services Proprietary Limited, Mubesko Africa Proprietary Limited, NOSA Agricultural Proprietary Limited, Ocneblok Proprietary Limited and NOSA Logistics Proprietary Limited by means of an additional deciding vote.

43. EVENTS AFTER REPORTING DATE

On 13 October 2017, the Group announced the disposal of NOSA Group. The effective date for this disposal is 3 April 2018.

No other significant events have occurred in the period between the reporting date and the date of this report.

44. SHAREHOLDERS' INFORMATION

Analysis of Share Register at 31 March 2018	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of share capital
PORTFOLIO SIZE				
1 to 50 000	1 650	97	6 170 092	5
50 001 to 250 000	41	2	4 843 345	4
Over 250 000	20	1	103 901 652	91
	1 711	**100**	**114 915 089**	**100**

Non-public and public shareholders	Number of shareholders	Number of shares	Percentage of share capital
NON-PUBLIC SHAREHOLDERS			
Laird Investments Proprietary Limited	1	72 634 683	63
Kamberg Investment Holdings Proprietary Limited	1	12 000 800	10
Seratrix Proprietary Limited	1	3 375 200	3
Lylalex Proprietary Limited	1	592 787	1
Subsidiary Companies	1	317 887	1
Directors (direct beneficial interest)	3	78 783	0
Directors (Subsidiary companies - direct and indirect beneficial interest)	7	1 144 673	1
	15	**90 144 813**	**79**
Total public shareholders	1 696	24 770 276	21
	1 711	**114 915 089**	**100**

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Major shareholders	Number of shares	Percentage of share capital
Laird Investments Proprietary Limited	72 634 683	63
Kamberg Investment Holdings Proprietary Limited	12 000 800	10
Enigma Investment Holdings Proprietary Limited	3 737 154	3
Seratrix Proprietary Limited	3 375 200	3
Deutsche Securities Proprietary Limited	2 322 300	2
Rand Merchant Bank Collateral Receiver	2 076 888	2
Mr Leon van Heerden	1 434 710	1
Peregrine Equities Proprietary Limited	743 658	1
MICRO*mega* Financial Services Proprietary Limited	317 887	1
Banque Lombard Odier & CIE SA	721 686	1

DIRECTORS INTEREST IN SECURITIES

	Direct	Indirect	Direct	Indirect
	2018		2017	
IG Morris	-	12 000 800	-	12 000 800
RB Dick***	-	592 787	343 254	-
CA King**	40 063	-	34 063	-
C Kemp**	37 220	-	13 220	-
DC King *	-	-	-	72 534 683
DSE Carlisle*	-	-	-	3 375 200
DA di Siena	-	-	-	-
GE Jacobs	-	-	-	-
RC Lewin	-	641 342	-	641 342
PH Duvenhage	-	-	-	-
GE Jacobs	-	-	-	-
D Passmore	-	-	-	-
TW Hamill	1 500	-	1 500	-
	78 783	**13 234 929**	**392 037**	**88 552 025**

* Resigned 31 March 2017
** Appointed 31 March 2017
*** Resigned 18 April 2018

There were no changes in these shareholdings from the date of the financial year end to the date of approval of the annual consolidated financial statements.